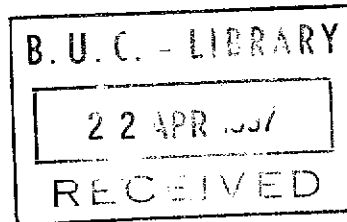Assessment of Strategic Management Practice
in Private Non-profit Hospitals
in Greater Beirut

A RESEARCH TOPIC
PRESENTED TO BUSINESS SCHOOL
LEBANESE AMERICAN UNIVERSITY

In partial fulfillment
of the Requirements for the Degree
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By

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APPROVAL OF RESEARCH TOPIC

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> in Private Non-profit Hospitals
> in Greater Beirut

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Advisory

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<u>Dr. Kassem Kassak</u>
Name   Signature

If you can't be a pine on **the top** of the hill,

BE a scrub in the valley - but be

The best little scrub by the side of the rill;

Be a bush, if you can't be a tree.

If you can't be a bush, be a bit of the grass,

And some highway **happier** make;

If you can't **BE** a muskie, then just bea a bass -

But **the liveliest** ball in the lake ! !

We can't all be captains, we're got to do crew,

There's **something** for all of us here.

There's **big** work to do and there's lesser to do

And the task we must **DO** is **the near**.

If you can't be a highway, then be a trail,

If you can't be the **sun**, **BE** a **star**,

It isn't by size that you **win** or fail -

Be the BEST of whatever you ARE !!!

Douglas Malloch

In memory of my Grand-mother, **Hafiza.**

Acknowledgments

ABSTRACT

Why to leave the success and survival of a hospital to chance? A well-thought-out plan, with problems identified, and a course of action agreed upon do not guarantee success, but greatly decrease the chances of failure.

In light of the turbulent environment, both within and outside the hospital, hospital directors should pursue an approach to meet present and future changes and challenges. This approach is but the *Strategic Management Practice* that involves monitoring environmental changes, developing the strategic plan, implementing the plan, and evaluating the results. Innovative strategic planning and strategic management will enable the hospital not just to maintain but to expand its role in providing primary as well as preventive health care to all those in need. Although the stress is very much on what should occur in the future, it should be remarked that it is the steps taken today which dictate whether or not the future becomes a reality. Therefore, strategic management should be firmly grounded in the realities of today and must have a clear vision of the future as well.

The aim of this study is to assess the practice of strategic management in private non-profit hospitals in Greater Beirut. Since strategic management is primarily a top management function, private in-depth interviews through the use of a structured questionnaire were done with the directors of ten private non-profit hospitals. Moreover, an interview with the General Director of Ministry of Health, Dr. W. Ammar was done to back up the findings.

The results of this study reveal that most of these hospitals practice strategic management on an informal basis. Moreover, many of them are practicing in fact, the

long-range planning, a previous stage in the development of management towards strategic management. Thus, strategic thinking and not really strategic management exists. Nevertheless, these hospitals accommodate with the environmental changes and are driven by the underlying problems of the existing health care system in Lebanon. Thus, the need to overcome these problems by altering the present situation requires more than the existing strategic thinking or informal strategic management. It requires the action incurred by establishing a formal process of strategic management.

Further, these hospitals, aiming at providing the best quality of care at the lowest cost, are highly recommended to cooperate and collaborate together in order to overcome the future common threat, the competition with Israel and the Arab region once the Peace Treaty has been signed. The Lebanese government will not be able anymore to protect its market once the whole region becomes one unified big market.

Finally, a national health planning strategy from the government is highly needed in order to regulate the hospital industry in Lebanon. According to Dr. Ammar, this strategy will be implemented in the coming years. Consequently, these hospitals will be able to practice strategic management in a more regulated environment and on a formal basis.

TABLE OF CONTENTS

Chapter   **Page**

I - Introduction

II - Literature Review

III - Research Design & Methodology

IV - Findings & Analysis

V - Conclusions & Recommendations

CHAPTER ONE

INTRODUCTION

The twenty-first century in Lebanon will witness many critical changes on all levels, economical, political, social and technological. Therefore, every institution should prepare itself to face such a challenging century if it desires to survive in this continuous turbulent environment.

If the twentieth century is called the "Century of Speed", what could the twenty-first' be called? And, how much are the Lebanese managers on all levels ready to get into this new era?

1.1 - Overview

In order to create an institution that is responsive to change or even better, that creates change, i.e. to build an innovative and self-renewing organization, strategic management is a MUST!!

Strategic management emphasizes assessment of the environment outside and inside the organization, and is often guided by a "vision of success". Strategic management relies on identifying the issues that need to be resolved and what is ought to be done. It is action oriented, participative, and more focused on the needs to understand the strengths, weaknesses, opportunities, and threats that any organization

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encounters. Finally, it requires a comprehensive vision in order for the organization to survive in the future and be an "Eternal Organization"[1].

1.2 - Importance of the study

Hospitals are categorized among the more complex and dynamic institutions existing in all societies, and specifically in the Lebanese society. There are many issues surrounding the management of hospitals, and in recent years considerable researches have been done in relation to these issues in the United States; however, few were done in Lebanon. This research provides an overview of the "Practice of Strategic Management" following a presented process that helps hospitals in Lebanon in assuring a successful future.

Any strategic management process is worthwhile only if it helps key decision-makers *think* and *act* strategically. Strategic management is not an end by itself, but rather a set of concepts to help leaders make important decisions and take important actions. Strategic thinking is what matters, not any particular planning process as there are many different approaches to put and elaborate the process[2].

It is important therefore, to emphasize that there are many models that a strategic planning process can follow, but the most important aspect of any process is that it meets the needs of the institution, that is participatory, effective and continuous. Each organization is unique by itself and should according to its structure and function choose the appropriate strategic plan that best suits and serves it, if it is to be

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[1] Mr. Ottayek, CEO of Hotel Dieu de France Hospital.
[2] Bryson, John M. Strategic Planning For Public And Nonprofit Organizations: A guide to Strengthening and Sustaining Organizational Achievement. San Francisco: Jossey-Bass Publishers, 1988; p. 46.

successful. An effective strategic plan helps the organization to fulfill its mission by articulating a vision of its role and its potential.

Strategic planning can range in form from un-written, commonly held agreements in the minds of key-decision makers about the mission and directions of an organization to the development of a written, action-oriented plan of action.

The presented model in this research is but one model that resembles many models developed by most of the books and articles that make up the literature review. It can be considered as a combination of more than one model, so that the presented one here tries to be the most general and applicable to hospitals.

1.3 - <u>Need of the study</u>

Hospitals can be categorized by three types of ownership, the government, the private for-profit and the private non-profit organizations. This study will tackle the private non-profit sector. This type of hospitals is established by private, non-governmental groups for the common good rather than for individual gain. They are legally dedicated to the collective good. Thus, the beneficiaries are but the communities they serve. The ownership is therefore rarely critical to its overall management.

Because no real Hospital embodies Excellence in its strategic management process, the following process is a description of the state of which if applied is most likely to make the hospital successful not only in its strategic planning but as a whole too.

Thus, the importance and the need to study Strategic Management in this type of hospitals is critical for both the Lebanese Community, and for the survival of these institutions in the next twenty-first century.

In addition to the above, this research will enrich the pool of knowledge concerning the topic and which is not well documented in the Lebanese literature.

1.4 - <u>Purpose of the study</u>

In assessing the strategic management process in the private non-profit hospitals, one should notice that most of these hospitals have done a poor job in managing the organizations in the long-term as they only think and act on the short-term. The leaders of these hospitals have been unable to or unwilling to look at the long-term viability and survival of their organizations. Currently, there is a lack of knowledge of the ways these organizations operate on a long-term basis to anticipate the environmental changes. Thus, it is very important to consider the strategic management concept in order to improve the overall quality of management in these organizations. Therefore, this study will assess the strategic management practice in the private non-profit hospital sector in Beirut.

1.5 - <u>Methodology</u>

The followed methodology in this study is highly structured in order to come up with comparable answers that would give a logical and a fruitful analysis about the assessment of the practice of strategic management in these hospitals. This methodology is based on the use of primary and secondary data, and the analysis is in majority descriptive.

4

1.5.1 - Primary data

The primary data consists of filling a seventy-four questions in a well structured questionnaire during a private personal interview. The interviews were done at the top management level as strategic management and planning are done at this level, with six directors of hospitals and one assistant director, and with three other directors of same type of hospitals but used as consultants as the number of the hospitals in the sample is relatively small. Moreover, an interview with the General Director at the Lebanese Ministry of Health, Dr. W. Ammar, took place to back up the findings.

1.5.2 - Secondary data

Many books and magazines were the main sources used in the literature review, and upon which the whole process has been established, and against which the assessment is being done.

1.6 - Limitations of the study

Many limitations were incorporated in this study. The major ones are due to the lack of proper secondary data about the strategic management as implemented in the Lebanese hospitals in the available books and articles. This is due to the fact that this topic is not much covered in Lebanon yet.

Another limitation is caused by the restricted number of private non-profit hospitals in Beirut -with more than one hundred beds- that made up the sample. The fact that AUH, one of the biggest teaching hospitals in Beirut, abstained from answering the questionnaire, did decrease even more the sample studied. Therefore, in order to balance the findings and increase their relevance and significance, some

consultants who had previous experience in this field were referred to, and their answers were included as part of the analysis.

