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The Comprehensive Organizational Plan

How a COP Can Protect and Serve Your Health Care Organization

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In today's hyperturbulent and competitive health care environment, health care organizations must improve operating efficiency, reduce duplication, and compete effectively in the health care market to survive. The comprehensive organizational plan is a 5-stage development tool for health care organizations that is intended to protect and serve the health care organization in its survival efforts. Through its 5 planning stages—competitive, facilities, financial, human resources, and marketing—the comprehensive organizational plan assists the organization in optimizing the goals of cost containment, quality preservation, and universal access. Key words: *access, cost, planning, quality*

WHILE THE HEALTH care industry and political leaders search for a stable, economic plateau, health care organizations have to deal with a myriad set of environmental factors. Governmental changes in health care reimbursement, coupled with expectations by health insurers and purchasers of health care services that providers practice cost containment and show proof of good outcomes, have compelled providers to try to improve operating efficiency, reduce duplication, and compete effectively in the health care market. As it navigates through its sometimes peaceful, sometimes chaotic environment, the health care firm needs to be shielded from these environmental effects. The comprehensive organizational plan (COP) is a 5-stage development tool for health care organizations that is intended to protect and serve the health care organization on its journey. The COP is effective during this period of heightened concern about organizational survival.

The COP can provide a structure within which to make decisions. It is a vital, overarching organizational factor that can assist the firm as it strives to optimize the 3 primary health care goals of (1) cost containment, (2) quality preservation, and (3) universal access. A COP is perhaps best viewed at the mesolevel tool. The mesolevel exists somewhere between the macrolevel (ie, environmental factors) and the microlevel (ie, operational factors). The COP operates in this mesolevel as a facilitator to the demands of the other 2 levels.

THE COMPREHENSIVE ORGANIZATIONAL PLAN

A COP is an organizational planning tool with the following 5 distinct plans: (1) a competitive plan, (2) a facilities plan, (3) a

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financial plan, (4) a human resource plan, and (5) a marketing plan. Figure 1 illustrates a COP.

Each of the components of the COP has implications for health care executives as they manage the 3 conflicting health care priorities of cost containment, quality preservation, and universal access. While the entire health care organization is concerned with all 3 health care values, it is possible that the specific plans may only focus on 1 or 2 of the priorities. However, a properly developed, comprehensive COP will ensure that all 3 health care priorities are present and accounted for.

The competitive plan

The competitive plan of a health care organization is a formal plan for dealing with the market movements made by competing health care organizations. A competitive plan facilitates the positioning of an organization in the right place at the right time with the right product, thus establishing an advantage for the organization over its competitors (ie, a competitive advantage). The competitive plan creates value when it allows an organization to create new competitive advantages faster than competitors can mimic the existing competitive advantages.[1]

The first step in competitive planning is to define the organization's purpose or reason for being; this is usually illustrated in a mission or vision statement for the organization and in the organization's values and goals. The mission, vision, values, and goals are important considerations in the competitive plan because they rely on and influence the external and internal environmental analyses and, taken together, express an understanding of what the organization is now and what it wants to be.

In the external environmental analysis, past and current trends are reviewed to identify opportunities and threats to the organization. For example, a study of the competition might reveal that the organization would be better off changing its products or services so that it meets a niche that its competition does not serve. Areas to focus on in the external environment analysis include technologic markets at both broad and narrow scales, changes in government policy related to health care, and changes in social patterns, population profiles, and lifestyle changes.

