



Creating Your Strategic Game Plan: Deciding What To Do, When To Do It & How

Panel:

Charles A. Hall, Executive Director, Hampton-
Newport News Community Service Board

Joseph Naughton-Travers, Ed.M., Senior Associate, *OPEN MINDS*
OPEN MINDS Best Management Practices Institute
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Agenda

- I. Overview Of Strategic Planning Process
- II. Tips For Strategic Analysis
- III. Case Study: Hampton Newport News Community Services Board Strategic Planning Process

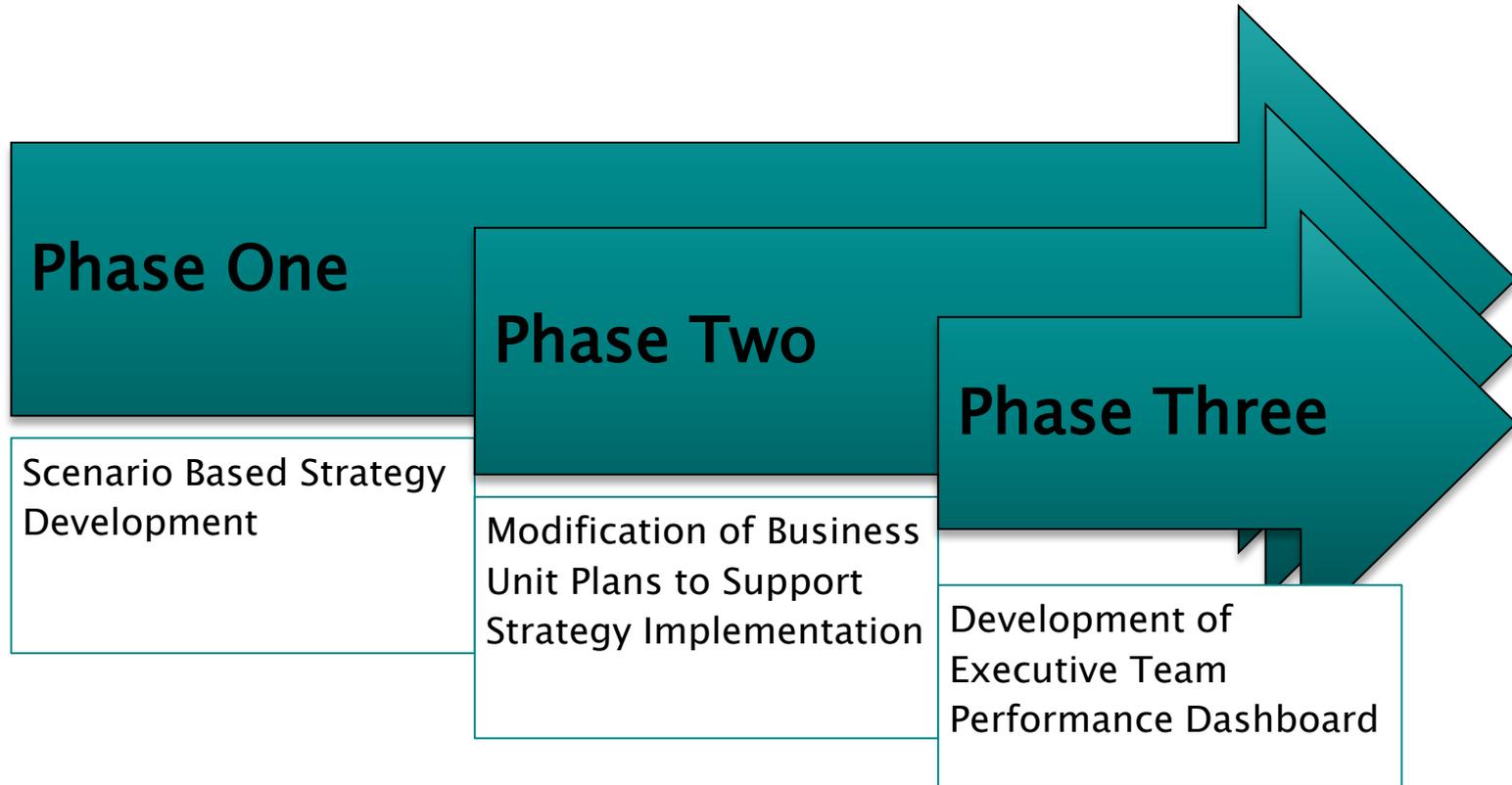


Overview Of The Strategic Planning Process

Overview Of Strategic Planning Process



Recommended Phased Business Strategy Development Process



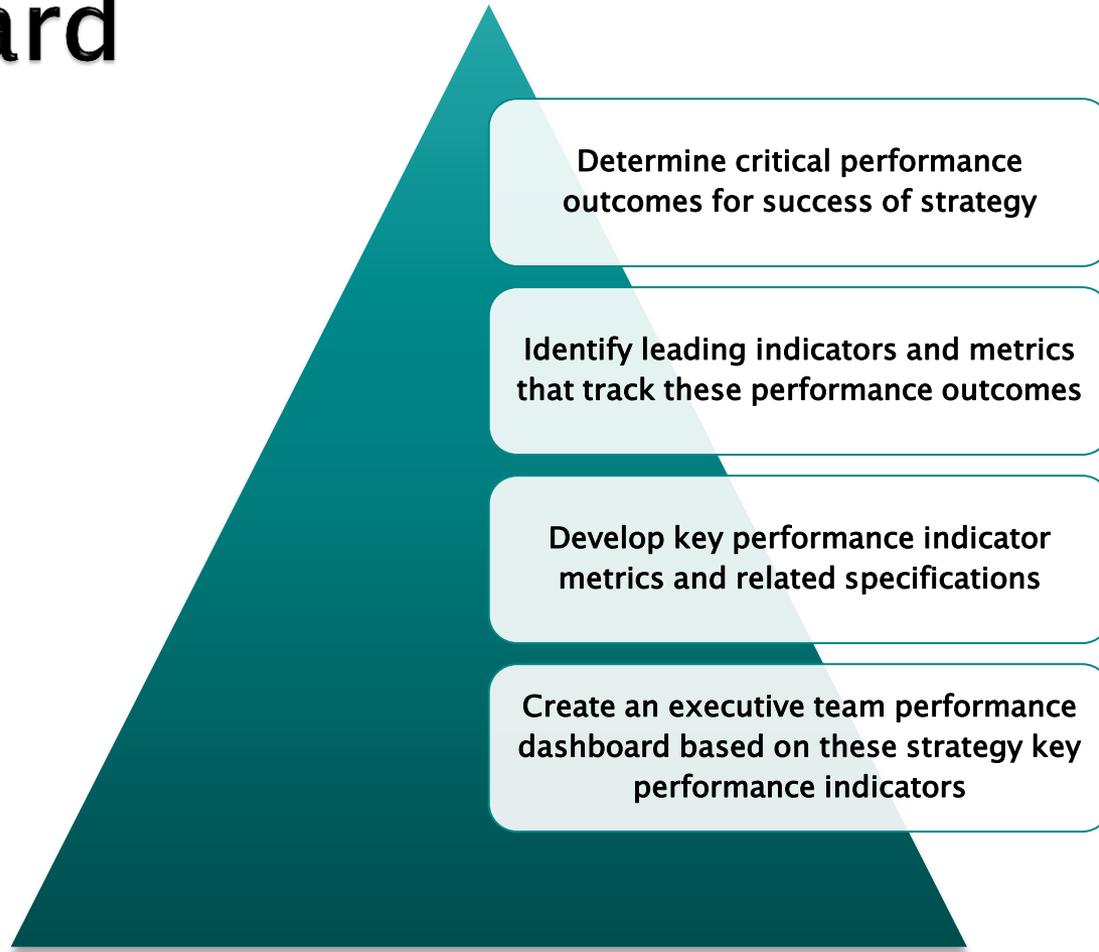
Phase One: Scenario-Based Strategy Development



Phase Two: Modification Of Business Unit Plans To Support Strategy Implementation



Phase Three: Development Of Executive Team Performance Dashboard



Common Strategic Options For Consideration

1. Closure of services/service lines that are not profitable and/or affordable and/or “good fit”
2. Strategies to improve margins of existing service line
3. Building “value added” products to increase margins
4. Expansion of successful service lines (expansion of geography, new customer base, etc.)
5. Diversification of revenue sources
6. Reconfiguration of services within “value chain”
7. Strategies to address shifting “economy of scale” issues



Tips For Strategic Analysis

Be Sure Your Strategic Planning Process Is Comprehensive!