Moreover, since the interviewees represent the top management (91% as directors of hospitals and 9% as assistant director), some bias resulted as they all wanted to show the good side of their hospital.

In addition, a more detailed section about the limitations of this study is exhibited in chapter V.

1.7 - <u>Construction of the study</u>

The research is organized in a way that introduces any reader to the world of Strategic Management, and gives him a clear idea about how its process is supposed to happen if the aim is to succeed and be a leader.

This research is divided into five parts. Chapter one presents the general purpose and concept behind this study, and defines the methodology followed to analyze the findings, and finally describes the limitations that restricted the work of the study. Chapter two elaborates in details the different requirements and the steps followed in the process of strategic management next to its importance and benefits. Chapter three discusses the procedure and methodology followed in the process of data collection and the different sources of data. Chapter four presents the findings and conclusions of the collected data. Chapter five exhibits an overall conclusion upon which viable recommendations will be build according to the researcher's own evaluation, in addition to a detailed section on limitations of the study and future research recommendations.

The following chapter discusses the literature review about strategic management and its process, how it is formulated, implemented and finally controlled.

CHAPTER TWO

LITERATURE REVIEW

2.1- Introduction

There are two important reasons why strategic management is important to hospitals. First, the health care industry worldwide -especially the hospitals- is passing through an era of restructuring. This restructuring phase relies heavily on a high degree of commitment to anticipate all changes happening in the environment, thus, on practicing strategic management. Second, the belief that the process and practice of strategic management being an excellence for the big business corporations is no more restricted to this type of organizations as hospitals are implementing it more and more worldwide in order to survive in the increasingly competitive environment.

2.2- Definition of strategic planning & strategic management

Before illustrating what strategic planning stands for, it is important to start explaining what strategic planning is not[3]:

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[3] Liebler, Joan Gratto, Levine, Ruth Ellen & Rothman, Jeffrey. Management Principles For Health Professionals. Maryland: Aspen Publishers, Inc., 1992.; p. 100.

1. It is not a box of tricks, a bundle of techniques. It is the applicability of thought, analysis, imagination, and judgment. It is responsibility rather than technique.

2. Strategic planning is not forecasting. It is not masterminding the future. Strategic planning is necessary precisely because we cannot forecast.

3. Strategic planning does not deal with future decisions. It deals with the futurity of present decisions.

4. Strategic planning is not an attempt to eliminate risk. We must understand the risks we take.

Strategic management as a concept has evolved over time and will continue to evolve. As a result, there is noticeable lack of consensus about precisely what the term means. Despite this disagreement, strategic management is carried on in most organizations today - and most organizations that practice it benefit significantly.

Strategic management can be defined as a continuous, iterative process aimed at keeping an organization as a whole appropriately matched to its environment[4]. It is a process of making explicit the goals of the enterprise, the environment in which it operates, the strategies to be employed to reach those goals, the programs subsumed by the strategies, and finally the feedback loops that tell the firm whether each of these steps has been identified correctly[5]. Furthermore, it is a stream of decisions and actions which leads to the development of an effective strategy or strategies to help achieve corporate objectives[6]. Moreover, the strategic management process is the way in which strategists determine objectives and make strategic decisions with regard to:

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[4] Certo, Samuel C. & Peter, Paul J. Strategic Management: Concepts and Applications. New York: Random House Business Division, 1988 (First Edition); p. 5.
[5] Gardner, James R., Rachlin, Robert & Allen, Sweeny H.W. Handbook of Strategic Planning. New York: John Wiley & Sons, 1986; p. 2.3.
[6] Jauch, Lawrence R. & Gluek, William F. Business Policy and Strategic Management. New York: McGraw-Hill Book Company, 1988 (Fifth Edition); p. 5.

1. Determining the organization's mission.

2. Establishing long and short-range objectives to achieve the organization's mission.

3. Determining the strategy that is to be used in achieving the organization's objectives.

4. Formulating policies to guide the organization in establishing, choosing a strategy, and implementing the chosen strategy[7].

Therefore, strategic management is considered to be the best vehicle for improving the performance of large-complex companies. That makes strategic management an extraordinarily valuable management tool.

2.3- <u>Benefits of strategic planning</u>

The ground that strategic management covers is challenging, wide ranging, and exciting. The center attention is the "total enterprise"- the environment in which it operates, the direction management intends to head, management's strategic plan for getting the enterprise moving in this direction, and the managerial tasks of implementing and executing the chosen strategy successfully[8]. Therefore, "good strategy making and good strategy implementing are always the most reliable signs of good management".

As a matter of fact, organizations can reap several benefits from appropriately practicing strategic management. At first, strategic management provides better guidance to the entire organization on the crucial point of "what it is we are trying to

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[7] Byars, Llyod L. <u>Strategic Management: Planning and implementation, concepts and cases</u>. New York: Harper and Row Publishers, 1984; p. 7.

[8] Thompson, Arthur A. Jr. & Strickland III A.J. <u>Strategic Management: concepts & cases</u>. Boston: Irwin Inc., 1992 (Sixth Edition); p. XVI.

do and to achieve"[9]. The second benefit is seen financially wise as an effective strategic management system increases profitability[10] since it provides managers with a rationale to evaluate competing budget request for investing capital and new staff[11]. In addition to benefiting financially, organizations can gain other distinct advantages by implementing a strategic management system as it provides consistency of action, and clear objectives and direction for employees; therefore, it boosts the commitment of organizational members to the attainment of long-term organizational goals. This increased commitment normally comes about when organizational members participate in setting organizational goals as well as in setting strategies for reaching those goals. So, involving different levels of management in the process will reduce resistance to any proposed change. In addition, strategic management's emphasis on assessing the organization's environment allows firms to anticipate changing conditions, and therefore makes it less likely to be surprised by movement within the market place, or by actions of competitors that could put the organization at a sudden disadvantage. So, one can say that strategic management process forces managers to be more proactive and conscious about their environments. It gets managers into the habit of thinking in terms of the future as they launch strategic offensives to secure sustainable competitive advantage and then use their market edge to achieve superior financial performance; therefore, aggressive pursuit of a creative, opportunistic strategy can propel a firm into a leadership position, paving the way for its products/services to become the industry standard. Moreover, businesses which

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[9] Ibid; p. 17.
[10] Certo, Samuel C. & Peter, J.Paul. Strategic Management: Concepts and Applications. New York: Random House Business Division, 1988 (First Edition); p. 7.
[11] Thompson, Arthur A. Jr. & Strickland III A.J. Strategic Management: concepts & cases. Boston: Irwin Inc., 1992 (Sixth Edition); p. 17.

perform strategic management are more effective, and therefore have a higher probability of success than those which do not. This is due to the following reasons:

i- Strategic management is one way to systemize the most important of business decisions. Business involves great risk taking, and strategic management attempts to provide data so that reasonable and informed gambles can be made when necessary.

ii- Strategic management helps educate managers to become better decision makers. It helps managers examine the basic problems of a company.

iii-Strategic management helps improve corporate communication, the coordination of individual projects, the allocation of resources, and short-range planning such as budgeting[12].

Finally, while strategic management will never be a cure-all, especially for incompetent management, it can go a long way toward improving an organization's long-term performance.

Although strategic management can provide all these benefits, there is no guarantee it will. There are two compelling reasons for holding off on a strategic planning effort. At first, strategic planning may not be the best choice to make if the organization has its "roof falling". At second, strategic planning should not be implemented and is considered a waste of time if the leaders lack the appropriate skills, resources, and commitment to go through the whole process of strategic planning[13].

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[12] Jauch, Lawrence R. & Gluek, William F. Business Policy and Strategic Management. New York: McGraw-Hill Book Company, 1988 (Fifth Edition); p. 19.
[13] Bryson, John M. Strategic Planning For Public And Non-profit Organizations: A guide to Strengthening and Sustaining Organizational Achievement. San Francisco: Jossey-Bass Publishers, 1988; p. 12.

2.4- Strategic management of private non-profit hospitals

2.4.1- Historical preview

Having to survive in a turbulent and rapidly changing environment, the hospital like any other institution has to refer to strategic management to protect its future by planning it.

As far as its evolution in the hospital industry, twenty years ago there was practically no literature existing as far as this topic; nor were there any conceptual or empirical research publications in the area of non-profit organizations as a whole. However, with the rapidly changing environment of the 1980s as market and competitive forces grew aggressively, hospitals' executives began to refine and respond to the new challenges. As the future became less predictable, it was urgent for the organizations to increase their flexibility to adapt to the new changes, and leaders began to focus more on providing vision and direction for the organization. In the 90s, the strategic planning in the hospital focuses even more on general goals and the organization is more flexible so that to be able to respond quickly to the environmental changes[14]. Today, there is an increasing literature applicable to the non-profit sector and specifically to the hospitals[15].

2.4.2- The Hospital as a system

The hospital is an important organization that can be considered a part of the good life. It typically employs many different professions and responds to patients'

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[14] Ross, Austin. Cornerstones of Leadership for Health Services Executives. Michigan: Health Administration Press, 1992; pp. 92-3.
[15] Grant, John H. Strategic Management Frontiers: Monographs in Organizational Behavior and Industrial relations. Greenwich: JAI Press Inc., 1988; pp. 418-23.

