



Strategic Agility: Planning and Execution in the Post-COVID New Normal
THA Annual Retreat: Stronger Together

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Introductions



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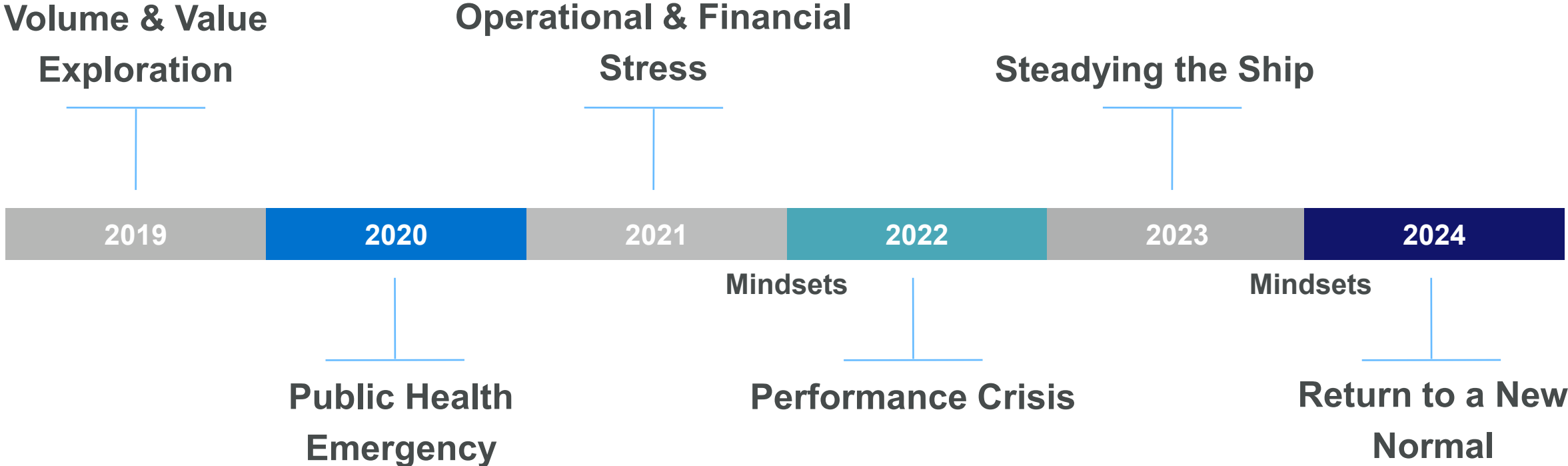
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Learning Objectives

- Acknowledge the significant transformation that has occurred in the healthcare marketplace over the past five years as providers have navigated a public health emergency, workforce challenges, operational disruption, and financial distress.
- Assess the New Normal, characterized by higher expectations but lower margins, and the implications on traditional strategic planning processes and cycles.
- Consider a new model for strategic planning, characterized by agility in shorter planning cycles, adaptability in responding to dynamic industry/market shifts, and executability in alignment with operating, financial and clinical models.
- Consider practices and processes for quickly and effectively transitioning from strategic planning to operational execution by building an operating model to support overall achievement of strategies with a focus on building long-term financial and clinical sustainability.



A Lifetime in Five Years



Key Issues Today

Mindsets 2024 Healthcare Executive Leadership Report



Survey of 120 healthcare executives across the U.S.

Four themes emerged:



Financial Sustainability



Workforce



Strategic Planning



Value-Based Care



Mindsets
Executive Leadership Report

2024



Key Issues Today

Financial Sustainability

Margins are tight, but the outlook is encouraging.

60%

Believe financial performance will improve in the next two years.

50%

Rank margin improvement pressures as one of their top three concerns over the next 3–5 years.

5%

Claim that their revenue cycle is very strong.

66%

Consider revenue cycle a top concern.



Key Issues Today Workforce

Chronic workforce challenges persist and continue to threaten performance recovery.

45%

Rank challenges related to productivity, burnout, and turnover as their top market concern.

#1

Clinical staffing shortages were ranked the top concern over the next 3–5 years.

60%

Rank decreases in productivity as a top challenge to achieving financial sustainability.

