



American College of
Healthcare Executives
for leaders who care

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Becoming Board Certified in Healthcare Management and a Fellow of the American College of Healthcare Executives

Knowledge Area Covered in the Board of Governor's Exam:

Business



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Business

Introduction

Business is the knowledge that pertains to specific areas/ concepts of the organization (e.g., marketing, business planning, strategic planning).

Business

18 questions (9%) from this specific knowledge area will be asked on the Board of Governor's Exam related to the following:

- Knowledge of basic statistical analysis
- Knowledge of strategic planning principles
- Knowledge of basic business contracts (e.g., legal and financial implications)
- Knowledge of marketing principles and tools (e.g., market analysis, market research, sales, advertising)
- Knowledge of techniques for business plan development and implementation
- Knowledge of principles of public and community relations
- Knowledge of the functions of organizational policies and procedures

Business

Learning Objectives

- Strategic Planning Principles
- Basic Business Contracts
- Business Plan Development and Implementation
- Marketing Principles and Tools
- Public and Community Relations
- Organizational Policies and Procedures

Business

Learning Objective:

- 1. Strategic Planning Principles** (e.g., strategic planning is now viewed more appropriately as “strategic management” in that planning must be integrated with other management functions (i.e., organizing, directing, controlling, staffing and decision making); current strategic planning processes usually consist of assessment, planning, implementation, and evaluation and continuous improvement)

Business

1. **Strategic Planning Principles** continued.....
 - **Mission**
 - **Objectives**
 - **Assessment/Situation Analysis**
 - **Planning/Strategy Formulation**
 - **Implementation**
 - **Evaluation/Control**
 - **Continuous Improvement**

- **Mission**

- Mission Statement: our fundamental purpose/reason for existence. It should be constructed so as to guide organizational behavior
- Sense of purpose to employees
- Convey an image to customers
- A key component is how our mission responds to the healthcare needs of the community



- **Objectives**

- Concrete goals; e.g. earnings growth target
 - Short and long term goals should be consistent with the philosophy and mission of the institution
- Challenging but achievable
- Measurable

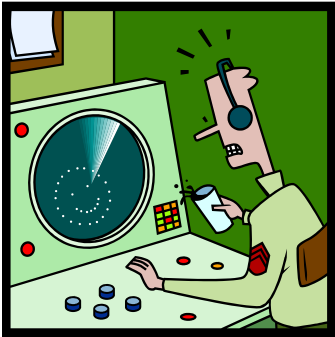
Business

1. Strategic Planning Principles continued...

Assessment/Situation Analysis

(How we get there from here)

- Scan environmental opportunities



- Macro
 - Political, economic, social, technological
- Micro
 - Barriers to entry, customers, suppliers, substitute products, competition



Business

1. Strategic Planning Principles continued...

Assessment/Situation Analysis

(How we get there from here)

- **Assess capabilities and limitations**
 - **SWOT analysis (Strengths, Opportunities, Weaknesses, Threats)**
- **For a healthcare organization, success is measured by how well it adapts to external and internal environments**





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Discussion question:

What are some methods the leader of a strategic planning initiative can implement to assess their landscape to perform an assessment?



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1. Strategic Planning Principles continued...

<u>STRENGTHS</u>	<u>WEAKNESSES</u>
<u>OPPORTUNITIES</u>	<u>THREATS</u>

Business

1. Strategic Planning Principles continued...

Internal Analysis

- **Organizational culture and image**
- **Organizational structure**
- **Key staff**
- **Access to natural resources**
- **Position on the experience curve**
- **Operational efficiency**

Business

1. Strategic Planning Principles continued...

Internal Analysis continued.....