13

needs from conception through life till death. There is scarcely a family whose members or friends will not enter a hospital as either patients or visitors in the course of a year. Like any other organization, the hospital is characterized by certain traits and/or features. They can be summarized by a recognizable definition or identity, a method of assigning tasks and responsibilities and an established network for communication.

Most of individuals think they know what a hospital is until they try to define it. Yet one could hardly manage a hospital if it is not defined by what it is and what it does. According to Griffith, a hospital is a "an institution (or a facility) providing inpatient overnight care and services for observation, diagnosis and active treatment of an individual with medical, surgical, obstetrical, chronic, and rehabilitative condition requiring the daily direction or supervision of a physician."[16].

According to Bullas, "Hospitals are complex organizations which have a range of roles. They are responsible for treating acute illness and trauma, treating and supporting those with chronic illnesses, promoting healthy lifestyles, training health professionals and playing an active role in the cultural life of the local community"[17].

In the 1960s, it became increasingly apparent that the hospital like any other man-made organization, had external relationships. Now, with the increased concern for the patient, consumer, client customer, attention is being directed outside the organization toward these external relationships. The nineties are considered as the era of the consumer; thus, management strategies should focus on the patients' needs and their health care expectations. Therefore, it is important to conceive the hospital

[16] Griffith, John R. The Well-Managed Community Hospital. Michigan: Aupha Press, 1992 (Second Edition); p. 8.
[17] Bullas, Sheila. Managing Hospital Quality and Cost: Using Patient-Based Information. United Kingdom: Longman, 1994; p. 12.

as an open system. This is, the hospital exists in a constantly changing relationship with its environment.

If one tries to study the hospital from the scientific management approach and more precisely according to the systems model, the hospital as an institution, is considered an entity that lives in a specific environment and has essential parts that are interrelated and interdependent[18], designed to achieve a set of goals.

The general systems theory may be simplified if one views it as the phenomena of tossing a stone into a pool of water, many wave circles emerge out of the shock[19] (see Exhibit 2.1). The hospital represents the point of impact, and the waves are but the inputs, outputs and the external influence and constraints. Basically, a system converts inputs into outputs. In the hospital, the patient is the main input and the doctors, nurses, equipment, supplies... all together represent the total inputs. These inputs are transformed into outputs as patients with modified needs, improved physician skills... This system is subjected to the influence and constraints of the government, community, and third party payers.

It is important to note that these concentric circles move both inward and outward and affect each other leading to a complicated maze of subsystem activities internal and external relationships[20]. In a changing environment, an open system either changes with its environment or perishes. Thus, to survive, the system will have to adapt by means of the processes of learning and innovation. This will lead to

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[18] Liebler, Joan Gratto, Levine, Ruth Ellen & Rothman, Jeffrey. Management Principles For Health Professionals. Maryland: Aspen Publishers, Inc., 1992; p. 10.
[19] Schulz, Rockwell & Alton, Johnson C. Management of Hospitals. New York: McGraw-Hill Book Company, 1983 (Second Edition); p. 50.
[20] Ibid; pp. 49-52.

the concept of ultra-stability or dynamic equilibrium of the hospital with its environment[21].

EXTERNAL INFLUENCE
AND CONSTRAINTS

REGULATIONS

GOVERNMENT REGULATIONS

THIRD PARTY PAYERS

LICENSING OF PROFESSIONALS

JOINT COMMISSION ON
ACCREDITATION OF HOSPITALS

COMMUNITY EXPECTATIONS

MULTIHOSPITAL SYSTEM
ADMINISTRATION

FRIENDS OF PATIENTS

FINANCES

COLLECTIVE
BARGAINING

THE
HOSPITAL
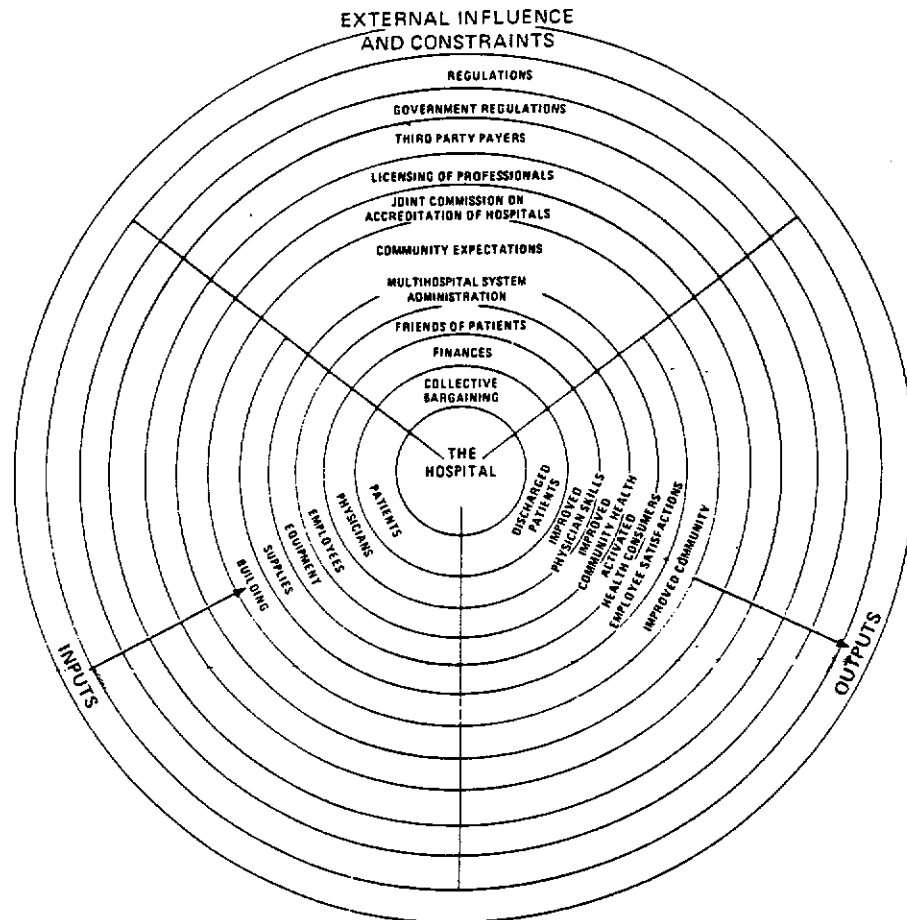
Exhibit 2.1:
A systems view of the hospital showing that external systems affect the hospital's inputs and outputs.

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[21] Schulz, Rockwell & Alton, Johnson C. Management of Hospitals and Health Services: Strategic Issues and Performance. Toronto: C. V. Mosby Company, 1990; pp. 58-9.

16

A primary function of the hospital management is "to serve the institution itself by achieving perpetuation, growth, and prestige for the institution, its staff and its community". The hospital is therefore a more complicated system than any production oriented industrial enterprise. Objectives, inputs and external influence and constraints are broader and the hospital governing Board has less control over these elements. In such a setting and without easily defined goals for output quality, those governing and managing hospitals face unusual challenges while trying to implement the strategic management process[22].

2.4.3 - <u>What is strategic planning & strategic management to hospitals?</u>

Health care executives find the strategic planning process a continuous, complicated and complex process that requires enormous time and a constant review if it is to stay up-to-date and useful. However, it is absolutely essential for the hospital survival so that to be able to enter the twenty-first century, and be a leader[23].

No matter how complicated a strategic planning process can be for hospitals, certain characteristics apply to all strategic planning processes that are applied in hospitals as well as in business; and it is these characteristics that can make the planning process as easy as possible if they are well understood. They are :

1 - An ongoing process : Strategic planning is a continuous process of analysis, decision making and revision.

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[22] Schulz, Rockwell & Alton, Johnson C. <u>Management of Hospitals</u>. New York: McGraw-Hill Book Company, 1983 (Second Edition); pp. 49-52.
[23] Ross, Austin. <u>Cornerstones of Leadership for Health Services Executives</u>. Michigan: Health Administration Press, 1992; p. 92.

2 - Future-oriented : It deals with planning the future; thus, it should not plan and consider the day-to-day activities.

3 - Structured : The process is formalized and systematic so that to focus and end up with productive outcomes.

4 - Part of hospital philosophy : Strategic planning has to be treated as an integral part of the hospital to succeed.

5 - Participate : The process is more important than the plan itself. Only by including physicians and others in the process that a sense of commitment can be generated leading to the success of the process[24].

Strategic planning creates a vision of the hospital's future, and uses this vision to set a strategic direction that defines values and directs actions. It is the means by which strategic planning anticipates the future and positions the hospital in response to that future. It guides it, and strengthens its ability to succeed in changing environments. As far as this strategic direction, it is materialized by setting goals and objectives that create competitive advantage. The time span for strategic direction is from 5 to 10 years depending on the resources of the hospital. Only after having set the strategic direction that one moves to the next step and which is the strategic management. When this strategic direction is translated into actions by encouraging managerial commitment and enthusiasm and developing capabilities and resources that are flexible and responsive to environmental changes, strategic direction provides a sense of continuity and flexibility and guides rather than dictates behavior so that the hospital leaders use their judgment while responding to environmental changes,

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[24] Pratt, John R. . Strategic Planning: A "How-to" Guide. Trustee: March 1991; p. 17.

and hereby, one ends up with implementing strategic management in the hospital setting[25].