68%

Rated change fatigue within their organization as 7 or higher, out of 10.



Key Issues Today

Value-Based Care

While VBC promise is clear, urgency, action planning, and ROI are uncertain.¹



In absence of clarity from CMS or commercial payors, provider prioritization of VBC initiatives has declined and market momentum has slowed.

<30%

Of healthcare executives believe their VBC aspirations align with their operating model and organizational capabilities.

10%

Of healthcare executives ranked VBC development as their top priority for the next two years.

83%

Of provider organizations have less than half of reimbursements flowing through value-based agreements.



Key Issues in 2022 Strategic Planning

COVID 19 Impact On Strategic Planning

53%

Of healthcare organizations paused their strategic initiatives.

65%

Say their operating model is not aligned to the needs of their strategic vision.

49%

Plan on revisiting their enterprise strategic plan.

82%

Of the 49% plan to do so within the year.





Key Issues Today Strategic Planning

Today's strategic planning requires agility, execution and accountability.

75%

Of healthcare organizations now develop or update their enterprise strategic plan every 1–3 years.

48%

Spend less than 10 hours per month on strategic planning.

35%

Achieved less than half of their strategic plans' stated objectives.

<50%

Say their strategic plan was of high relevance to their routine decision-making process.

Strategic Agility

Balancing Competing Priorities of Multiple Stakeholders



Strategic Agility

Winning by Rapidly Navigating Multiple Market Forces

Organizational
Agility

Population/
Demographic
Changes

Competitor
Profiles

Service Line
Priorities

Ambulatory/
Outpatient Shift

Patient
Experience

Innovation

AI & Machine
Learning

Clinical
Outcomes

Clinical
Protocols

Health Equity

Partnerships
& Affiliations

Financial
Performance

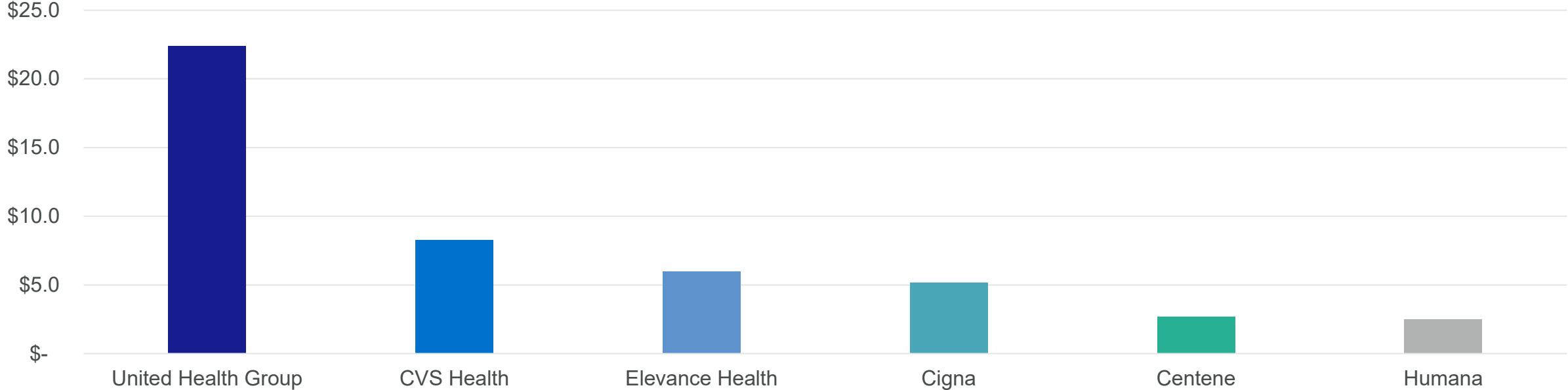
Workforce
Alignment

Value-Based
Care

Strategic Agility

Negotiating With and Competing Against Well-Funded Participants

The Big Payors, Ranked by 2023 Profit²



Capitalizing on Size & Scale



Capitalizing on Scope of Services

¹ 12 healthcare trends and issues we are following for 2024, beckershospitalreview.com, January 2, 2024
² Big payers ranked by 2023 profit, beckerspayer.com, February 7, 2024

Strategic Agility

Managing Both Sides of the M&A Pipeline

2023-2024



2023 was an active year for healthcare M&A activity, although both deal volume and deal value were down as compared to 2022.