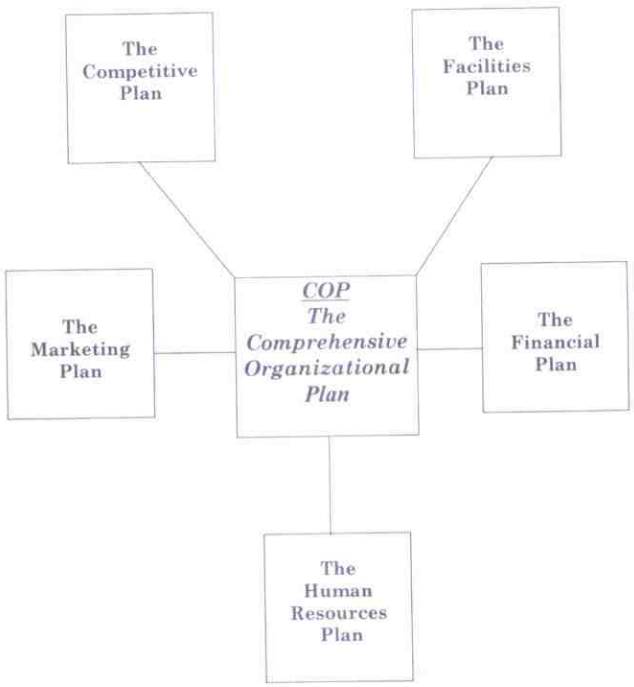

Figure 1. The comprehensive organizational plan.

The internal environmental analysis includes an assessment of the strengths and weaknesses of the organization through an examination of the efficiency and effectiveness of its key resources. These key resources include human resources (ie, the management and motivation of people within the organization), financial resources (ie, the management of money and cash flow), and physical resources (ie, the acquisition and maintenance of physical assets). These resources should be examined and analyzed from an internal perspective, which means using such tools as employee focus groups and auditing of financial statements. Carrying out this analysis will likely be illuminating to the organization—both in pointing out what needs to be done and in putting problems into perspective.

The competitive plan focuses on the health care priorities of *cost* and *quality*. To succeed in the competitive marketplace of health care, organizations must be efficient at what they do. Inefficiencies can be identified in the internal and external environmental analyses and be improved or reduced. Additionally, most health care organizations are now competing with an increased emphasis on quality. The competitive plan, then, will assist the organization in recognizing and enhancing the quality aspects of the organization through identification of organizational strengths and opportunities.

The facilities plan

The facilities plan is often confused with the marketing plan (which will be discussed later). Both plans focus on examining the marketplace to assist leaders in decision-making so there is continuity in the direction of the organization. However, this is where the similarities cease. The facilities plan involves identifying where to locate an organization, recognizing what programs and services should be offered, and reflecting on what types of technology should be purchased.

There is a saying in real estate that the 3 most important factors are location, location, and location. The same applies in health care. The facilities plan aides an organization in maximizing patient accessibility to the organization and minimizing accessibility costs or reducing the uncertainty of patient travel behaviors. To explore the optimal site for the location of a health care facility, the estimation of such factors as travel patterns, travel costs, and hospital attractiveness is important. This indicates that a viable facilities plan enhances an organization's ability to meet the *access* health care value.

Health care technology is another component of the facilities plan. With the swiftness of technologic innovation, it is important that an organization keep pace not only from a functional standpoint but also from a technologic standpoint. Information systems are the backbone of a successful health care organization. Information systems are created because the organization needs the ability to collect, store, transform, and interpret data into useful information. When purchasing information system software, you must first decide what the desired output is so that the appropriate pieces of information are actually gathered and used. An effective information management plan can ensure that quality indicators are reached and can help pinpoint problem areas before they get to big.

Many factors come together in determining the direction of information technology in health care. In some cases, it is a plethora of new laws that mandate how we are to protect and distribute patient information. In other cases, it is business issues such as efficient staffing, corporate integration, and market intelligence. Arguably, the most important issue affecting the direction of information technology in health care is the ethical responsibility to deliver *quality* patient care.

Some of these technology trends will be more pertinent to your needs than others. All information technology trends are progressive; they are intended for organizations with leading-edge tendencies. None are far-fetched or bleeding edge. They are hot because they represent innovative ways to address the problems you encounter daily as you manage your health care organization's information flow.

In summary, the facilities plan focuses mostly on the health care priorities of quality and access.