In conclusion, by preparing for change by making things happen, rather than sitting back and waiting for change to happen, the hospital would be bringing about its desired future through the help of strategic planning and/or management.

2.4.4 - <u>Information and tools needed</u>

"Strategic planning requires large amounts of information derived from and relating to areas of knowledge outside the corporation. Most of the more relevant data needed to relate to the future are difficult to get with accuracy, and are tailored to each problem..."[26].

Information is seen as the heart of the whole organization.

To generate relevant information, useful in making rational strategic planning, a wide range of tools is available. They range from the most simple non quantitative techniques such as observation, experience, creativity, and intuition to the most sophisticated and complex use of information technology. All are useful as far as they provide relevant information properly applied to situations that warrant them. A major consideration to be taken into account is that this information should not only be tailored to problems and situations but also to the capabilities of the participants to understand and use it.

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[25] Wolper, Laurence F. & Pena, Jesus J. <u>Health Care Administration: Principles & Practices</u>.
Rockville: Aspen Publication, 1987; pp. 168-70, 174-5.
[26] Steiner, George A. <u>Top Management Planning</u>. New York City: Macmillan Publishing Co., Inc., 1969; p. 38.

In the hospital, the problem is the generation of too much data rather than too little and much of this information compiled is descriptive. It has three major sources: the business office, the medical record department and various other departments and units. Therefore, this huge amount of information has to be collected, processed and computerized in order to generate simple and relevant data.

At the hospital, there are five types of information needed for strategic planning to be considered at the early stage of the process. The timeliness of this information is of primordial importance as it looses its value once the sound planning decisions have been taken. The five types of information can be classified as information about the following:

1 - Area served by the hospital.

2 - Patients served by the hospital.

3 - Services performed by the hospital.

4 - Medical staff of the hospital.

5 - Other health care organizations that serve the area.

Therefore, only when this information is compiled for the purpose at hand and properly applied, the planning process can start working on the right track. Keeping the informational requirements simple but timely is perhaps the best advice that can be given, and the most challenging work for the participants in the strategic process. Moreover, it is important to highlight that as the process matures, new types of information can always be developed to meet new demands.

A major valuable tool, other than the information without which no strategic plan can be designed, is the indispensable use of information technology. The development of timely, accurate, and useful information systems is essential to adapt

to the environment. Such systems are helpful for comparative analysis of performance with the organization and between organizations too. In addition, to monitor the environment, assess competitors, perform market research, sound information system is crucial. Moreover, the use of planning software packages is of good help. It helps the Chief Executive Officers (CEOs) concentrate on their major concerns as cost control, physician relations, quality improvement and the growing managed care environment[27]. In addition, the control system cannot run correctly unless a well-designed computerized information system exists to coordinate the planning activities in a coherent whole, to provide a good data base, and to allow rapid access, thorough analysis, and effective display[28].

In such a turbulent environment that one lives in, to prepare a strategic plan without the use of information systems is just like operating in the blind!

As far as the tools needed to generate a good strategic plan, the hospital leaders may choose one of the following tools or make a combination of so that to maximize the benefits that enable them to get a good strategic plan. One has at first the use of scenarios as a planning tool. Scenario construction and development provide an opportunity to identify future uncertainties in order to reduce them to a manageable number, and employ a structure for planning in light of them. The use of scenarios serves as shorthand descriptions of possible futures[29]. They thus provide scripts against which a single strategic plan may be developed.

[27] Hard, Rob. CEOs link IS visions to hospital strategic plans. Hospitals: December 5, 1992; p. 42.
[28] Levey, Samuel. Hospital Leadership & Accountability. Michigan: Health Administration Press, 1992; pp. 99-100, 113.
[29] Amara, R. & A. J. Lipinski. Business Planning for An Uncertain Future. New York: Pergamon Press, 1983.

In addition, scenarios are first integrated in the "situation analysis" of any chosen strategic planning process and it is done almost straightforward. Scenarios can be employed no matter what was the strategic planning framework chosen by the leaders of the hospital. However, what will vary will be the categorization of the examined factors. Porter's "five forces" can be used - bargaining power of suppliers, bargaining power of customers, threat of substitute services, threat of new entrants, and the jockeying for position among current competitors. They could be the base for categorization of the external factors that affect the hospital like demographics, reimbursement, technology, consumerism, patients, competing organizations, government, payers ...

The major benefit out of the use of the scenarios is to reduce the confusion that results out of the huge amount and contradictory information planners encounter while setting the strategic plan.

Scenarios can be obtained or developed in a variety of ways, either through the use of prefabricated scenarios as those of the Institute of the Future in Menlo Park, California, or through the use of consulting organizations, or through in-house development of scenarios, using one's own staff, insights, and facilities. It is advisable for novice planners to use the help of outsiders when the scenarios are prepared for the first time[30].

In summary, the use of scenarios offers the opportunity to explore in a disciplined and manageable manner potential future trends and events. The hospital

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[30] Zentner RD., et al. Scenarios: A Planning Tool for Health Care Organizations. Hospital & Health Services Administration: Volume 36, number 2, Summer 1991; p. 220.

can thus, understand the risks and opportunities it faces today so that to be taken into consideration when planning the future[31].

Another tool is the use of matrices to set priorities, and this tool is used while preparing the evaluation part under the control process which will be discussed later towards the end of this chapter[32].

2.4.5 - <u>Readiness for planning</u>

Planning itself requires planning. No organization can simply jump into strategic planning without first determining how it should get the process under way. No matter what was the framework of the strategic planning chosen, the planners have to know if they are ready and capable for the development of such a process and if it is the right timing for it now. The desire to wait until time is available is often an excuse for avoiding strategic planning. Thus, the hospital has to prepare itself for the planning process, especially if it is its first attempt to initiate a formal strategic process.

To create a favorable climate, the hospital has to assess its willingness and readiness for strategic planning. This task is done by the CEO, sometimes with the help of a consultant. The CEO evaluates the readiness of the governing Board to carry out the planning process at meetings through discussions and by answering questions like: has the hospital leadership determined what the hospital aspires to be in terms of whom to serve, what services to offer and resources needed to provide them? Has the hospital studied the impact of the external and internal forces on the

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[31] Ibid; p. 221.
[32] Scavatto, Michael. Strategic Planning: Using a Matrix to Help Set Priorities. <u>Trustee</u>: November 1991; pp. 8,9,21.

hospital's ability to meet the future needs?.... Depending on the answers, the hospital leaders will know if they are familiar with this strategic process and are willing to carry the work, or if it is urgent to prepare themselves for such work. Therefore, the governing Board should initiate the process by organizing a strategic planning committee as a first task of the process.

Perceiving the need for planning, and believing that to take the risks involved in planning is better than to do nothing at all are an essential starting point for planning to take place. The planning process is far more important than the planning document. If the process is effective, it will reorganize itself as far as environmental changes occur. Thus, for the planning process to be effective, the leaders should be well prepared for it, and highly committed to work it out fully till the end. Without their visible and enthusiastic support, the process is doomed to fail[33].

Hospitals need sophisticated planning efforts in order to match the planning of successful organizations in industry. To do so, there is a need for a formal planning process or committee. If the hospital is big, there should exist a planning department or a director of planning. They should have therefore, planning departments with staff and an allocated planning budget. However, if the hospital is small (less than one hundred beds), the CEO claims primary responsibility for virtually all administrative functions. This also occurs sometimes at midsize hospitals (100 to 299 beds)[34]. Therefore, being in a hectic environment, the hospital should have a formalized planning function, because its absence is detrimental to the organization in the long-run. A one or two persons planning department with a minimal budget often can be

[33] Peters, Joseph P. A Guide To Strategic Planning for Hospitals. Chicago: American Hospital Association, 1979; pp. 44-6.
[34] Anderson, Howard J. Report: Hospitals need more sophisticated planning efforts. Hospitals: September 20, 1990; p. 50.

sufficient to get the job done next to emphasizing the strong interrelationships between the planners and leaders of other departments. Even though the strategic planning is viewed as the CEO's responsibility, the existence of experienced, trained planning executive will help collect the appropriate data and suggest strategies[35].

Another important issue to be taken into consideration while preparing the process is that the whole hospital will be driven by this strategic plan, the marketing, the financial, the working capital, ... planning. Therefore, it is of primary importance to work since the beginning to place value on the hospital strategic plan once it is completed, and to be communicated to the rest of the individuals involved in the operations of the organization. Hospitals that have an existing plan, but not put to use, lack a true strategic planning approach and it is because they were not ready to put a strategic plan when they did so!! In other words, the need for a "strategic vision" or the climate necessary for strategic management is of primary urgency for the strategic process to take place.

Another issue to consider is the need to take risks while redefining the strategic plan. If the leaders of the hospital are not ready to take risks, then they are not ready to go through the whole process. As a general principle, the effects of changes occurring in the environment whether in terms of technology, demographics ... embody great risks. Where indexes show that there are some variations and they are favorable, Boards of non-profit hospitals should attempt to both improve current operations and investigate opportunities that will add value to the organization. If they are unfavorable, they should take measures to diminish their negative impact on the hospital. An important point to be taken into consideration is the ability of the

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[35] Ibid; p. 50.

hospital to take risks. Having to deal with non-profit hospitals, one notices that the propensity to avoid risk is but consistent with the traditions of their Boards. The preservation of the institutional capital, the Board's primary duty, requires an emphasis on low or no-risk investments. However, there is a need to risk in order to preserve the institution; the Board has then to act as an entrepreneur not just as a Trustee. In summary, there is a need to take risks in order to redefine the hospital strategic plan, develop a propensity to risk when the need is clear, and perpetuate the institution[36].

