

## BUSINESS PLANNING PART VI

### Operational planning

Now that the strategic planning phase has been completed, the participants of the business planning process should have:

#### **A clear understanding of the external environment**

- What are the trends influencing the business environment in which the practice operates and what are the opportunities and threats arising from them?
- Who are the stakeholders of the practice and what are their expectations?
- Who are the practice competitors and what are their strengths and weaknesses?
- What is the market that the practice serves or can serve, its size, growth potential and geography?
- How are the products and services of the practice geared to this market?

#### **A clear understanding of the following internal factors**

- The strengths and weaknesses of the practice.
- The lifecycle stage and profitability of each service or product provided by the practice.



### Laid the groundwork for the operational planning phase

This is done by identifying:

- key success factors
- ways of achieving a competitive advantage.

### Developed a collective vision for the future

Now the critical phase of business planning has to be entered into, namely operational planning. This is the 'so what' phase. In this phase it is necessary to identify each step, or specific objective, that has to be achieved in order to realise the vision. Each objective also has to be broken down into: number of action steps, each with a responsible person, starting date, due date, measurable outcome and, most importantly, adequate resources allocated to it.

During the previous steps specific issues that have to be addressed were also identified and documented. These issues now need to be incorporated into the operational plan.

### 'Thinkpoint'

A common problem with business plans is the failure to address immediate 'quick fix' problems, due to a focus on long-term goals. It is important to rapidly resolve these short-term problems often identified as issues in the internal analysis. This is in order to demonstrate commitment to the plan and also to maintain enthusiasm among staff that the plan will translate into measurable, rapidly achieved results or outcomes.

### Strategic choices

Although the business planning process often serves as a catalyst for sudden revelations (the 'of course, this is obvious' reaction) that will automatically generate actions, it is worth while to look at the full range of options now available to the practice.

These options can either be pursued individually or in combinations. The available options include:

#### Expanding the practice by competing on cost

This is often not feasible in a fee-for-service environment, but could become a viable option in capitation-based managed care models.

#### Differentiation of products and services

As previously discussed this is an option when a focus on reducing cost is not viable. Differentiation of services from those of competitors through adding value could create growth.

#### Market segmentation

Market segmentation allows the practice to focus all its attention on providing a service to a niche market. Examples of this approach would be specialist practice and practices

dedicated to segments such as sports medicine or aviation medicine. This approach could entail closing down existing product lines or services in order to move resources to the preferred 'niche' service. Remember, market segmentation options can also accommodate growth into new markets previously not serviced by the practice, e.g. cash-paying clients or new geographical areas.

### Operationalising strategic choices

The first step is to develop an action plan with clear, specific objectives that must be achievable within a set time period. Each specific objective needs to be broken down into logical action steps that need to be taken to achieve the objective. Each action has to be allocated to a responsible person and have a set deadline by which it has to be completed, as well as a measurable outcome.

Once the action plan has been developed, an important second step is to review each objective against the mission statement previously developed. If an objective is not compatible with this objective, it should not be operationalised.

Your action plan can now be divided into the different operational functions in the business: marketing, human resources, financial, etc.

Thirdly, review the resources needed, whether financial or human, against the action plan. Prioritise the action plan according to resources.

Remember that not all objectives need to be implemented immediately. Focus on the 'quick fix' solutions and key success factors to get the process going.

As previously mentioned, it is critical to maintain the forward momentum initiated through the business planning process. The rapid achievement of results will serve to maintain enthusiasm and commitment, while the achievement of the first few goals should translate into increased revenues, thereby liberating additional resources to implement the next level of objectives.

In the 'Grand strategist' it is observed that the value of a 'Grade B' plan with 'Grade A' implementation far outweighs the value of a 'Grade A' plan with 'Grade B' implementation. The important point is not to deliberate on small details that will affect the implementation process negatively.

Finally, review the business plan every 3 months and fine-tune it as needed.

*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*