

The New Rules of Strategic Planning

by Michele Holleran

The economic downturn, combined with continuous change in the health care environment, has spawned a new set of rules for developing strategy at aging-services organizations. No longer can strategic planning be done in isolation of important stakeholder groups. No longer is a plan “once and done.” Strategic plans have shorter durations, require more feedback from a wide variety of invested parties, and are more fluid than ever before. In fact, some executives and boards now favor continuous strategic planning, using generative thinking techniques to keep things fresh and current.

In other words, the lock-step, top-down, traditional approach to planning of yesteryear is no longer the way successful organizations operate. Today’s successful organizations need to be able to turn on a dime, create strategies “in the moment,” and come up with organic solutions to solve issues quickly and leverage beckoning opportunities that are here today but literally gone by tomorrow.

Strategic Planning Versus Strategic Thinking

Breakthrough strategies are achieved in many boardrooms through insight and intuition, allowing trustees and executives to jointly anticipate and/or respond to issues that are happening “in the moment.” Take for example, the case of one CCRC that anticipated the closing of a home health agency in the market, leaving a huge hole in services for seniors in the larger community. Moving quickly, without mounds of data or analysis, the organization knew instinctively that entering the home health market was compatible with its vision and mission and its existing core competencies. Or, consider the organization that came to the rescue of another provider that was struggling financially, enabling that organization to double its market share within three months’ time by capitalizing on an imminent opportunity.

To quote the authors of *Governance as Leadership*, a book published by BoardSource in 2005: “Leaders are strategic thinkers, not strategic planners.” What this means is leaders (executives as well as trustees) must reframe their roles. This may require them to learn new modes of thinking, such as the art of integrative thinking, popularized by scholars including Roger Martin, dean of the Rotman School of Management at the University of Toronto and author of the book, *The Opposable Mind* (2007).

Frans Johansson, who wrote *The Medici Effect* (2004), encourages leaders to achieve innovative insights by discovering what he terms “intersections,” places where previously unassociated concepts meet. Many fresh strategies in organizations today emanate from these intersections.

One sure way to create intersections is to invite a diverse team of thinkers to the strategy table. Organizations whose management teams and board members look alike, sound alike and have common backgrounds are the least likely to come up with ideas that distance them from the pack.

Successful organizations realize that there must be give and take in the strategic planning process and that they are best served by having some type of structure to follow—a template that breaks the process down into manageable steps. One model that has received much attention and accolades in the field of aging services has been developed by the American Baptist Homes of the West.

The ABHOW Model for Strategic Planning

ABHOW takes the long view with the strategic planning process, using a ten-year vision and a three-year cycle to build its documents. However, the organization refines strategy much more often as new, relevant information surfaces. The organization starts with the end in mind, and begins by soliciting input from ABHOW’s “moral owners,” who include residents, employees and volunteers in its CCRCs and affordable housing communities. This is done through town meetings and participation in ABHOW board meetings, focus groups and annual opinion surveys.

Next, the board convenes in a retreat setting to review, revise or affirm the ABHOW “Ends Statement” for the purpose of distilling the major BHAG (big hairy audacious goals) that they would like the ABHOW leadership to accomplish over the next three years and beyond.

Then, the process is handed over to the CEO and leadership team to continue researching relevant internal and external trends and data that will create the foundation for strategic initiatives in support of the Ends Statement.

The ABHOW management committee (consisting of the CEO and senior vice presidents in charge of the major corporate divisions) meets to hold its retreat. Keeping in mind both the Ends Statement from the board and the desired focus from the ABHOW moral owners, committee members share with the team relevant information and data regarding their areas of expertise. Under the leadership of Kay Kallander, senior vice president for strategic planning, they are asked to address the group by sharing the emerging trends facing their area, critical data, and the internal or external points of interest. In essence, they are presenting an environmental scan summarizing the strengths, weaknesses, opportunities and threats they see on the horizon.

The next critical step is to create a one-page plan (ABHOW’s strategic planning tool), distilling all the collected feedback, data and knowledge shared by the board and management committee for presentation back to the next level leadership team for continued input and refinement. After the corporate one-page plan is completed, each senior vice president develops a one-page plan to support the corporate plan. Cascading down further into the organization, each community executive director and regional director is expected to use the same process to develop their one-page plans. Kay Kallander says this technique has ensured the plans are fully integrated. It is her job to review the 61 individual plans to ensure continuity at all levels before taking them to the board of directors to receive final approval.

The Eaton Senior Programs Approach

In the case of Eaton Senior Programs, consisting of Eaton Terrace Residences (independent living) and Eaton

Terrace II (assisted living) in Lakewood, Colo., creation of a new vision for the organization revolved around a series of educational sessions designed to stimulate new thinking among executive staff and board members who serve as the planning coalition.

A wide variety of experts from the worlds of finance, technology, wellness, marketing, development and health care made presentations to the planning coalition. The goal was to learn from these experts about the latest trends in their fields so Eaton could envision a bold new future. After the education sessions were complete, a situation analysis was developed, combining newly discovered information and trends with current organizational data, allowing the coalition to level-set what they had learned and identify new opportunities. Once those opportunities were determined, board and staff were asked to develop their individual versions of a vision statement for Eaton prior to a strategic retreat. Common elements of these individual visions were identified, and three vision statement drafts were developed and presented for consideration at an all-day planning retreat.

