

# Strategic Operational Plans

By Barry P. Chaiken, MD, FHIMSS

Standing up in a canoe is hard enough. Standing up in two canoes with one foot in each while traveling through Class 4 rapids is mind-boggling. Class 4 rapids are defined as “intense, powerful, but predictable rapids requiring precise boat handling in turbulent water.” In many ways that sounds similar to the turbulent waters providers try to navigate as they transition from volume-based to value-based reimbursement. One small error in the timing of the transition, either too early or too late, could lead to bankruptcy.

Michael Porter and Thomas Lee (2015) outline the importance of strategy to remaining viable as healthcare reimbursement models change. They outline six key questions that leaders of provider organizations must answer to remain in business. If applied correctly, health information technology can help answer each of the questions posed and set organizations on the correct path to achieve success.

**What is our fundamental goal (value for patients)?** Measuring patient values demands the use of metrics that obtain valid, meaningful data directly from patients. Linking that information to provider staff and existing processes allows for performance monitoring and continuous improvement. Patient relationship management tools that leverage the ubiquity of smartphones among patients offers a means to both collect data but also positively influence patient behavior.

**What business are we in (patient value over continuum of care)?** Stellar care delivery requires services provided

to patients throughout their episode of care and irrespective of the care setting. A clinical health-IT driven supply chain focuses on patients, and works to deliver what supplies are needed by patients in each of their various settings.

**What scope of businesses should we compete in (choices on services)?** Providers must choose lines of business where revenue exceeds cost and patient outcomes attract future business. Linking administrative and clinical data sets allows for a comprehensive view of the services provided, and helps make those difficult choices. In addition, understanding the metrics of care delivery identifies potential opportunities for improvement.

**How will we be different in each business (unique value proposition)?** Similar to other industries, premium branding in healthcare, within limits, offers the ability to charge premium pricing for products and services. With patients increasingly spending more out-of-pocket dollars on care, they now look for healthcare value in ways similar to their purchasing of other goods and services. Organizations can use health IT analytics to identify lines of business in which they excel and iterate

their processes to continually decrease costs while improving quality.

**What synergies can we create across business units and sites (integration and coordination of services)?** With the focus on an episode of care that crosses multiple points of care, organizations must take a broad view of care delivery that allows them to guide patients to sites where their care is most appropriately delivered for cost and quality. Efficient sharing of patient information requires an integrated data platform where every provider has access to the entire patient medical record. In addition, social media tools coordinate care and facilitate provider communication and effectiveness.

**What should our geographic density and scope be (achieve economies of scale)?** Combining data integration, and cost and quality analytics helps organizations identify their market opportunities and focus them on those areas. Chasing volume no longer guarantees increased revenues or a healthy bottom line. This reality applies to both stand-alone institutions and integrated delivery networks. As organizations look to expand their footprint through acquisition and affiliation, successful strategies

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demand careful choice of metrics and analysis of the opportunities.

When faced with changes in the marketplace, other industries used operational strategy to direct how to leverage IT to identify opportunities and enhance processes. For example, Walmart understood the importance of product value-pricing and therefore made use of IT to manage the supply chain to outcompete its competitors. Japanese car manufacturers applied quality metrics in every aspect of manufacturing to build the highest quality cars at the lowest price, thereby

outcompeting American manufactures for almost 30 years.

In this new competitive era of healthcare delivery, where patients are acting like real consumers, the success of provider organizations depends upon the quality of their strategic operational plan. Effectively leveraging health information technology provides a tool to successfully execute such a plan and to modify it as needed along the way. |

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