Number of transactions:

- 2022 ... 1,868
- 2023 ... 1,615

Deal value, all transactions:

- 2022 ... ~\$278B
- 2023 ... ~\$61B

Drivers



Provider consolidation typically does not produce lower costs. Key drivers include⁴:

- **Value:** Ongoing shift toward value-based care, which emphasizes coordination across all care settings.
- **Matchmaking:** Underperforming organizations seek partnerships for long-term financial sustainability.
- **Strategic Growth:** High-performing organizations look for new markets to expand, grow, and succeed.
- **Business Reinvention:** Providers continue to adapt and reinvent themselves to align with current sector dynamics and new competitive pressures.

2024

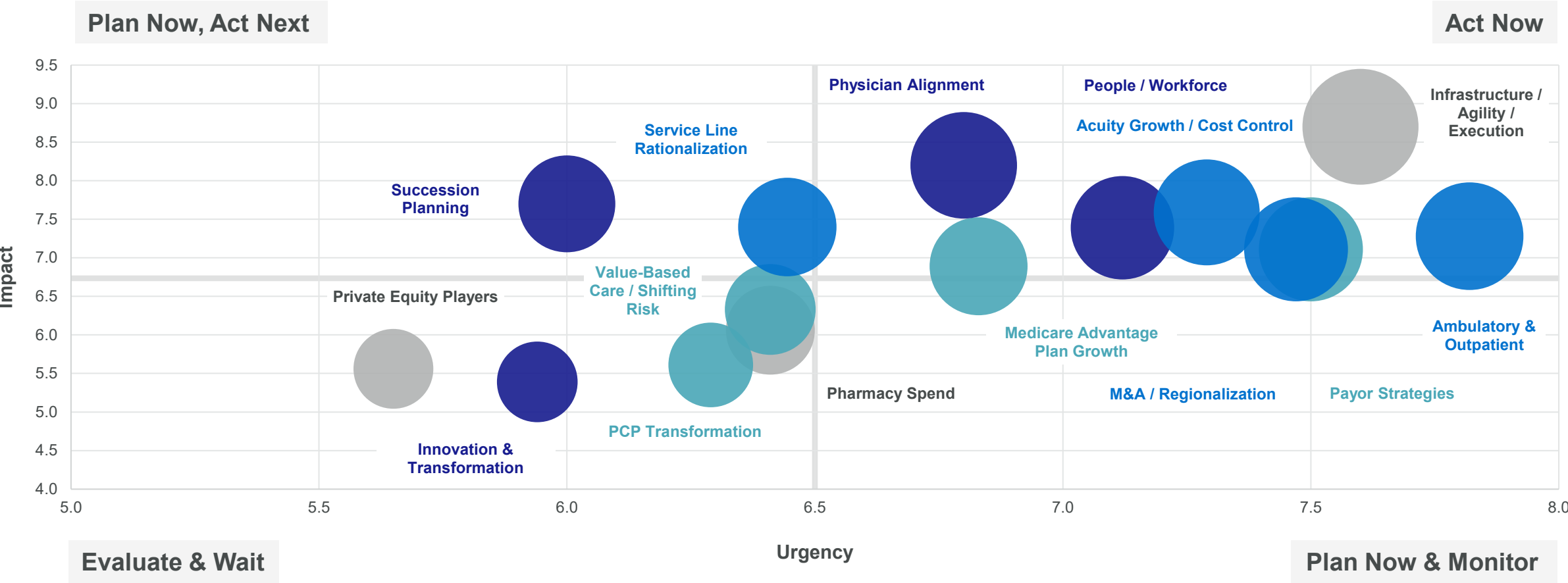


In the first quarter of 2024, there was a significant surge in M&A activity, **with 20 announced transactions, marking the most active Q1 since 2020.**

Several mega mergers involving entities with annual revenues exceeding \$1 billion.