Each of the candidate vision statements was discussed at length and refined at the retreat using a variety of “right brain” exercises, and a working draft of the vision was created: “To become the leading creator of aging well communities, partnerships and innovative solutions.”

Notice that the vision is fairly broad, allowing for movement and flexibility in the range of strategic initiatives associated with such a vision.

The Vision Is Just the Beginning

In its visioning process, Eaton found something deeper: a way to position itself differently in the marketplace it serves. Its historical roots were based on HUD affordable housing and services for independent and assisted living residents in a residential setting. Its average age of resident for assisted living was 84 years. Its physical plant was over 20 years old and in need of upgrades. Through its educational process, the organization learned that there is a shortage of market rate independent living within a five-mile radius of its home base in Lakewood.

This knowledge, coupled with the fact that more moderately priced housing options are desired due to the current economy, led Eaton to conclude that it should be exploring sites on which it might expand, and to offer a new group of wellness and home health services to current and future residents.

In 2010, the organization is conducting focus groups and considering a full-blown community needs assessment to better define “aging well” so it can brand this concept to a broader clientele.

Getting Buy-in From the Rank and File Is Critical

As with any change, it is incumbent upon the leaders of an aging-services organization to get buy-in at the grass-roots level. Translating a vision into everyday practice can be a challenge for even the most gifted communicators. In the case of ABHOW, buy-in happens in part due to the transparency of the strategic plan. Via the Web site, stakeholders have 24/7 access to the plan, which is continuously updated and refined by the CEO, vice presidents, executive directors and department heads at the various communities.

Eaton’s approach, because it is a much smaller organization based on one campus, is to gain buy-in through team meetings and management by walking around. Eaton’s CEO, David Smart, keeps a white board in his office listing all the major tasks and activities required to support the strategic plan. The board of directors discusses the strategic direction at each board meeting. They see the plan as a living, breathing document, and devil’s advocacy reigns as a check to ensure that the organization’s direction is still relevant.

Measuring Progress Takes Some Work

ABHOW keeps its plan highly relevant to employees by creating performance measures that track with the one-page plans. There are corporate performance measures for the CEO and senior vice presidents, as well as performance measures at each of ABHOW’s 32 communities. Two of those communities have developed local, departmental

one-page plans and performance measures as well, and it is expected that all the communities will eventually follow suit.


Eaton’s white board breaks down each and every activity supporting the strategic plan on a monthly basis. This includes such tasks as carrying forth with more specific research and revising Eaton’s list of values with the management team. CEO Smart often assigns a primary responsibility to staff, but sees execution of the strategic plan as his number one priority.

Keeping the Strategies Relevant

Despite the difference in size of the two organizations, ABHOW and Eaton Senior Programs take similar steps to constantly refresh their plans. Both providers are open to receiving new data, analyzing emerging information and welcoming a continuous questioning of the status quo. It requires being in touch with trends, legislation and the big picture of what is happening in the field. Both organizations actively participate on the state and national levels, serving on the boards of their state associations and heading up important committees. Both are tied in closely to AAHSA and stay abreast of the national association’s Five Big Ideas. They actively scan the association listservs, understand legislative developments and discuss on a regular basis what this new information means for their organizations. As an example, ABHOW is tracking very closely the potential impact of the recently passed health care reform package in light of funding for affordable housing. Eaton is constantly monitoring wellness, home health and HUD developments.

The Future of Strategic Planning

Business sage Gary Hamel, who wrote the best-seller *The Future of Management* (2007), dreams of organizations capable of what he calls “spontaneous renewal” whereby innovation flourishes. He believes it is imperative that organizations of all types become strategically adaptable, willing to break all the rules. He advises leaders to ponder regularly: “What’s the tomorrow problem that you need to start working on right now?”



In aging services, it would be hard to pinpoint only one or two “tomorrow problems” given the tremendous state of flux facing the field. Today’s problems are daunting enough. Yet, addressing the challenges of tomorrow is imperative if aging-services organizations want to thrive, much less survive.

If your board of directors is embarking on a strategic planning process, or better yet, a strategic/generative thinking mindset, here is a list of “tomorrow problems” worth discussing:

- How will we shore up our occupancy rates, financial ratios, covenant requirements and bond ratings so we are able to secure the financial backing we require to grow?
- What is the game plan for developing new services within and outside the walls of our community? How will we decide which new services are really relevant to current and future stakeholders?
- What needs to happen to ensure our organization retains its tax-exempt status? How are we addressing community benefit so we fulfill our not-for-profit mission?
- In what ways are we inviting diverse perspectives into the conversation? What intersections can be found to create innovations that will benefit our organization long-term?
- How can we become generative in our approach to strategic thinking and planning? What will spark us to think out of the box, and in the moment?
- What is our true competitive advantage that will attract the right talent and the target customers of the future?
- Who should we be partnering with to ensure the future relevancy of our organization? How do we best identify these potential partners?
- Which new business models and technologies will move us ahead the fastest?

- In what ways can we creatively involve all of our staff so that they are fully bought in to helping us fulfill our mission, vision and strategic objectives?

These are but a few of the questions today’s aging-services organizations should be pondering as they move forward in imagining their futures. If organizations want to change their cultures, tap into the best talent available and keep employees passionate about the work they do, those in the aging-services field must question everything about the status quo. The time is now.

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