Finally, the chosen type, the sequencing and the time lines of the planning process have to be determined. Sequencing involves making decisions about which parts of the planning process to undertake and at which time. By establishing how to evaluate the planning process once implemented, the hospital is ready to go through the journey of the strategic planning process[37].

2.4.6 - Creativity in planning

"Among all the elements entering into planning and the making of plans there is not likely to be any argument about the fact that creativity is the most important."[38].

Strategic planning can never be considered a mechanistic type of work if a hospital hopes to prepare itself for a promising future. In order to move ahead bravely and resolutely to meet tomorrow's challenges, the hospital's leaders must be willing sometimes to apply some "stretch" to their plans and seek to be creative. Creativity is

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[36] Draba RE. Taking risks to redefine the strategic plan. Trustee: May 1991; p. 12.
[37] Ross, Austin. Cornerstones of Leadership for Health Services Executives. Michigan: Health Administration Press, 1992; p. 94-5.
[38] Steiner, George A. Top Management Planning. New York City: Macmillan Publishing Co., Inc., 1969; p. 352.

a whole of three indispensable parts that are genuine to planning: the ability to change one's approach to a problem, the ability to develop new and relevant ideas and the ability to translate these ideas into desired actions[39].

Creativity, intuition and innovation are but essential tools to organize well and plan well the activities that enable the hospitals to accomplish their common mission: to serve the health needs of their communities effectively and efficiently. Thus, by sifting out the unrealistic from the feasible, the dream from the reality, and without discouraging the more creative members, creativity will ensure a good strategic planning. A climate to foster this creativity has to be provided so that to maintain the vitality that push the leaders to take new risks necessary for the promotion of future growth and development.

To think creatively implies that one must be willing to take a hard look at what is normally taken for granted, to bombard one's imagination with questions like: what if, what else, why not, why must this be so?....this is mostly important when goals are being set for the hospital. Moreover, creativity is a disciplined effort that requires expertise and experience too. It involves preparing oneself to know the problem in its various ramifications and acquiring as much background on the problem as possible[40].

2.4.7 - Who does the planning?

2.4.7.1 - Governing Board

The hospital like any other organization must have a governing body which is most often called the Board of Trustees, Board of Directors, or Board of Governance.

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[39] Peters, Joseph P. A Guide To Strategic Planning for Hospitals. Chicago: American Hospital Association, 1979; p. 38.
[40] Ibid; p. 39.

The basic purpose of this Board is that "it is accountable to the owners and must attempt to identify and carry out their wishes as effectively as possible"[41]. Therefore, they represent the ownership of the hospital as they undertake a fiduciary responsibility of managing the assets of the hospital and setting the policies.

The governing Board is headed by a chairman who holds ultimate responsibility for the hospital's operations, including the quality standards of care in the hospital[42]. The Board typically functions through committees which are established for key functions such as finance, strategic planning, fund raising and quality assurance. In addition, the Board is responsible for appointing and evaluating the CEO, and for assessing good relations with medical staff as well as with community. This Board is dominated by professional and knowledgeable business executives, members of the legal and accounting professions, and spokespersons for medicine and hospitals chosen from among the most prominent members of the community. Each individual shares equally in the Board's responsibilities and is bounded by duties of fidelity and justice: he must be faithful to the hospital's purpose and attentive to the needs of those who are dependent upon them[43]. The average hospital Board has fourteen members, a minimum of eight to nine members and a maximum of twenty five[44]. Moreover, hospital Boards typically meet between ten and twelve times a year.

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[41] Griffith, John R. The Well-Managed Community Hospital. Michigan: Aupha Press, 1992 (Second Edition); p.144.

[42] Wolper, Laurence F. & Pena, Jesus J. Health Care Administration: Principles & Practices. Rockville: Aspen Publication, 1987; pp. 51-6.

[43] Smith DH. Trustees and Health Care Priorities. Trustee: November 1991; p. 16.

[44] Snook, Donald I. Hospitals: What they are and how they work. Rockville: Aspen Systems Corporation, 1981; p. 25.

As challenges to, and opportunities for, health services increase, the responsibilities and role of the governing Board become more important: hence, as the policy making body of the organization, the Board is expected to play the key role in the strategic planning and its process. The Board as a whole establishes policy on planning and rarely involves itself as a body in the planning process. This function is delegated to the committee appointed for this purpose. Furthermore, five critical factors that organize the work of the Board in implementing strategic planning, are to be highlighted. These five critical areas are summarized by the following ones:

1. A common working definition of governance and what it means for the leadership roles, responsibilities, and relationships within the hospital.

2. A clearly defined mission with specific goals and objectives that drive virtually everything the Board does.

3. A well- supported by a continuing education process that prepares the Board for critical decisions it knows it must make in the future.

4. A Board structure that is tailored to the priorities at hand and enables the efficient accomplishment of the Board's work.

5. An information, reporting, and communication system that keeps the priorities clearly planned decision-making process, based on the specified priorities and ongoing responsibilities of the Board, and in focus and utilizes formats to help the Board ascertain progress toward the accomplishment of its goals[45].

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[45] Levey, Samuel. Hospital Leadership & Accountability. Michigan: Health Administration Press, 1992; pp. 51-2.

Without the clear focus on these five critical areas, Board organization, strategic planning, and organizational evaluations will be considered to be isolated functions, not fully integrated into the leadership function of the organization.

Further, the most important responsibility of the Board is the obligation to ensure that the organization abides by all applicable laws and regulations, and that the Board takes all prudent steps to protect the hospital, its employees, and patients[46].

In summary, the Board is the health care organization's conscience. It determines the values by which an organization operates, and then communicates these values to key groups. In addition, the Board ensures the hospital's future mission by focusing on such issues as quality assurance, long-range strategic planning, financial viability, and management policy[47].

2.4.7.2 - The appointed committee

Moving to the appointed strategic planning committee, its major duty is to prepare the plan in accordance with the hospital's overall mission, policies and corporate requirements which are already established by the Board. As a matter of fact, the plan itself and any changes in mission and in other related matters to the strategic plan are ultimately the responsibility of the Board. In addition, it is the Board which is responsible for advising the committee of what is expected of it in terms of its duties, the basic philosophy underlying its activities, any prescribed timetable to report back to the Board, and the framework of its authority to make any special arrangements necessary to carry out the required tasks. The committee has to follow

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[46] Wolper, Laurence F. & Pena, Jesus J. Health Care Administration: Principles & Practices. Rockville: Aspen Publication, 1987; p. 51.
[47] Smith DH. Trustees and Health Care Priorities. Trustee: November 1991; p. 16.

some basic principles in performing its duties such as establishing a schedule of regular meetings and adopting basic rules of how to conduct its affairs. As far as major principles to take into consideration, it should be aware of two critical ones:

1- The hospital should offer services that are as broad as comprehensive as are within its present or future capabilities without unnecessarily duplicating or jeopardizing the services of neighboring hospitals.

2- It must also recognize the importance of conserving and properly utilizing scarce health care resources[48].

Furthermore, this strategic planning committee coordinates the planning efforts of the hospital, as it recommends any planning matters and supervises the preparation of the strategic plan. The committee may establish subcommittees if the need arises to obtain more expertise and broader inputs. Once the plan is considered to be satisfactory, it is submitted to the governing Board for admission. It is worth highlighting that the committee includes not only members from the governing Board but also includes some medical staff and the CEO, as well as some community members who are not only committed to the process but who are able to influence the future direction of the hospital[49].

2.4.7.3 - The CEO

As mentioned previously, the CEO is appointed by the Board, and also fired by it. He/she is delegated the authority to administer the affairs of the hospital as

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[48] Peters, Joseph P. A Guide To Strategic Planning for Hospitals. Chicago: American Hospital Association, 1979; pp. 45-8.
[49] Ibid; pp. 45-52.

he/she must turn the Board's power into administrative action within the hospital . In one word, the CEO complements the governing Board; he/she represents its agent.

Moreover, the CEO is responsible for all information and support the Board for the implementation of its decisions, and for important relationships with the medical staff[50]. As for the CEO's functions, the CEO coordinates the hospital's resources in order to fulfill the institution's medical care mission in the most efficient and effective way. Next to this, he/she tries to manage the hospital's funds, personnel, material and equipment in a business-like way. He/she is responsible also for all other functions such as the medical staff functions, nursing services, technical activities, and the general services activities[51].

On the other hand, sitting at the intersection of the organization and its environment and, simultaneously at high managerial level with the technical core where the work gets done, the CEO serves as the focal point for strategic decisions that will enable the organization to adapt to its environment, integrate its elements in pursuit of its mission as well as goals, and to be consistent with the organization existing set of values[52]. He/she concentrates on setting the hospital mission and vision by providing the Board with a mature perspective on various possibilities, by providing council to the Board by aiding the members in evaluating specific proposals and finally by sponsoring strategic proposals.

The CEO, in dealing with internal and external affairs, must enjoy some competencies in terms of:

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[50] Griffith, John R. The Well-Managed Community Hospital. Michigan: Aupha Press, 1992 (Second Edition); p. 190.