- **Operational capacity**
- **Brand awareness**
- **Market share**
- **Financial resources**
- **Exclusive contracts**
- **Patents and trade secrets**

Business

1. Strategic Planning Principles continued...

Planning/Strategy Formulation

- Two generic strategies
 - Cost leadership
 - Differentiation
- Expressed in high-level conceptual terms and priorities

1. Strategic Planning Principles continued...

Implementation

- Identify required resources and establish necessary organizational changes
- Translate and communicate into detailed policies understood at the functional levels of the organization
- Assure that goals are applied uniformly at all organizational levels
- Functional Areas
 - Marketing, R&D, Procurement, Production, Human Resources, Information Systems



Business

1. Strategic Planning Principles continued...

Evaluation/Control

- Set standards of performance
- Measure performance
- Act on actual measures
- Develop control systems for measurement



Business

1. Strategic Planning Principles continued...

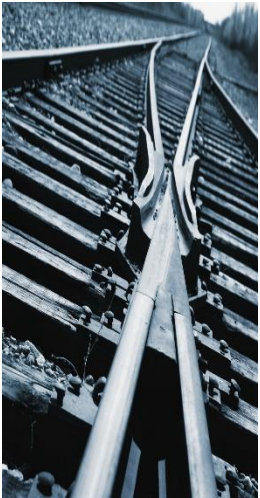
Continuous Improvement

- **Be responsive to a rapidly changing environment**
- **Listen to those closest to the day-to-day operations**
- **Be prepared to modify long-term forecasts**

Business

1. Strategic Planning Principles continued...

Continuous Improvement continued....



- **Observe and measure changes in any one of the components**
- **Accept that strategies must be adaptable to unanticipated external/internal developments**
- **Communicate changes in course to all concerned**



Business

Learning Objective:

- 2. Basic Business Contracts** (e.g., a contract that clearly delineates performance requirements; four elements of a valid contract include (1) an agreement is reached after an offer is accepted, (2) there is consideration or something of value in the agreement, (3) the agreement is reached by parties who have the legal capacity to contract and (4) the contract's objective /purpose is lawful)

Business

2. Basic Business Contracts continued...

- Definition
- Elements



Business

2. Basic Business Contracts continued.....

Definition

- A contract is a legally enforceable agreement or promise between two or more parties, enforceable in courts





Business

2. Basic Business Contracts continued...

Elements

- Offer/Acceptance
- Consideration
- Legal Capacity
- Lawful





Business

2. Basic Business Contracts continued...

Elements continued....

Offer

- Offer – a promise to perform an act based on a return promise of performance by another party
- Recognized by a specific proposal communicated to another party
- Once made, offering party is bound to its terms if the other party accepts



Business

2. Basic Business Contracts continued.....

Elements continued....

Acceptance

- Assent to the terms of the offer made by the offeree in the manner invited or required by the offeror
- No contract is formed until the offeree accepts the offer
- Offeror is free to revoke the contract at any time before acceptance of the offer
- Once the offeror terminates the offer, the offeree no longer has the legal power to accept the offer and form a contract

Business

2. Basic Business Contracts continued.....

Elements continued....

Consideration

- What one party to a contract will get from the other party in return for performing contractual obligations – “mutual considerations”
- Doing something that you were not previously bound to do outside of the agreement

Business

2. Basic Business Contracts continued.....

Elements continued....

Legal Capacity

- Generally, anyone over the age of 18 who is mentally competent (has the mental capacity to understand the nature and consequences of the transaction)
- Must not be signed by a person exceeding his/her authority



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Discussion question:

What are some examples of business contracts in your organization?



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Learning Objective:

3. Business Plan Development and Implementation

(e.g., a business plan serves as a vital communications and planning tool to channel efforts for a particular project or initiative; business planning process includes four steps: (1) assess your current situation, (2) decide what you want to accomplish by drafting your objectives, (3) ensure all have input into the process and (4) discuss whether your business planning process is meeting objectives)

Business

Learning Objective:

3. Business Plan Development and Implementation continued.....

- An integrated set of strategies to achieve the mission
- Develop each strategy as a multiyear plan for a set of process with specific objectives, overseen by a senior management team.
 - Contribution of the strategy to the mission and stakeholder needs
 - Specific, quantitative goals
 - Identify resources
 - Establish accountability

Business

Learning Objective:

3. Business Plan Development and Implementation continued.....

- Develop each strategy as a multiyear plan for a set of process with specific objectives, overseen by a senior management team (cont.)
 - Timetable and interim checkpoints
 - Evaluation of risks and contingency plans
- Service Line Development: coordinated programs of care for groups of diseases that require similar knowledge, treatment approaches and resources

Business

Learning Objective:

3. Business Plan Development and Implementation continued.....

- Service Line Development: coordinated programs of care for groups of diseases that require similar knowledge, treatment approaches and resources
 - Clinical support services (ER, OR, Lab, etc)
 - Accountability centers responsible for specific parts of the strategy, creating quantitative goals, resource needs and timetables
- Keeping an eye on identified metrics; refine as needed

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Learning Objective:

3. Business Plan Development and Implementation continued.....

- Promote continuous improvement
 - Measurement and Benchmarking
 - Customer Orientation
 - Worker Empowerment



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Discussion question:

What is the difference between a business plan and a strategic plan?



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Five Minute Break

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Learning Objective:

- 4. Marketing Principles and Tools** (e.g., marketing is basically the “process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organization objectives”; various marketing tools include segmentation analysis and situational assessment [often made through a SWOT analysis])

Business

Learning Objective:

4. **Marketing Principles and Tools** continued..

- The Marketing Concept
- Product Life Cycle
- Market Definition
- The Marketing Process

Business

Learning Objective:

4. **Marketing Principles and Tools** continued..

The Marketing Concept

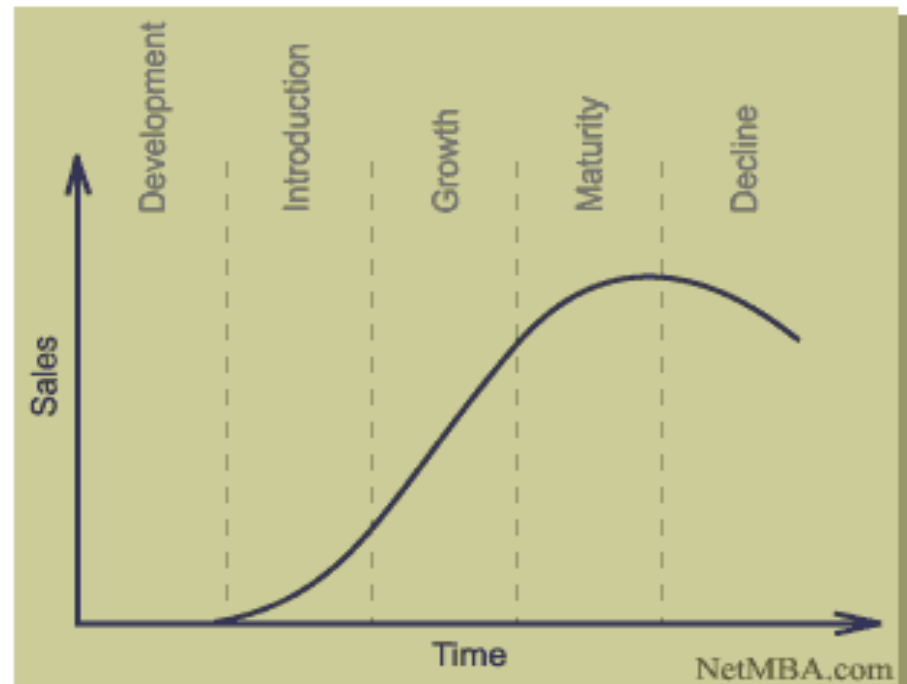
- Firms should analyze the needs of their customers and make decisions to satisfy those needs
- Focus on customer needs BEFORE developing the product
- Align functions of the company to focus on those needs
- Realize a profit by successfully satisfying customers

Business

Learning Objective:

4. Marketing Principles and Tools continued.

Product Life Cycle

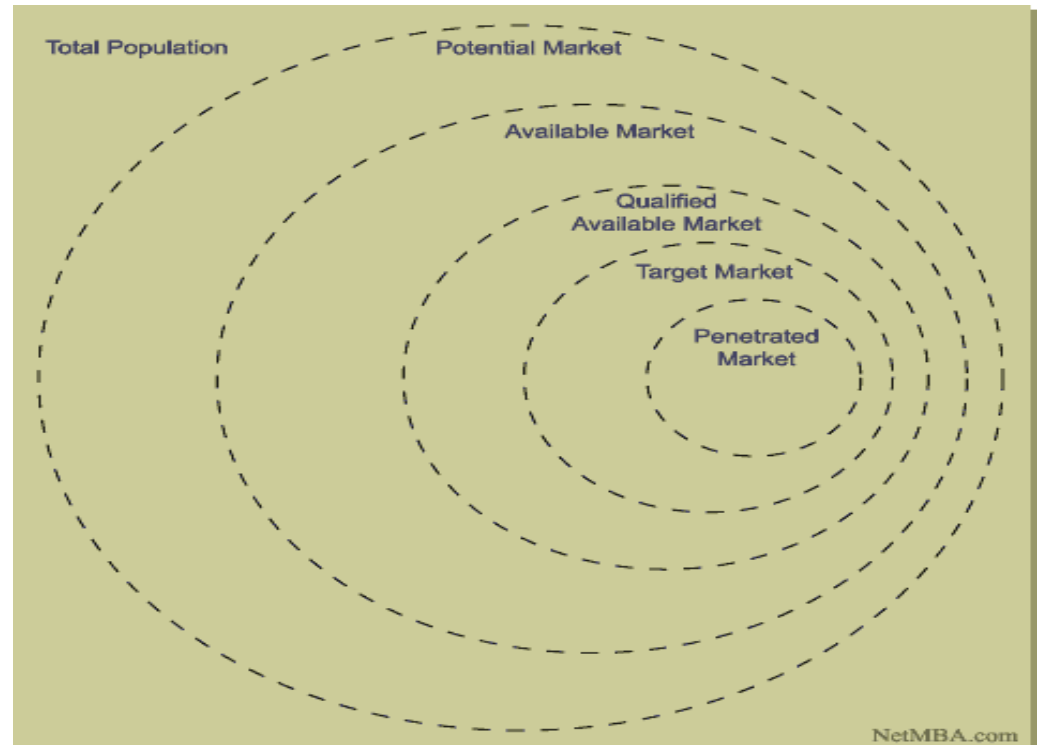


Business

Learning Objective:

4. Marketing Principles and Tools continued..

Market Definition



Business

Learning Objective:

4. **Marketing Principles and Tools** continued..

The Marketing Process

- Situation Analysis
- Marketing Strategy
- Marketing Mix Decisions
- Implementation and Control

Business

Learning Objective:

4. **Marketing Principles and Tools** continued..

The Marketing Process-Situation Analysis

- Analysis of external/internal environment
- Should yield a summary of problems and opportunities
- Three traditional frameworks in analysis
 - **5Cs**-Company, Customers, Competitors, Collaborators, Climate
 - **PEST**-Political, Economic, Societal, Technological
 - **SWOT**-Strengths, Opportunities, Weaknesses, Threats

Business

Learning Objective:

4. **Marketing Principles and Tools** continued..

The Marketing Process-Marketing Strategy

- Segmentation: The identification of portions of the market that are different from one another. They should be identifiable, accessible, substantial, respond to unique needs, durable
 - Consumer markets can be segmented into geographic, demographic, psychographic (lifestyle), behavioralistic (actual behavior towards products)
 - Industrial markets can be segmented into characteristics such as location, company type, and behavioral

Business

Learning Objective:

4. Marketing Principles and Tools continued..

The Marketing Process-Marketing Mix Decisions

- Product
- Price
- Place
- Promotion



Business

Learning Objective:

4. **Marketing Principles and Tools** continued..