- The external analysis must include a review and discussion of the implications of both national and local trends.
 - Changes in financing and system structure models, including managed care initiatives
 - Budget changes
 - Health care integration models
 - Requirements for evidence-based practices, recovery models, and/or performance and quality metrics

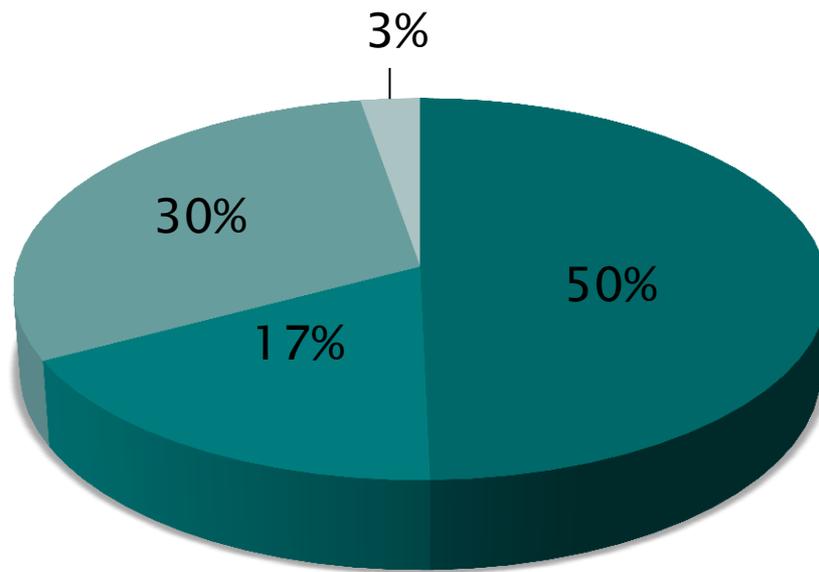
Clearly Define & Research Competitors & Potential Partners

- Include a thorough analysis of the demographics, service lines, and financials (if possible) of competitors and potential partners.
- Identify market image of these players and potential differentiation strategies.

Conduct A Thorough & Frank Service Portfolio Analysis

- Ideally, this would include:
 - Service line descriptions
 - Key referral sources
 - Productivity/yield standards
 - Clinical/performance standards
 - Satisfaction data
 - Competitor
 - Financial data (payer mix, profit and loss by service line and location, unit costs, etc.)
 - Number of consumers served
 - Payer mix
 - Unit cost data

Revenue Mix By Service Line

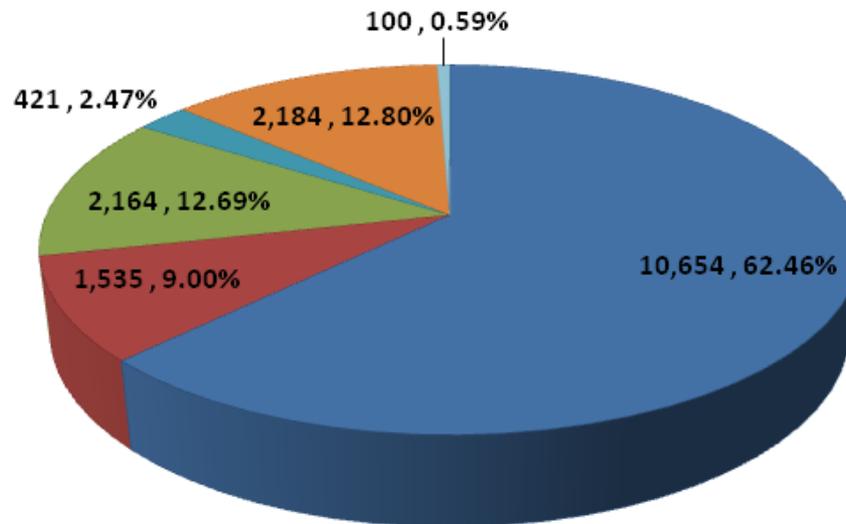


- Specialized Residential – Public
- Specialized Residential – Private
- Community & Home Based
- Education & Prevention