[51] Wolper, Laurence F. & Pena, Jesus J. Health Care Administration: Principles & Practices. Rockville: Aspen Publication, 1987; p. 276.

[52] Zuckerman, Howard S. Redefining the Role of the CEO: Challenges & Conflicts. Hospital and Health Services Administration: Volume 34, number 1, Spring 1989; p. 26.

- Organization and coordination.

- Communication.

- Strategic planning.

- Fact-finding, investigation or research.

- Evaluation.

- Management development.

- Negotiation[53].

These competencies relate to the implementation as opposed to determination of policies and procedures.

As for strategic planning, the CEO takes his foreknowledge from the environment in which he operates and shifts to active, positive thinking about his response to the environment. This strategic response includes[54]:

1- Identification of the particular services that the hospital should and will provide.

2- Selection of the basic ways in which these services will be created.

3- Determination of the major steps necessary to move the hospital from its present course to the desired one.

4- Establishment of the criteria and the standards that will be used to measure performance.

Moreover, in leading the strategic planning process, the CEO's role is described by three important functions:

1- Assemble the planning team.

2- Establish the ground rules and time table.

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[53] Schulz, Rockwell & Alton, Johnson C. Management of Hospitals. New York: McGraw-Hill Book Company, 1983 (Second Edition); p. 188.
[54] Ibid; p. 189.

3- Oversee the process itself[55].

The CEO, in monitoring the process, ensures its ultimate implementation and control, as well as the constant review of the plan, and approval throughout the hospital. As a matter of fact, the CEO must be committed to the strategic process. Without his visible and enthusiastic support, the process is doomed to fail, and therefore, its success depends on his cooperation[56].

There must exist certain bond or partnership between the CEO and the Board since governance and management (CEO) combine to fulfill the function of corporate leadership, and therefore the two functions of strategic setting and strategic implementation are interdependent[57]. This Board-CEO partnership can be described in terms of many areas such as policy/goals, operations, information and evaluation as exhibited in Table 2.1.

	Policy/Goals	*Operations*	*Information*	*Evaluation*
BOARD	*Determines*	*Advises/ monitors.*	*Requests/ reviews*	*Conducts for policy/ goals/ management*
Management	*Recommends/ advises/ implements*	*Conducts*	*Develops/ analyzes/ provides*	*Supports/ participates*

Table 2.1 : <u>Board-CEO partnership in many areas</u>[58]

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[55] Ross, Austin. <u>Cornerstones of Leadership for Health Services Executives</u>. Michigan: Health Administration Press, 1992; p. 99.

[56] Gardner, James R., Rachlin, Robert & Allen, Sweeny H.W. <u>Handbook of Strategic Planning</u>. New York: John Wiley & Sons, 1986; p. 25.3.

[57] Wolper, Laurence F. & Pena, Jesus J. <u>Health Care Administration: Principles & Practices</u>. Rockville: Aspen Publication, 1987; p. 155.

[58] Ibid; p. 155.

As shown in this table, while the Board sets the hospital's direction through policies and goals, the CEO provides information and advice about which directions to take. Moreover, the CEO at his turn pursues the chosen direction through the implementation of Board policy. The Board, with input from management evaluates whether the direction was appropriate, whether management pursued it effectively, and whether a new course is required .

2.4.7.4 - The physicians' participation

The hospital's medical staff (physicians) is at the heart of the hospital's mission of rendering medical care. All the members of the medical staff are ultimately accountable to the Board for their performance. They are expected to exercise ethical and moral judgment in performing their clinical practices in the institution[59].

Since strategic planning is considered to be a participative process as it involves the interaction of many members of the organization, medical staff involvement together with the Board and CEO is very critical to the success of the hospital. It is of primary importance to bring the physicians into the process as they represent the major producers of health services and the knowledgeable advocates of what constitutes good medical care. Also, they bring to the process technical expertise on development in the art and science of medicine, and how these can be adapted to the needs of the hospital strategic planning[60].

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[59] Ibid; p. 279.
[60] Peters, Joseph P. A Guide To Strategic Planning for Hospitals. Chicago: American Hospital Association, 1979; p. 51.

There exist two ways to have physician involvement in governance[61] :

1. Individual physicians can be members of the Board, elected or appointed like any other member of the Board.

2. Medical staff representatives attend and participate in Board meetings with or without the power to vote.

An important notice to be mentioned is that the interest of the hospital must come at first; thus, to minimize confusion for the participation of the physicians who are supposed to represent the staff's interests, and at the same time be voting trustees placing the hospital interests at first, some hospitals have split the functions of physician participants. Some physicians serve as trustees with voting rights, and others serve as elected medical staff officers who participate in Board meeting representing the interests of the staff, but without the power to vote[62].

It is through their training and socialization that they are considered to be a source of critical strategy information since they control resources needed for the execution of strategic plans.

Physicians can contribute to the internal analysis of the hospital since they have knowledge of many of the hospital's strengths and weaknesses i.e. they work with staff and equipment daily. Likewise, they contribute to the external assessment of the hospital as they might have valuable information about competitors, the state of the local economy and the patients' view towards the hospital. In addition, physicians might have valuable opinions concerning the mission statement and how well it

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[61] Wolper, Laurence F. & Pena, Jesus J. Health Care Administration: Principles & Practices. Rockville: Aspen Publication, 1987; p. 56.
[62] Ibid; p. 56.

represents the policies of the hospital[63]. Next to this, since physicians have their own entrepreneurial plans, they would be more likely to contribute in the implementation phase of strategic planning.

Moreover, the physician's commitment is highly recommended; therefore, their involvement in the strategic planning process would measure their ownership feeling towards its success. By giving them the opportunity to have a direct pipeline into the strategic planning, and offering them opportunities to share their opinions on strategic issues, the hospital would leave the way to "a chance to work out issues before they become inflammatory"[64].

In conclusion, institutional leadership and its ongoing development are at the core of the hospital's Board's responsibilities. With informed, dedicated and involved Board's members, the hospital will meet the challenges of the future eagerly and CEOs and physicians alike will be true partners in the success of a dynamic hospital[65]. Therefore, in order to achieve hospital planning, medicine necessitates a growing interdependency of physicians, CEOs and Board. No one element has enough knowledge to put a major hospital program into operation alone[66]. This can contribute to making these three parties aware of the challenges and opportunities that the hospital itself faces in meeting the changing health needs of its community.

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[63] Pratt, John R. Defining and enhancing the medical staff's role in strategic planning. Trustee: January 1993; pp. 14-5.

[64] Anderson, Howard J. Hospitals & Medical Staff: The concept of planning takes on new meaning. Hospitals: October 20, 1992; pp. 22-4.

[65] Wolper, Laurence F. & Pena, Jesus J. Health Care Administration: Principles & Practices. Rockville: Aspen Publication, 1987; p. 56.

[66] Johnson, Everett A. & Johnson, Richard L. Hospitals in transition. London: Aspen Publication, 1982; p. 492.

2.4.7.5 - the use of consultants

In developing the strategic planning process, CEOs play a leading role in determining the need to hire consultants. Faced with a lack of qualified staff member, and being aware of the doubt of mastering the process using the hospital's staff, CEOs decide to hire consultants in strategic planning, even though they prefer to have tasks performed in-house[67]. Consultants are not asked to prepare the whole plan but rather to carry out the tasks for which the hospital has neither the time nor the in-house expertise, such as : surveying community needs, evaluating the organization's current and proposed activities, assisting in the preparation of the plan, conducting special studies...[68]. Therefore, the process must be centered on the hospital's Board, CEO, and staff, not on the consulting firm. The consulting firm provides them with:

- *Time* that hospital personnel may not have to work uninterruptedly and quickly to solve a problem, a plan, etc.

- *Knowledge and experience* form other settings.

- *Objectivity and understanding* to approach a problem from an independent perspective.

- *Analytical skills* from experience.

- *Perspective* to see facets that an organization may not see[69].

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[67] Pratt, John R. . Strategic Planning: A "How-to" Guide. Trustee: March 1991; p. 17.
[68] Peters, Joseph P. A Guide To Strategic Planning for Hospitals. Chicago: American Hospital Association, 1979; p. 55.
[69] Schulz, Rockwell & Alton, Johnson C. Management of Hospitals. New York: McGraw-Hill Book Company, 1983 (Second Edition); p. 215.

In selecting the consulting firm, CEOs take many factors into consideration such as reputation and experience of individual consultants, the ability to meet deadlines, past experience and the reputation and experience of the firm. Once selected, the consultants and the CEO should work as a team with the chosen consultants, in terms of agreeing on objectives, alternative solutions, criteria for evaluating alternatives, and recommendations. Not to forget that the CEO should take steps in ensuring that staff members who will be responsible for carrying on the recommendations "buy into" the process[70].

Finally, using consultants can be a good investment and should not be looked upon as a sign of weakness.

