



Revisiting Strategy: Lessons Learned from the Pandemic

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As COVID-19 initially swept across the country, many health system leaders rightfully operated in survival mode, putting long-term strategy on the back burner as they addressed unprecedented urgent daily challenges. Now many are asking, “Is our current strategic plan still relevant?”

The pandemic changed the pace of change itself, forcing health systems to dramatically accelerate their responses to some of the disruptors many of us had anticipated and already incorporated into our planning efforts. No longer could health systems implement initiatives “down the road” at a deliberate and comfortable pace. Examples abound, but to name a few:

- **The rise of virtual or digital health:** Telemedicine created a new front door to healthcare, one that does not always lead to our own physicians or hospitals. While most health systems scrambled to enter this space, so too did well-capitalized insurers and for-profit start-ups. The jury is still out on who will emerge victorious from the inevitable virtual/digital shakeout.
- **The expansion of value-driven consumerism:** The pandemic also caused a marked and likely permanent shift of on-demand, low-acuity care away from emergency departments and even our primary care practices into more convenient, often lower-cost retail (e.g., CVS and Walgreens) and urgent care settings—even beyond the telehealth options mentioned above.
- **Greater visibility and calls to address health inequities:** COVID-19 demonstrated that even the most exemplary clinical care will not be enough to move the needle on improving health—the mission of most health systems. Truly improving health will require partnering within our communities to implement creative approaches that address patients’ social determinants of health, with housing and food insecurity often topping the list, as well as underlying behavioral and/or chronic health issues.

So, Now What?

It is time to re-evaluate your strategic plan in light of new marketplace dynamics, after a clear-eyed assessment of your current positioning. Don't throw the baby out with the bathwater: much of your strategic plan likely is still relevant, although your priorities and sense of urgency may have shifted.

Start with the basic questions of whether your mission, or core purpose, has changed (typically not) but perhaps more importantly, whether your desired future state (vision) for 2026 and beyond has changed, and if so, how?

Be Willing to Ask Difficult Questions

Once the foundational questions above have been addressed, senior leaders should ask these basic and sometimes difficult questions before crafting updated strategies and objectives:

- How can we hard-code resilience and agility into our system's DNA? What can we learn from our responses to COVID-19? Where were we nimble, and how can we translate that same agility into how we implement other initiatives?
- What are our own cultural or operational barriers that kept us from changing/ adapting quickly enough during COVID-19? Where did we stumble, what can we learn, and how can we eliminate these barriers?
- When did our strategic planning process last generate a breakthrough idea as novel as some of the approaches we took during COVID-19? How can we establish a more entrepreneurial culture of innovation and continuous change?

→ Key Board Takeaways

- It is time right now to re-evaluate your strategic plan; it is very likely that your priorities and/or sense of urgency will have shifted.
- Be willing to ask difficult questions and challenge conventional thinking: what has worked in the past is unlikely to be sufficient to ensure future viability.
- Honestly assess your board's culture and how the board's behavior could better support management in making fundamental, transformational changes.

- What are the unfulfilled or unidentified needs of our patients and our communities? How can we understand these better? What opportunities or threats do these create?
- How can we really deliver on the value proposition, combining our access, convenience, cost/price, and quality into a strategic advantage? As of mid-July 2021, 94 percent of hospitals are still noncompliant with CMS' price disclosure rule.¹ How long will it be acceptable to patients-as-consumers to be unable to get an up-front estimate of what care at our hospitals will cost?
- How can we take out 10 to 20 percent of system costs, as has been recommended by healthcare financial experts for years, without impacting quality? How much more challenging might this be if hospital volumes never recover to pre-pandemic levels?
- Given that our competitors now include customer-obsessed Apple, Amazon, Google, and other technology/AI giants who "understand everything about consumers," how can and must we leverage our EHR/business analytics as a core patient-alignment strategy?
- In addition to what we should start doing or do more of, what should we stop doing to redeploy scarce resources? What could be outsourced? What are our sacred cows that now must be reconsidered?
- Given what we have been through and may continue to experience with COVID-19 or the next "black swan," are we viable long term as an independent health system?

Boards Must Enable System Transformation

Boards need to engage in their own self-reflection around board culture, board competencies, and the CEO performance evaluation process:

- **Board culture:** Does the board's post-pandemic culture facilitate or inhibit innovation and transformation? Do you encourage managers to think outside the box? The board should establish a culture of safety for management innovation as you likely do around clinical safety, encouraging upward information flow sooner than later when something goes awry. When approving new initiatives, establish measurable objectives, a timeline for implementation, and agreed-upon trigger points for when an initiative needs to be re-evaluated and potentially jettisoned. Learn from the experience and move on.

¹ Katie Adams, "94% of Hospitals Still Noncompliant with Price Transparency Rule, Study Finds," *Becker's Hospital Review*, July 19, 2021.

- **Board competencies:** In *The Governance Institute's 2019 Biennial Survey of Hospitals and Healthcare Systems*, a “top essential competency” for new board members was strategic planning and visioning.² Lower down on the list but equally essential today were consumer-facing business expertise, innovation/disruption expertise, change management expertise, and digital/mobile health technology expertise. The board should revisit its competency matrix and recruiting processes to ensure that you are identifying a pipeline of future directors with the experience and expertise needed to innovate and transform your business models.
- **The CEO performance evaluation process:** “What you measure is what you get.” Boards should review their CEO evaluation and compensation models. Your approaches should expect and reward CEO behavior that is future-oriented and not overly hospital-centric; incorporating, for example, his/her demonstrated abilities to look around the corner and to recognize/capitalize on unforeseen opportunities as they arise.

The COVID-19 pandemic has forced many individuals to re-examine the ways we live our daily lives and drove us to clarify our priorities. With a willingness to challenge conventional thinking and a trusting, collegial board–management relationship, health system leaders also may be able to use what we have learned from the pandemic to clarify their priorities and to make innovation within and transformation of their organizations an imperative rather than a catchphrase.

The Governance Institute thanks Marian C. Jennings, M.B.A., President, M. Jennings Consulting, for contributing this article. She can be reached at mjennings@mjenningsconsulting.com.



2 Kathryn Peisert and Kayla Wagner, *Transform Governance to Transform Healthcare: Boards Need to Move Faster to Facilitate Change*, *The Governance Institute's 2019 Biennial Survey of Hospitals and Healthcare Systems*.