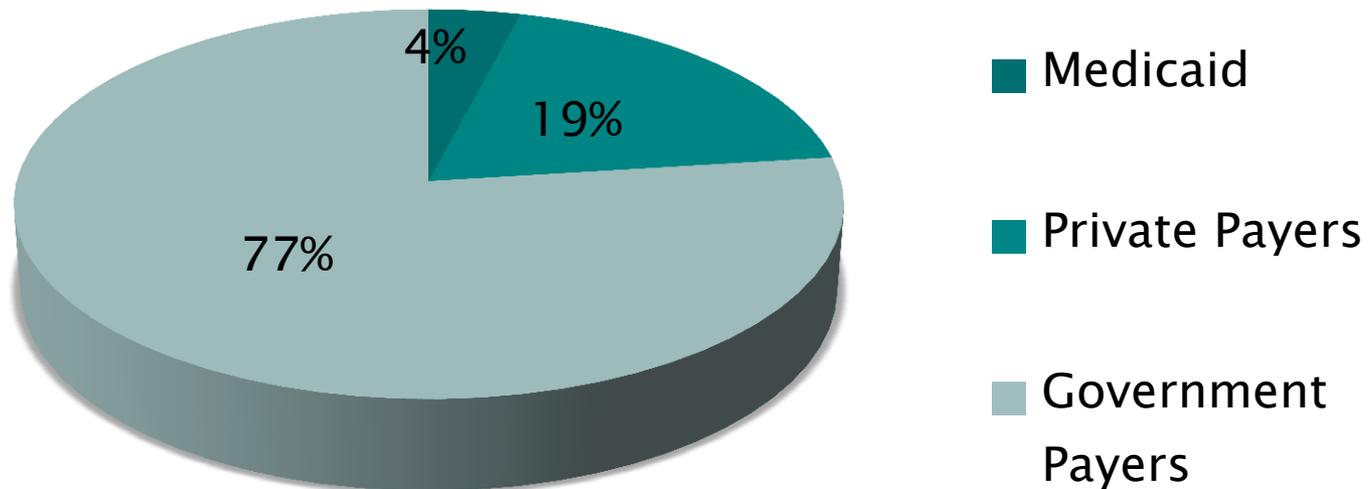
Number Of Consumers Served By Service Line

Number of Consumers Served by Service Line, FY 2010

- Mental Health Services
- Development Services
- Substance Abuse Services
- Prevention Services
- Other Services
- Emergency Services
- Consumer Monitoring
- Wounded Warrior
- Housing and Homeless Services
- Jail Diversion and CIT
- Administrative Services



Revenue Mix By Payer



Profit & Loss By Service Line

	Revenue	Expenses	Other Program Expenses	Profit/Loss Before M & G	M & G Expenses	Profit/Loss	M & G Expense % of Expenses
Outpatient Mental Health	\$8,569,673	\$6,458,648	\$3,377,076	(\$1,266,051)	\$2,027,798	(\$3,293,849)	17%
Residential Services	\$2,885,525	\$2,284,799	\$1,828,403	(\$1,227,677)	\$850,113	(\$2,077,790)	17%
Community-Based Services	\$6,134,152	\$3,917,012	\$1,011,406	\$1,205,733	\$1,016,615	\$189,118.14	17%
Crisis Stabilization	\$636,778	\$967,370	\$80,796.05	(\$411,387)	\$216,651	(\$628,038)	17%
Total for Service Lines	\$18,226,130	\$13,627,830	\$6,297,682	(\$1,699,382)	\$4,111,177	(\$5,810,559)	17%

Unit Cost Data

	Unit of Length	Unit Cost
<i>Mental Health Services</i>		
Acute Psychiatric	Bed Day	\$ 263.71
Outpatient	Hour	\$ 177.80
Assertive Community Treatment (ACT)	Hour	\$ 153.68
Case Management	Hour	\$ 160.76
Day Treatment/Partial Hospitalization	Slot (Encounter)	\$ 48.06
Rehabilitation/Habilitation	Slot (Encounter)	\$ 11.33
Crisis Stabilization	Bed Day	\$ 153.99
Supportive Residential	Hour	\$ 82.52
<i>Development Services</i>		
Case Management	Hour	\$ 209.93
Rehabilitation/Habilitation	Slot (Encounter)	\$ 10.66
Highly Intensive Residential Services	Bed Day	\$ 564.72
Supervised Residential Service	Bed Day	\$ 247.94
Supportive Residential Services	Hour	\$ 36.31