Strategic Agility

Prioritizing Resources Toward Highest Impact Initiatives



- Growth
- Value
- Market
- Workforce

Our Perspective on Strategic Planning

Forvis Mazars' Unique Approach to Strategic Planning

- **Strategic planning follows a framework, but the outcomes are personalized and unique to your situation.**
- **Listening to the Needs & Challenges of Our Clients**
 - Deep understanding of market drivers, clinical capabilities, community needs, and existing partnerships drives key considerations for strategy.
 - Broad industry knowledge balances perspective and provides strategic direction.
- **Strategy Aligns to & Helps Achieve the Mission & Vision**
 - Using knowledge gathered from client, market, and industry, vision is created using a 3-to-5-year outlook.
- **Engagement With Key Stakeholders**
 - Critical stakeholder interviews are an integral part of our process.
- **Strategy Integrates With Finance & Operating Model**
 - Focus on the impact of strategy on long-term financial stability.
 - Operating model aligns to the execution of strategies.
- **Executable & Measurable Plans**
 - Deliver plans that are actionable, measurable, outcomes-oriented, and well-communicated.
 - Every plan needs to be updated annually to validate & achieve strategic priorities



**Executable, Financially
Viable, Sustainable,
Measurable, and
Impactful—these are
critical components of
our process.**

Key Questions to Ask at the Start of a Strategic Plan



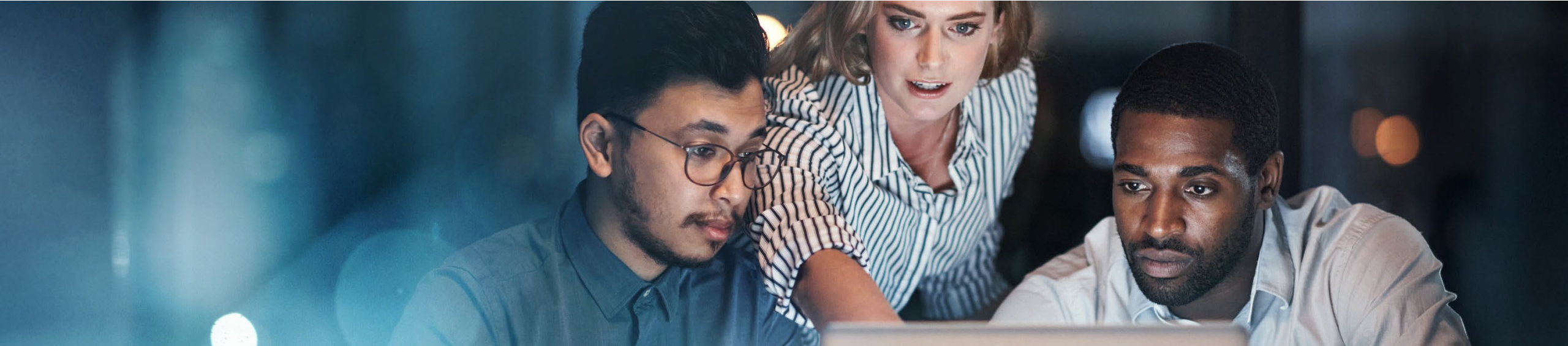
We help you develop a strategic plan personalized to your organization—one that is based foremost on an understanding of your organization and its needs.

Our strategic planning process is stakeholder-driven, community-oriented, and execution-focused, building out roadmaps and key performance measurements, including the integration of your long-range financial plan.

An effective strategic plan must be personalized to each healthcare organization. We modify our approach based on the answers to these key foundational questions.

1. What do you hope to achieve in your next strategic plan?
2. Is the focus of your strategic plan primarily on the aspirational and visionary components—or more operational-focused?
 - Aspirational/Visionary: Bold strategic direction and initiatives that drive the organization into the future and create a lasting impact
 - Operational: A focus on optimizing and creating greater efficiencies through existing business units
3. What did you like about your last planning process? Where did your previous plan fall short, *i.e.*, ambition, innovation, execution, etc. What must stay the same? What do you want changed?
4. What level of engagement throughout the organization do you want your team to have in the development of your strategic plan?
5. How will you define success in your strategic planning process and in the plan itself?