2.5 - The Strategic planning process

Exhibit 2.2 shows the model of the strategic planning process adopted in this study to assess the practice of strategic management in private non-profit hospitals in Beirut.

| Establish: Mission, Vision & Goals | → | SWOT Analysis | → | Strategy Formulation | → | Strategy Implementation | → | Strategic Control |
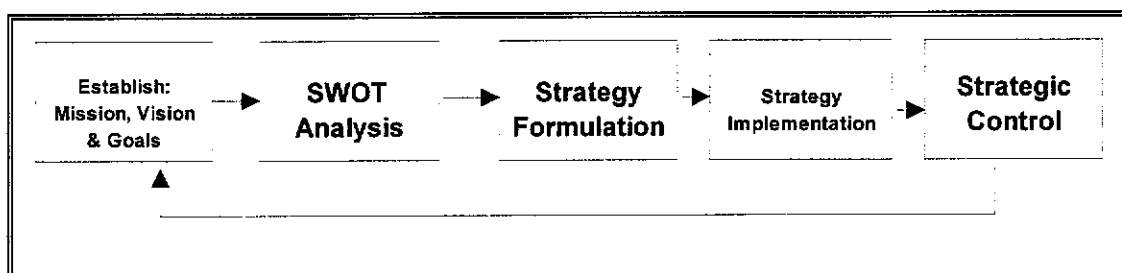
Exhibit 2.2 : **Strategic Management Process**

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[70] Anderson, Howard J. Survey: Legal and Strategic Consulting most in demand. Hospitals: July 5, 1990; p. 27.

The strategic planning model described here above is simple and can be easily followed by the hospital leaders to implement it in their hospital. It consists of five steps which will be developed next.

2.5.1 - Establish the vision, mission and goals

2.5.1.1 - Vision

The first task in the strategic planning process is to develop a vision to where the organization needs to be headed in the future taking today decisions that will affect tomorrow's issues. In the hospitals, the vision needs to be skillfully developed, articulated and implemented if the hospital seeks success in meeting today's and tomorrow's needs. Many leaders in the health care field do not differentiate between a vision and a mission. The vision statement provides "a blueprint of a desired state, a mental image, a picture of a preferred condition that organizations work to achieve in the future"[71]. It answers the question : what do we want to look like in the future? To define a vision for a hospital is rather a challenge especially if its leaders are unable to see beyond today's mission to a vision for tomorrow.

As for the mission statement, the mission answers questions such as : why do we exist? what is the purpose of our existence and what are the services and/or products that we offer? Thus, to establish tomorrow's vision, the hospital leaders should stress on creating an image of the hospital future, and not on its daily purpose or mission.

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[71] Johnston, Donald R. Creating Tomorrow's Vision Today. Trustee: March 1994; p. 24.

Creating the hospital's vision is a complex and time consuming process and has to start by articulating the future the leaders want to create for their hospital. To do this, the consumer or the patient has to come first to the mind and has to be taken care of, i.e. to be treated as we wish ourselves to be treated. The development of one commonly shared vision necessitates the collaboration of the Trustees who should all agree on a set of values, views and ethics. These accepted standards will be the basis for the establishment of a genuinely shared value statement. This vision statement once set, it is articulated and revised annually so that the hospital stays proactive with its environment and with the trends. No matter what the hospital will be facing, this vision represents the anchor that assures that the hospital will stay on the right track that was designed from the first beginning.

According to Rathwell[72], the strategic vision is commonly regarded to be the corporate philosophy or statement of basic principles which govern the direction in which an organization seeks to develop. The purpose of a corporate philosophy is threefold:

1 - To communicate to both employees and customers the central purpose which underpins, guides and motivates the organization.

2 - To provide a framework which governs the relationship between the organization, those who work in it, and the wider environment within which it operates.

3 - To state in broad terms the objectives to which the firm aspires with regard to future development and performance (Hax and Majluf, 1984).

What could be the future of this hospital??? To answer this question, the leaders of this hospital should emphasize on keeping the motivating visioning a

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[72] Rathwell, Tom. Strategic Planning in the Health Sector. London: Croom Helm, 1987; pp. 156-63.

dynamic skill. Development of this skill will require regular practice and thoughtful reflection[73].

2.5.1.2 - Mission

What is the "Business" of the hospital? Why does it exit? What does it hope to accomplish?

A simple answer would be : to cure people!!

However, after some reflection, to answer these questions is not as easy as one might think as it is more than just the needs and expectations of the people which are required to be stated in the mission of the hospital. It involves next to them the basic philosophy underlying the organization, its resources, the image it wishes to show, the role it wants to play in the health care system and finally its history.

The organizational mission can be considered as the most important element of the strategic planning process simply because its existence generally makes it more likely that the organization will succeed. Having an established and documented organizational mission permits the fulfillment of the following issues. At first, it helps focus human effort in a common direction. At second, it helps ensure that the organization will not pursue conflicting purposes. At third, it serves as a general rationale for allocating organizational resources. At fourth, it establishes broad areas of job responsibilities within the organization. Finally, it acts as the basis for the development of organizational objectives[74].

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[73] Johnston, Donald R. Creating Tomorrow's Vision Today. Trustee: March 1994; p. 24.
[74] Certo, Samuel C. & Peter, Paul J.. Strategic Management: Concepts and Applications. New York: Random House Business Division, 1988 (First Edition); pp. 58-9.

The hospital mission statement should not be global and vague, but should set forth the leaders' aspirations of what the hospital should be and it should contain the following elements:

1. Major function(s) of the hospital.

2. Philosophy (secular or religious) upon which the hospital was founded or the means under which it was organized.

3. Level of care (primary, secondary, or tertiary) the hospital intends to deliver.

4. Services or specialties the hospital expects to deliver.

5. Population groups or the geographic area the hospital plans to serve.

6. Relationships the hospital will have with the other health care institutions and programs.

The governing Board should ensure that the statement is relevant to the needs of the community the hospital is serving, that it is reasonable and achievable in terms of the hospital's resources, and is accepted by the hospital's several publics - patients, professional staff, employees, and the community at large. The statement should finally reflect the thinking of the entire Board[75].

The scope of this research is the private non-profit hospitals. In this sector, the hospitals do not base their strategy neither on money, nor do they center their work around this issue. The private non-profits start with the performance of their mission because they lack the management of the bottom line. Still dedicated to "doing well", they turn to begin with the organization's mission in order to overcome their lack in organization, leadership, accountability, performance and results.

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[75] Peters, Joseph P. A Guide To Strategic Planning for Hospitals. Chicago: American Hospital Association, 1979; p. 70.

Starting with the mission and its requirements, the hospital focuses on action and allows to define the specific strategies needed to attain the acute goals. It creates a disciplined organization[76].

According to Peter Drucker[77], the best non-profit organizations are the ones that devote a great deal of their time and thought to define the organization's mission. They avoid the non clear broad statements full of good intentions, and focus on the clear-cut implications for the work their members perform. A well-defined mission serves as a constant reminder of the needs to look outside the organization not only for customers but also for measures of success. It is not sufficient to content oneself with the "Goodness of our Cause", like what has always been the case with non-profit, and substitute the good intentions for results. However, because of that, the successful non-profits have learned to define the outside changes so that to focus on them as results[78].

The real purpose of the non-profit hospital, i.e. its mission, is not therefore to make business, but to provide health. To ignore this or forget about it is to lose moral, social, and political power. This renewed focus on community is because hospitals do not live in markets but in communities. This community focus in the mission requires the leaders to be more creative and flexible in defining their strategic planning.

According to David Kinzer, former president of the Massachusetts Hospital Association and a faculty member with the Harvard School of Public Health, Cambridge, "You have to define your mission by finding what's wrong with your community, discovering its needs, and then go from there. The key is relating to your

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[76] Drucker, Peter F. What Business Can Learn from Nonprofits. Harvard Business Review: July-August 1989; p. 89.
[77] Ibid; pp. 89-90.
[78] Ibid; p. 91.

constituency - poor people as well as rich people." [79]. The hospital will succeed only when the mission is well correlated to the Board's commitment and is focusing on the need for the community to be healthy[80].

How can a non-profit hospital communicate a strong community mission to its constituents and still compete within the health care system?

To answer this question, research is vital[81]!! Hospitals have been using marketing research for years in order to detect what are their patients, physicians and community needs and wants in order to strengthen the hospital's community mission. Research, therefore allows the hospital to compete in the health care market-place and guide it in how to best serve its community. To communicate that mission - to provide high-quality health care to all people, is the real challenge that faces hospitals in the 1990s. However, there is a constant change in community needs and opinions; therefore, the mission statement should be revised every two or three years to reaffirm it as it is or to modify it in order to reflect more properly the new demands of the community. According to John C. McMeekin[82], CEO of Crozer-Chester Medical Center, Upland, PA, it is the responsibility of the non-profit hospital to have a strong community mission. "Simply drafting a mission is not enough. We must constantly strive to meet our mission and to regularly report on our achievements."

In conclusion, when the organization looses its mission, it is on the road to fade as the mission represents *la raison d' être* - the justification for existing of this organization.

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[79] Johnson, Julie. Providers link health with human service. <u>Hospitals</u>: January 5, 1990; p. 34.
[80] Ibid; p. 38.
[81] Inguanzo, Joseph M. Communicating Mission: Research is Vital. <u>Hospitals</u>: August 5, 1991; p. 45.
[82] Ibid; p. 45.

2.5.1.3 - Goals

As the old adage goes: "If you do not know where you are going, any road will get you there."