Common Portfolio Mapping Tools

- Market Growth vs. Market Share Matrix
- Competitive Position vs. Industry Attractiveness Matrix
- Market Risk vs. Market Reward Matrix
- Mission vs. Probability Matrix (for public or non-profit organizations)

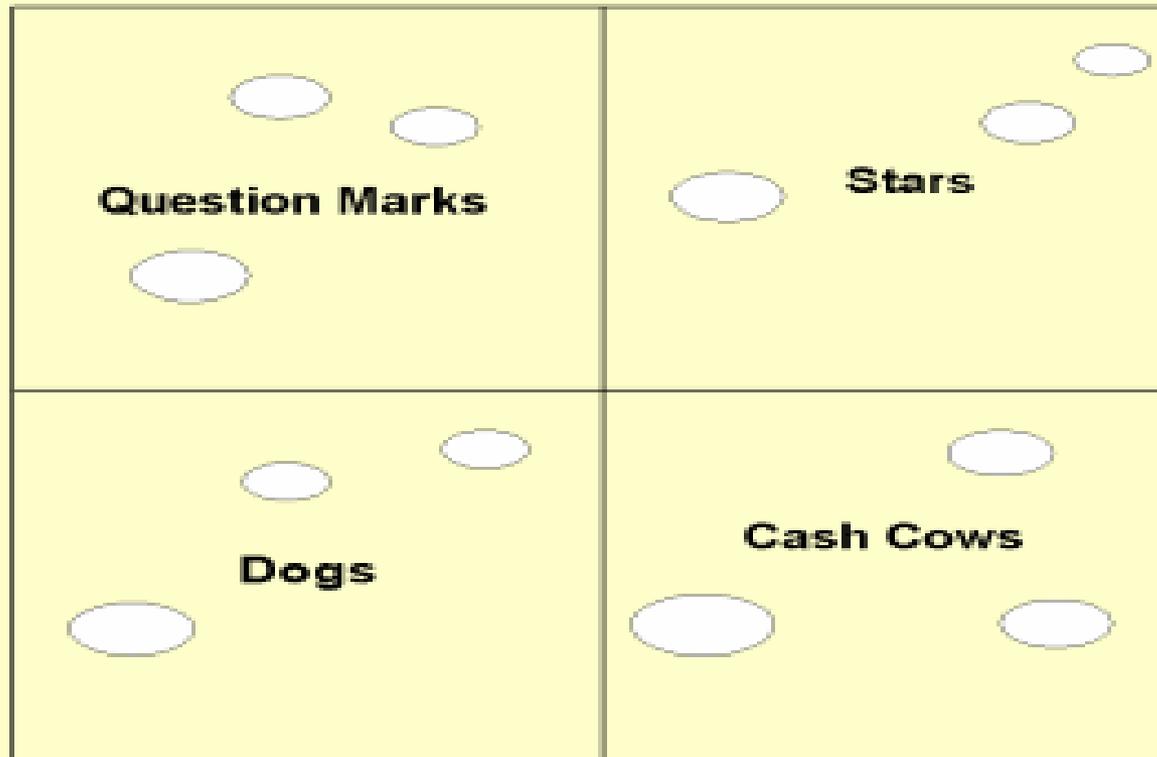
Source: Naughton-Travers, Joseph. August 2002.