Key Priorities / Initiatives to Tackle



Financial Sustainability

Revenue Integrity

Operational/Clinical Efficiency

Quality & Engagement

Growth & Access

Data Driven

Stakeholder Informed

Innovation

Value-Based Care

Provider Enterprise

Workforce Optimization

Partnerships

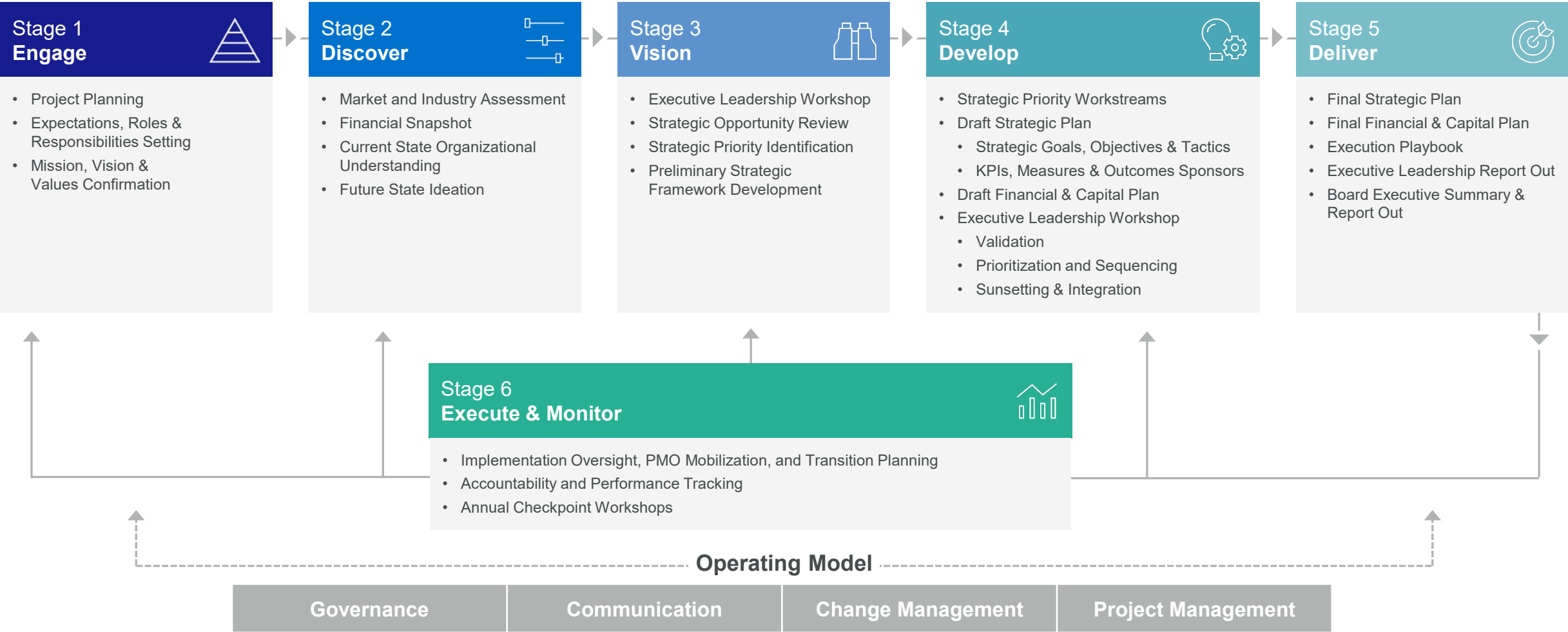
Regulatory Intelligence

Community Impact

Organizational Health & Alignment

Incentive Aligned

Strategic Planning for the Near Term Framework for Success



Strategic Planning for the Near Term

Characteristics of the New Model



Agile Process

Informed by Market, Competitor and Community Needs

Financially Enabled

Growth Focused

Deeply Cascaded

Intentionally Executed

Results Driven & Measurable

Proactively Adaptable

Strategic Planning Workshop / Roundtable

Purpose: Engage in focused dialogue around the following topics to build upon and apply the information shared in today's presentation

1. New Model for Strategic Planning
2. Strategic Priorities in the New Normal
3. Practices for Transitioning from Planning to Operational Execution

Workshop Outline // November

- 10 – 11:30am // Part I
- 11:30am – 12:30pm // Lunch
- 12:30 – 1:30pm // Part II

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Thank you!

