

What's Your Recession Planning IQ?

Is your organization ready to undertake a strategic planning process in today's uncertain economy? Take our quiz and find out.

When the financial going gets tough, many healthcare leaders run for cover and avoid strategic planning at all costs. Some leaders are so consumed with fighting fires they have no energy left for planning. Others question the value of planning, because nobody knows what the future will hold and there is a presumption that a “wait and see” strategy is better than making premature (or the wrong) commitments. In fact, there may be no better time than today's recessionary economy to undertake a strategic planning process—although the process itself may need to be retooled and cultural norms reexamined.

Although strategic planning is as important as ever, not all healthcare organizations are equally well prepared to develop longer term strategies in the midst of a recession. Noblis Health Innovation has designed a focused “IQ test” for assessing organizational readiness for strategic planning in today's recessionary economy (Table 1). The assessment tool focuses on two dimensions of readiness: cultural readiness and structural readiness.

Assessing Cultural Readiness

Culture is the combination of knowledge, beliefs, and behaviors that shape the day-to-day interactions of a group or institution. Just as culture trumps strategy, it can also determine the success or failure of any process to develop strategy. Cultural readiness is an important (and arguably, the more important) element of readiness for recessionary planning.

Healthcare organizations that are ready for strategic planning in a recession share several common cultural characteristics:

- **A core belief in the inherent value of strategic planning.**
Because strategic planning must be led from the top, readiness starts with leaders who are true believers in the process and outcomes of planning—in good times and bad.
- **Willingness to include more than the usual suspects.**
Tumultuous times create market opportunity for organizations able to see things differently and follow nontraditional paths. Institutions open to involving more than the “usual suspects” in planning are more likely to identify innovative strategies for the future. They are willing to mix up their processes in the hope of sparking truly creative thinking.
- **A commitment to the skeptic's role.**
Skeptics should play an important role in strategic planning today. In a recession, both the odds and the consequences of failure are intensified. Strategies chosen for implementation should be able to withstand the scrutiny of individuals identified up front to serve as naysayers.
- **Empowerment of all staff.**
In any dynamic environment, things can change quickly with little warning. Often, winning organizations are those that are best at recognizing and capitalizing on new, but



short-lived, opportunities. If only a few individuals have the freedom to find and respond to prospects, the opportunities they find will be few. If, on the other hand, everyone is on the lookout for opportunities, the possibilities will surely expand.

- **Embracing of change.**
Any difficult economic climate requires that the organization change, often significantly. Recessionary strategic planning will be a waste of time in a change-resistant culture.
- **Timely decision making.**
In many healthcare organizations, decision making often is delayed by calls for more information. In uncertain times like today, information will always be incomplete and imperfect. Leaders must trust their best judgment and be willing to move quickly as opportunities emerge. Organizations with a successful track record of moving fast (and avoiding churning) are better positioned for planning in recessionary times.
- **The courage to walk away.**
Mistakes are inevitable in volatile times, and good strategic plans recognize that not every intention will turn out well. Organizations willing to get out of unsuccessful ventures will have a leg up on those that tend to stay the course at all costs.
- **A glass-half-full philosophy.**
In recessionary times, many organizations are paralyzed by the belief that whatever they do, the outcome will be unfavorable. To be successful, recessionary strategic planning must start with the assumption that positive action can yield positive results. The importance of an optimistic culture cannot be overestimated.

Table 1. Recession Planning IQ (RPIQ) Test

Instructions: For each statement, circle the number that best describes your organization, then indicate the total at the bottom of each section.

Cultural Readiness	Never		Sometimes		Always
Our executive and governance leaders believe in strategic planning	1	2	3	4	5
We include more than the “usual suspects” in strategy development and planning	1	2	3	4	5
We value and take advantage of the skeptic’s role	1	2	3	4	5
Staff at all levels are empowered to seize strategic opportunities	1	2	3	4	5
Our organization embraces change	1	2	3	4	5
We move quickly when the right opportunity presents itself	1	2	3	4	5
We are not afraid to walk away once we determine that a strategy is not working	1	2	3	4	5
We are a “glass-half-full” organization	1	2	3	4	5
We have never been willing to let circumstances or others define our future	1	2	3	4	5
TOTAL for Culture = _____					

Structural Readiness	Never		Sometimes		Always
Our process incorporates strategic thinking and strategic planning	1	2	3	4	5
We differentiate between predictable trends and true uncertainties	1	2	3	4	5
We have experience with tools to address uncertainty	1	2	3	4	5
Strategic planning and financial planning are integrated	1	2	3	4	5
We share broadly the results of our internal and external assessments	1	2	3	4	5
We are comfortable using metrics and triggers	1	2	3	4	5
We do a great job monitoring past investments	1	2	3	4	5
TOTAL for Structure = _____					

• **Refusal to let circumstances rule.**

A culture that is ready for strategic planning in recessionary times is a proactive culture, unwilling to let circumstances or others define the terms of success.