Market Growth vs. Market Share Matrix

High

Market Growth Rate

Low



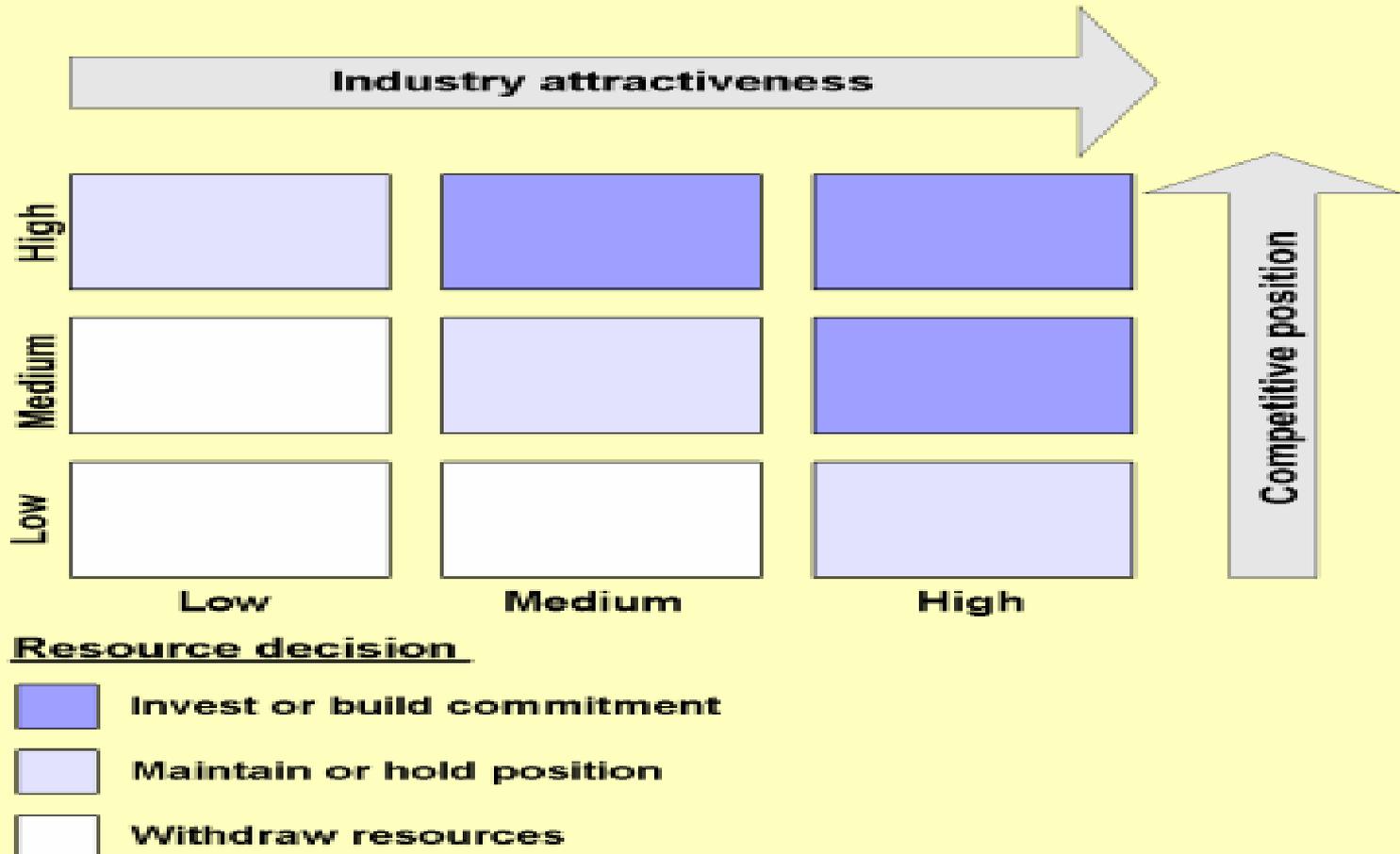
Low

Relative Market Share

High

Source: Naughton-Travers, Joseph. August 2002.

Competitive Position vs. Industry Attractiveness Matrix



Source: Naughton-Travers, Joseph. August 2002.

Market Risk vs. Market Reward Matrix



Source: Naughton-Travers, Joseph. August 2002.

Mission vs. Profitability Matrix

Product's Compatibility with Mission	Actively Advances Mission	Seek more donations and/or raise prices and/or improve cost effectiveness and/or selectively reduce scope of operation	Maintain status quo (without allowing it to dominate) or spin off as for-profit corporation
	Neutral	Seek closer ties to Mission and/or improve profitability	
	Negatively Impacts Mission	Phase out promptly	Selectively phase out or sell operation to external buyers
		No Attributable Revenues or Grants	Breakeven
		Product's Ability to Cover Costs	
			Highly Profitable

Source: Naughton-Travers, Joseph. August 2002.

