



PRACTICE MANAGEMENT

BUSINESS PLANNING, PART II

The Planning Process

Business planning should be a separate, structured, and deliberate process that includes everybody in the practice. The planning process should ideally be conducted outside of the work environment or at least in a separate room free of disruptions and outside interference.

Everybody who could contribute to the process should be informed in advance and asked to prepare a short overview of their views of the current situation the practice is in. Some organisational behaviour experts maintain that it is not so much the existence of a plan which benefits the company, but the process by which the plan is developed; this process leads to relationships among employees, and approaches to the job, which would otherwise be lacking. Apart from these two benefits, the practice stands to benefit in three specific ways from employees' comprehension of business planning:

- The individual is enabled to see where his role fits into the overall objectives, and is able to interpret the practice's objectives in that light. It will render staff members with a better understanding of the roles of colleagues and the difficulties that they experience in their roles, and will therefore eliminate unnecessary conflicts while increasing morale and productivity.
- The individual will have a better understanding of which proposals and suggestions will contribute to the overall plan.
- Individuals will learn about the external and economic environment that the practice is operating in. It is much easier for individuals to work towards a common goal if they are aware of how their individual actions contribute to achieving it.

The following should be taken into account in preparing your business plan:

- Purpose
- Methodology
- Participants
- Use of outside facilitators
- Documenting the planning process.

Purpose

- To provide a blueprint for all members of a practice on what has to be achieved, over a set period of time, in order to manage and grow the practice.

- To document a common vision for all members of the practice that answers the following questions:
 - What should our future business be?
 - Where do we wish to be in 1, 2 or 3 years' time?
 - How we will get there and through what process?

Methodology

The most commonly used methodology is to develop a business plan through setting aside dedicated time over a few days and to follow a set process that involves two distinct phases, namely:

- Strategic planning phase — this involves analysis of the external and internal business environment in order to identify a desired future vision for the practice.
- Operational planning phase — based on the above analysis an action plan is developed to answer the following questions:
 - What do we want to achieve?
 - How are we going to go about it?
 - Who is responsible?
 - When will the actions be initiated and come to an end?
 - What measurable outcome target can be set?
 - What resources will be needed?
 - How will we measure and control what is being achieved?

Participants

It is important to select the group carefully. Selection should be based on the following criteria:

Who needs to provide strategic input?

- Partners
- Investors.

Who can provide critical information on your business processes?

- Clinical staff
- Financial staff
- Customer care/receptionist.

Who can provide an external perspective?

- Community or patient representatives
- Referring physicians in the case of specialist practices
- External support services (laboratory etc.).



A participatory planning approach provides an opportunity to:

- Create enthusiasm for a common vision.
- Tap the group's collective enthusiasm, intelligence, creativity and information.
- Elicit different perspectives on issues.
- Create buy-in for a process of change and thereby reduce resistance to change.

Participatory decision-making can be a powerful tool for change; however, a critical success factor is that visible change must result from the process, otherwise participants will become negative and demoralised and oppose any future involvement in planning.

Use of outside facilitators

This is common practice in the corporate environment. The advantages of outside facilitators are that they:

- Can provide valuable strategic information and perspective on external trends and driving forces.
- Add an impartial perspective to issues affecting the livelihood of members of the practice.
- Can act as an arbitrator should disagreements arise between stakeholders.
- Can facilitate the various steps of the planning process, thereby ensuring that momentum is maintained.
- Usually have the skills to develop a positive team dynamic that taps creativity, synergy and enthusiasm rather than conflict and negativism.

Documenting the planning process

Various formats exist to document the planning process of a formal business plan. A template to be used as a framework for a business plan is available as part of the Business Planning module in the Foundation for Professional Development's Distance Learning Programme on Practice Management.

Setting objectives

Any strategic plan is based on the achievement of specified objectives; devising a plan without objectives is a meaningless exercise. Some individuals become so involved in the planning process that they overlook what is meant to be achieved; there is the danger that the means by which the ends are to be achieved are confused with the ends themselves. It is often difficult for individuals in a business to answer the fundamental question 'What are we trying to achieve?'

Objectives should further be divided into quantifiable and non-quantifiable objectives:

- Being associated with excellent patient satisfaction
- Having a happy and stable workforce
- Attracting more patients
- Generating 30% profit in all activities.

Social objectives which usually do not contribute to larger profits (unless they lead to increased productivity), and ethical considerations, should also be taken into account when setting objectives.

Next month, continuing with the planning process, we cover the external environmental analysis.

Excerpted with permission from the Business Planning Section of the Distance Learning Practice Management Programme of the Foundation for Professional Development of SAMA. For information on the FPD courses contact Annaline Maasdorp, tel (012) 481-2034; e-mail: annalinem@samedical.org