Assessing Structural Readiness

Many organizations with cultural readiness for planning flounder because they lack a solid structure for undertaking the planning process. Structural readiness encompasses the building blocks necessary to ensure a successful planning process in recessionary times. Especially important are the following:

• **Incorporation of both strategic thinking and strategic planning.**

Strategic thinking is about conceptualizing possible future visions and selecting a preferred future direction. Strategic planning is about getting from here to there and actually achieving the desired future state. Both are important in recessionary times. Without strategic thinking, the strategic plan is not likely to encompass the degree of change or creativity required for future success. Without strategic planning, strategic thought will go nowhere and intentions never become reality.

• **Ability to differentiate between predictable trends and true uncertainties.**

Today, many aspects of the future appear uncertain, making it seemingly impossible to establish the necessary ground rules to frame a successful strategy. However, not everything about the future is uncertain, and organizational leaders must be able to differentiate between true uncertainties and trends that can be reasonably predicted. Effective strategic planning processes have mechanisms in place to isolate key uncertainties from predictable or knowable trends.

• **Experience in using scenario planning and other tools to address uncertainties.**

A number of well-tested planning tools, including decision analysis and game theory, can help in managing uncertainty. Scenario planning, for example, can assist the organization to envision a range of possible future environments and consider how proposed strategies might play out in each scenario. Although not every tool will work for every organization, each organization needs an arsenal of tools that works for it.

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- **Integrated strategic and financial planning.** Especially in challenging financial times, it is imperative to have numerous, explicit connections between the organization's strategy development and resource allocation. For example:
 - An estimation of baseline financial capability should be included in the internal environmental assessment developed to support strategic planning.
 - Investment criteria, used to allocate strategic capital among potential projects, should reflect financial and other strategic imperatives.
 - The strategic plan must result in an improvement of the organization's overall financial position.
- **Broad sharing of the results of internal and external assessments.**

As noted above, staff at all levels must be empowered to find and capitalize on strategic opportunities. Sharing the results of the organization's internal and external assessments will support this empowerment.

- **Comfort in using metrics and market triggers.**

Even the best-laid plans will require modification as the environment changes and uncertainties are resolved. Metrics are instrumental in monitoring progress and identifying the need for mid-course strategic plan corrections. Market triggers are more externally focused, providing early warning that the environment in moving in a certain direction. Well-prepared organizations use both as part of their strategic planning cycles.

- **Effective monitoring of past investments.**

Strategic planning does not end with the allocation of resources, but should encompass formal processes for evaluating actual performance relative to plans and projections.

How Did You Score?

After you have answered the questions, tally your points for each section and map the scores on the scorecard (Figure 1) to find where your organization lands and what actions are needed to empower your organization to move forward with an effective strategic planning effort.

Tools without the power to use them. If you are in the upper left quadrant, your organization has developed effective structures for planning, but your culture is not supportive or able to fully embrace the tools and processes that are in place. To move forward, organizations in this quadrant need to focus on getting the "right people on the bus." To do this, find the champions you do have and look for how these individuals

can more deliberately influence others to become more committed and engaged in planning efforts. It may also be helpful to bring in fresh perspectives—new faces at the table to change the personal dynamics.

All dressed up but going nowhere. If you landed in the lower right quadrant, you have people who are motivated and engaged in planning efforts, but you may feel as if you are on the proverbial hamster wheel: always planning but never finishing. Take a hard look at the strengths and weaknesses of your planning process. It may be that you fail to bring relevant data and information to the table to support strategic thinking. It may be that your organization cannot move out of strategic thinking activities and translate those thoughts into practical plans. Borrow best practices from others to sharpen what you do.

Stuck in the mud. If you are in the lower left quadrant, your organization has neither the structure nor the culture to engage in meaningful strategic planning. Where do you start? Begin with people and cultural concerns first. Then take deliberate, incremental steps to introduce more structure to frame your planning efforts.

Ready to take off.

Congratulations if your organization is in the upper right quadrant. You have a culture and structures that enable effective strategic planning. However, having that planning capacity is not always enough. In recessionary times, even the most able organizations can find that they are distracted by operational concerns, and strategic plans become dusty.

Conclusions

Strategic planning should not be set aside during difficult economic times. Make a candid assessment of your organization's

capacity for strategic planning along both the cultural and structural dimensions. Courage is key in a dynamic and uncertain world. Courage coupled with an effective strategic planning process will bring focus and direction to an organization even as it faces unprecedented financial challenges. 🌀

Figure 1. Recession Planning IQ Test Scorecard

Instructions: Tally your scores for structural and cultural readiness separately to determine your organization's overall readiness for strategic planning in a recession.