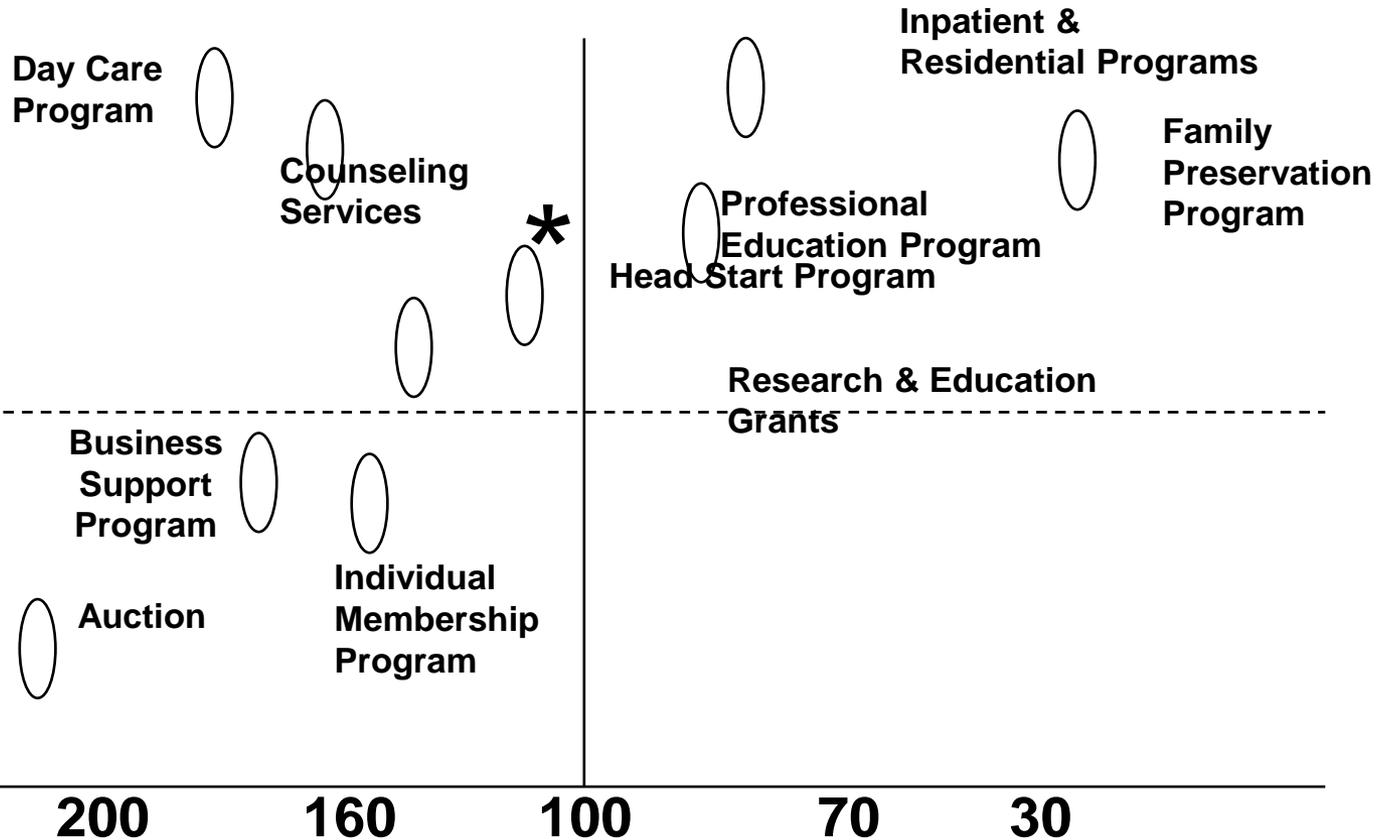
Portfolio Analysis For The Provider Organization

Mission Advancement

Strongly Advances

Neutral

Strongly Detracts



Revenue/Cost Coverage (100% = Breakeven)



Hampton Newport News Community Services Board Strategic Planning Case Study

Introduction of Other Faculty

- Charles Hampton, Executive Director,
Hampton– Newport News Community Service
Board

"Finally, strategy must have continuity. It can't be constantly reinvented."

-Michael Porter



Upcoming Educational Events

2012 Planning & Innovation Institute
June 6–8, 2012 – New Orleans, Louisiana

2012 Executive Leadership Institute
September 12–14, 2012 – Gettysburg, Pennsylvania

2012 Institute for Behavioral Health Informatics
October 17–18, 2012 – Baltimore, Maryland

2013 Best Management Practices Institute
February 14–15, 2013 – Clearwater Beach, Florida



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www.openminds.com
openminds@openminds.com
717-334-1329 | 877-350-6463
163 York Street, Gettysburg , Pennsylvania 17325