The financial plan

The change from retrospective payment systems to prospective payments resulted in an intensified look at the financial well-being of all health care organizations. Several facilities went under, including both large institutions like county hospitals and small private organizations like mom-and-pop home health firms. Each of these floundering companies had one thing in common: they lacked an overarching, long-range financial plan and an operational, short-term financial plan.

As the name suggests, a financial plan takes a comprehensive look at the bottom-line: Is the company making enough money to sustain the vision of the organization? However, the financial plan should be seen as much more than just a bottom-line exercise. While profits, budgets, and cash flow are often stressed, even in not-for-profit health care systems, the financial plan must also focus on patient and stakeholder data. Although the structure of reimbursement contracts are certainly important to any financial plan, so is understanding the best way to finance market growth and to purchase new technology.

To begin with, the financial plan needs to be rooted in an accounting software system that is able to maximize both reimbursements from insurance companies and collections from patients. This implies an expert system that understands claims adjudication, insurance subrogation, truth-in-lending laws, and collection agency processes. In addition, the accounting system must be able to provide timely and useful budgeting information. State-of-the-art systems even offer real-time budgets that can be accessed and adjusted at any moment to reflect new environmental challenges and opportunities.

Another area of importance to the financial plan is the referral system, including both incoming and outgoing referrals. All manner of data about referred patients needs to be captured and analyzed from a financial perspective. For example, one might develop a report that indicates the types of referring diagnoses of incoming patients and compare that information with reimbursement and collections from these same patients. Or, one might look at referred outpatients and their reimbursements and collections to determine whether it was financially smart to even see those patients in the first place.

In addition, the financial plan should also examine other processes, including patient admissions, patient treatment, and patient discharge. If key pieces of data vital to the financial viability of the organization are not being captured at the appropriate patient contact points, new systems should be implemented so that the organization receives that right data to maximum payments for each patient.

As would be expected, the financial plan focuses mostly on the health care priority of *costs*. Of all the health care players, including providers, insurance companies, and government overseers, only providers have the ability to contain costs. While insurance companies send reimbursements to providers, these insurance organizations do not directly dictate how much the providers spend to produce health care treatments. Only providers can reduce the costs of treatment.

The human resources plan

A quality human resources plan starts with ensuring that your organization has an adequate pool of talent. Without this critical first step, implementation of all the other steps in the COP becomes moot. To attract and retain quality employees, it is necessary to enact motivational policies and processes that empower employees and recognize achievement.

An organization can start by establishing clear job descriptions of each position and reviewing and updating these on a biyearly basis. Without clear direction as to what is expected from each employee, it will be next to impossible for employees to produce the work and results expected.

Coupled with the need for clear work directives and job descriptions, it is essential that an organization's management be proactive in recognizing and rewarding achievement. When an employee does a task properly

or makes a significant contribution, it is crucial that he/she is rewarded soon after and told what aspect of his/her performance caused this recognition.

Another important part of the human resources plan is ongoing structured employee review. The authors recommend that managers review subordinate's performance at least twice a year. This provides the manager and employee the opportunity to readjust and clarify work goals, review past performance, and discuss areas for improvement and opportunity. This review process should be a 2-way street and conducted in a nonthreatening manner to enable open lines of communication.

Culture is defined as a system of informal customs and rules that transmit the behavior expected of most employees in most situations. The quality of the relationship between the culture of an organization and its strategy has a direct impact on the potential performance of the organization.[2] The success of an organization is inextricably linked to its culture.

New employees that are hired must be competent and fit the organization's desired culture. Time must also be spent to indoctrinate the new employees on how the culture functions to ensure a proper fit. Initial employee orientation offers the opportunity for emphasizing the importance of the organization's culture and thus significantly enhancing the ability of the organization to achieve its objectives.

The idea of teambuilding makes most managers and leaders cringe; however, it is important that employees are given the chance to bond. There are many ways in which this can be established. For instance, monthly outings, theme days, and potluck lunches are some simple examples of how a group of employees can be transformed into a tight-knit team. These activities allow employees to interact with one another on a personal level and remove the divisive chain of command, which often heads communication.