The Marketing Process-Implementation/Control

- Markets are not static, they are dynamic
- Adjust marketing mix to respond to changes
- Product redesign or new product may be needed
- Required to fulfill customer needs over the long term

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Learning Objective:

- 5. Public and Community Relations** (e.g., the community's or public's perception can be a major factor in the survival of the healthcare organization; any loss of support from the community will mean few patients, volunteers and donor support; to enhance public image, Chyna identifies several strategies: (1) focus on personal interaction (improving the day-to-day interactions between patients and caregivers),

Business

Learning Objective:

- 5. Public and Community Relations** continued.... (2) enhance employee morale (paying attention to job satisfaction issues so that employees have a positive attitude about their jobs that, in turn, is conveyed to patients), (3) connect with the community (e.g., conducting health education programs at community sites, having a dedicated hotline for patients to express their concerns and holding public forums where community members can interact with organization leaders and (4) work with the media (e.g., sending out regular news releases and newsletters, or having members of the media sit on advisory panels)

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Learning Objective:

5. **Public and Community Relations** continued....

- Personal Interaction
 - Develop a service excellence program which motivates employees to communicate a shared message to patients and families
 - Constantly disseminate mission and values constantly
 - Walk the talk with employees: we value your efforts and value your opinions
 - Employees who are treated well by their employers as both patients and employees can be an organizations strongest advocate. Pay attention to compensation and feedback

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Learning Objective:

5. **Public and Community Relations** continued....

- Connect with the community
 - Provide descriptive information and promote personal appearances by management and caregivers
 - Interact with influential community leaders
 - Highlight newsletters, annual reports, web sites, new releases and regular mailings. Advertise national ratings on outcomes, outstanding programs
 - Assure your name and mission is branded in the minds of the community (Making Cancer History)

Business

Learning Objective:

5. **Public and Community Relations** continued....

- Connect with the community
 - Issue planned releases for media consideration
 - Respond to media inquiries in an anticipatory and honest fashion
 - Encourage wellness and disease prevention
 - Make your case for selecting your institution over others
 - Adjust patient expectations to the reality of the market, such as using less acute providers and care when appropriate. Educate the public!



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Discussion question:

When would you utilize marketing versus public relations or vice versa?



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Learning Objective:

- 6. Organizational Policies and Procedures** (e.g., policies and procedures that provide ongoing guidance for members of the organization; policies are two types: *general* (applies to the entire organization) and *operational* (pertains to a specific unit, department or service); procedures are used to define specific actions for organizational members)

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Learning Objective:

- 6. Organizational Policies and Procedures** continued....
- A set of documents that describe an organization's policies for operation and the procedures necessary to fulfill the policies
 - Necessary to comply with external requirements or to define internal systems

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Learning Objective:

6. Organizational Policies and Procedures continued....

- Keys to compliance
 - Standard Format
 - Purpose, persons affected, scope, background section, a policy section, definitions, responsibilities, and a procedures section
 - Hiring/developing technical writing staff
 - Solicit end user input

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Learning Objective:

6. Organizational Policies and Procedures continued....

- Keys to compliance
 - Assure proper training and follow-up auditing
 - Combine policy with the associated procedures on the same document



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Discussion questions:

How do you know a policy needs revision?

How do you know when you need a new policy?



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Learning Objective:

6. Organizational Policies and Procedures continued....

- The Seven “C’s”
 - Context-properly describe activity
 - Consistency
 - Completeness-no info, logic, design gaps
 - Control-describes feedback and control
 - Clarity-easy to read
 - Correctness-no spelling errors/well written
 - Compliance-actions fulfill goals

Business

Conclusion

- The Managerial Role
 - To create a broad spectrum of purposes and services around health and community needs
 - Identify issues, collect facts, arrange discussions
 - Control measurement reporting and data collection
 - Train and encourage learning
 - Monitor the culture for conformance to values
 - Work with stakeholders to achieve consensus and resolve disagreements

Business

Conclusion (Cont)

- The Managerial Role
 - Monitor actual performance against goals and manage the distribution of rewards
 - Increase stakeholder value
 - Study processes and policies
 - Form and lead teams
 - Overcome obstacles and objections by careful listening

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Any questions?