The quality of the employees, the management environment, and the culture of a particular organization directly impact the quality of services and the cost consciousness. Once again, it is critical to set goals that clearly direct how employees act and work; otherwise, each employee has the natural tendency to go in a separate direction. It is important to create a culture that stresses the importance of quality—doing the right things correctly the first time—and be cost-conscious when allocating the organization's scarce resources.

As you can see, the organization's culture and the employees that make up this culture are integral in achieving superior *cost* and *quality*.

The marketing plan

Marketing is vital to the survival of every health care organization. Marketing is an informational, educational, and ongoing process specifically targeted to key stakeholders of the organization. Proactive management of the marketing process ensures that this resource-consuming function also becomes a value-adding activity.

The primary purpose of a marketing plan is to help the organization differentiate its products and services from its competitor's offerings. The marketing plan is designed to enlighten organizational stakeholders, both internal and external, about various facets of an organization's mission. A marketing plan is an operational manifestation of the organization's goals. Specifically, it is an organizational process that bridges or links the micro or operational functions (eg, delivery of treatment and patient accounting) with the macro or strategic activities (eg, decision to purchase new technology and choice of geographic location) of the organization.

Most of us think of advertising when we hear the word marketing. However, advertising is just one component of an effective marketing plan. Prior to deciding on a specific advertising plan, the organization must understand its patient population. This is typically accomplished using a community needs assessment tool, which strives to ascertain the healthcare needs of the patient population.

A community needs assessment is a data collection effort. It can take many forms, including surveys, health fairs, and education

seminars. The data come from health care providers, patients, social agencies, and census and government agencies. A community needs assessment is often a group effort that is coordinated through the local health department, with representatives from all the major health care providers in the local market, even competitors. This coalition of disparate entities brings together the right amount of resources, expertise, and power and has the greatest potential for performing a successful community needs assessment, as measured by the proper identification of the health care needs of the community.

Of the 3 major health care priorities of cost, quality, and access, the marketing plan mostly affects the *access* value.[3] As health care needs are identified and services are, in turn, created that offer the required treatments, the objective of the marketing plan shifts to an informational purpose rather than a data gathering process. This informational purpose is designed to let both patients and referrers know where specific services are available.

CONCLUSION

A properly created and implemented COP possesses the wherewithal to protect your organization during the good times and the rough times. The 5 distinct parts of your COP can also serve your organization as it strives to meet the 3 health care priorities of cost containment, quality preservation, and universal access. Figure 2 shows how these 5 COP components meet the 3 ubiquitous healthcare values. Although each unique plan pays particular attention to only 1 or 2 of the 3 priorities, together, the organization's COP ensures that the entity provides more than adequate coverage for all 3 values.

The opportunity costs associated with not implementing a COP in your organization are astronomic. Without a clearly defined action plan, it is easy for any organization to steer off course and lose sight of its mission and vision. The financial investments associated with implementing the COP are minimal. For most readers, your organization is already in existence; thus, much of the infrastructure is in place. In this case, all that is needed is for your mission, vision, and values to be clearly defined and promulgated by using the COP.

The largest costs associated with a COP are the financial costs that will be incurred in the development and implementation phases, particularly the costs associated with training staff. For example, once the optimal information management system for the organization is purchased, it will be necessary to train both current and future employees to realize the benefits and efficiencies of the new system. Without an organization-wide commitment to training, the best software and hardware will only wither away from lack of proper use.

Emotional investments are also a cost that each health care organization incurs. Individuals invest a significant amount of their emotions into their careers. As long as you are going to get up in the morning, select suitable attire, make yourself presentable, and then spend 8-10 hours at work, you have to ask yourself why not make an attempt at making your organization world class. The COP will help you and your organization achieve world-class status. The COP requires

Figure 2. How a COP's planning components fulfill health care's priorities.

the additional emotional investment of buy-in of all employee groups, especially from the leadership of your organization, to be effective.

Calling on your COP to protect and serve your organization will be invaluable to your peace of mind and your organization's survival.

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