In order to enable the institution to achieve its mission, the hospital must position itself to identify what must actually be done. Thus, the hospital has to develop goals for reaching the desired future, and rank them in order of importance and priority. Once the areas of need and concern have been identified, the planning committee can elaborate the goals. By stating the goals, the institution starts to accomplish the beginning of the actual strategic plan. Thus, goals are but a way that enable the hospital to carry out its mission to satisfy the community needs.

There are two types of goals: the ones the committee would like to see achieved, the official, and the ones which the committee believes they are achievable, the operational. Next, ranking goals in terms of importance takes into consideration issues like improvements in quality, efficiency, or effectiveness, availability of funds, and community demands, and it is an exercise of judgment and wisdom. As for setting priorities, it is done according to whatever considerations the hospital believes are important at the time[83].

In general, there is an attempt to confuse between goals and objectives; goals are the desired states of affairs which the organization attempts to realize, and objectives are the ideas or statements that help steer the activities of the organization toward the attainment of its goals.

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[83] Peters, Joseph P. A Guide To Strategic Planning for Hospitals. Chicago: American Hospital Association, 1979; pp.72-3.

According to Bryson[84], objectives should be thought of as specific milestones or targets to be reached during strategy implementation. To lessen this confusion, both terms will be used interchangeably in this research despite the difference that these terms encounter as far as scope and timing, i.e. both refer to describe what the hospital would like to achieve in the future.

A goal can be defined as a situation or an end that the organization seeks to achieve through its existence and operations, and the criteria used to determine effectiveness. However, this goal has to be subjected to a set of criteria before it can be carried out. It has to be suitable to the organization mission, relevant to the community needs, based on a careful study of needs the hospital should serve[85], explicit, flexible, feasible, challenging but achievable, specific, effective, accepted by the publics, within the cost implications[86], requiring a desirable level of effort, including explicit targets and time frames and should be operational[87]. On the top of all these, objective measurability comes in order to be able to identify whether this objective or goal has been achieved, or not. Further, a clear ranking of competing priorities has to exist too in order to avoid ambiguity and lack of focus. The degree of precision needed is of primary importance so that to measure real progress definitely against predetermined standards. In fact, the predetermined objectives are particularly important. They represent the fixed points for the remainder of the strategic planning process and the guidelines for the policies and activities too. The argument that the

[84] Bryson, J. M. Strategic Planning for Public and Non-profit Organisations: A Guide to Strengthening and Sustaining Organizational Achievement. San Francisco: Jossey-Bass Publishers, 1988; p. 154.
[85] Certo, Samuel C. & Peter, J.Paul. Strategic Management: Concepts and Applications. New York: Random House Business Division, 1988 (First Edition); pp. 68-9.
[86] Thompson, Arthur A. Jr. & Strickland III A.J. Strategic Management: concepts & cases. Boston: Irwin Inc., 1992 (Sixth Edition); p. 27.
[87] Schulz, Rockwell & Alton, Johnson C. Management of Hospitals. New York: McGraw-Hill Book Company, 1983 (Second Edition); p. 77.

objectives cannot be expected to be taken literally but are meant as general management guidance or for publicity purposes is therefore not true[88].

Referring back to the subject of concern, the private non-profit hospitals, they in fact enjoy a wide range of choices as far objectives. Therefore, the importance of developing a clear focus becomes even greater ...... Any road will get you there!! And so is the need to review them constantly in terms which are free of nebulous pieties but taking into account the real world[89]. These objectives, being more tangible than the mission statement, define the hospital in its environment, have to provide clear guidance for management decision making, and act as a guide for performance appraisal, and for increasing organizational efficiency[90].

Hospitals have many objectives most of which are hard to quantify. The most important include high-quality patient care, with cost containment, research, recruitment and retention of professional staff, professional training, cost efficiency, growth in size, good community relationships and community prestige[91]. Moreover, Drucker[92] suggested the following list of objectives that best suits the hospital mission, and which he describes them as survival objectives.

"Quality of care - efficiency and effectiveness

Innovation - avoidance of obsolescence

Professional relationships - physicians, nurses, ...

Human organization - selection and development

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[88] Reeves, Peter. Mission Impossible. Health Services Management: September 1993; p. 11.
[89] Ibid; p. 11.
[90] Jauch, Lawrence R. & Gluek, William F. Business Policy and Strategic Management. New York: McGraw-Hill Book Company, 1988 (Fifth Edition); pp. 64-5.
[91] Jauch, Lawrence R. & Glueck, William F. Strategic Management and Business Policy. New York: McGraw-Hill Book Company, 1988 (Third Edition); p. 34.
[92] Drucker, Peter. Management - Tasks, Responsibilities, Practices. New York: Harper & Row, 1973; p. 100.

Social responsibility - external/internal environment

Marketing - creating patient access

Financial resources - financial management

Physical recourses - adequacy and efficiency"

The hospitals have thus, a complex goal model in mind and these goals do not have to be mutually exclusive. They might enter into conflict sometimes[93]. However, the use of generalized statements are no more meaningful in an era of increasingly fast technology, expensive construction and rapid growth in all areas. The hospital is no longer a physician's workshop, but the most expensive part of the medical care[94].

The formulation of these corporate objectives exhibits four stages:

1 - Identifying the different key result areas to be covered by the objectives.

2 - Determining the time frame covered by the objectives.

3 - Determining the magnitude of the objectives.

4 - Putting the objectives in written form[95].

However, Glueck[96] gives a more systematic approach to the formulation of the objectives, as a complex process which involves:

1- An analysis of the gaps between desired and expected goal attainments.

2- The realities of the external environment and external power relationships.

3- The realities of the organization's resources and internal power relationships.

4- The past strategy and development of the organization.

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[93] Jauch, Lawrence R. & Glueck, William F. Strategic Management and Business Policy. New York: McGraw-Hill Book Company, 1988 (Third Edition); p. 32.

[94] Schulz, Rockwell & Alton, Johnson C. Management of Hospitals. New York: McGraw-Hill Book Company, 1983 (Second Edition); p. 174.

[95] Rue, Leslie W. & Holland, Phyllis G. Strategic Management: Concepts and Experiences. New York: McGraw-Hill Book Company, 1989; p. 99.

[96] Jauch, Lawrence R. & Glueck, William F. Business Policy and Strategic Management. New York: McGraw-Hill Book Company, 1988 (Fifth Edition); p. 78.

2.5.2 - SWOT analysis

To respond effectively to changes in their environments, non-profit hospitals must increasingly assess their external and internal environments. "Instead of worrying about the future, let us labor to create it."[97].

2.5.2.1 - Strengths & Weaknesses

This strategic process involves an accurate, and objective self-assessment or evaluation of the strengths and weaknesses of the hospital. To assess strengths and weaknesses, the key resources must be examined, the human, financial, technological, physical, and natural ones. The analysis should cover at least the following areas: governance, administration, medical staff, other staffing, financial status, information and technology capacities programs and services and the physical plant at every level, and every part of the organization. It is relatively easy to identify the strengths in each area. Weaknesses are a little more painful. That is why it is necessary to ensure that the analysis is honest, depicting the hospital as it is rather than as the leaders want it to be. Therefore, only a realistic appraisal of strengths and weaknesses can enable realistic objectives to be set. Many ways to conduct this analysis can be used. One way is the perception testing of key constituency groups (internal staff, funders, clients ......) regarding how they view the organization. This may be done by conducting individual or focus group interviews and surveys. Another way is to do a review of the organization as it compares itself to similar organizations; this will provide the hospital with benchmarks for coming to conclusions regarding success,

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[97] Humphrey, H. H. The Education of a Public Man: My Life and Politics. New York: Doubleday, 1976.

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and/or limitations of operations. Another means for self-evaluation is to look at the accomplishments versus the stated goals of the organization. Another form of measurement is market penetration to evaluate the market share of the hospital and the size of the potential client base[98].

2.5.2.2 - Opportunities & Threats

Since the hospital does not and cannot operate in a vacuum, it is vital for the hospital to gauge the environment it operates in it to identify changes in its operating environment that could become either threats to its long-term viability or opportunities to fill new or unmet community needs and thus, improve effectiveness. The leaders have to know what is going out there around them to manage change, a key task for a successful strategic management process. In environmental analysis, the past is reviewed, and the trends and the primary competitors in the industry with whom the hospital competes for resources and program services are identified; in medical terms, the pulse of the hospital's environment is taken.

The macro-environment of the hospital defines major forces of change in many areas:

1- Social: Values, lifestyles, and characteristics of the population.

2- Demographic: demographic growth, characteristics of the population like birth rate, mortality rate, and morbidity.

3- Economic: Policies concerning monetary getting, spending, third-party coverage, financial stability ...

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[98] Gardner, James R., Rachlin, Robert & Allen, Sweeny H.W. Handbook of Strategic Planning. New York: John Wiley & Sons, 1986; pp. 25.10-2.

4- Political: Policy-making, regulatory, and legislative behavior, as well as on public opinion and responses to public policy issues.

5- Technological: Scientific and technological developments influencing the way people live, work, and interact among themselves and with their environment[99].

6- Consumers : Patients, physicians, business and labor, and third- party payers.

7- Competition : Other facilities, alternative delivery systems, and physicians.

This last force in the macro-environment leads to the competitive analysis approach of Porter. He hypothesizes that the industry is shaped by five key forces: the power of customers, the power of suppliers, the threats of substitute products, the threat of new entrants, and the degree of rivalry between the players in the same industry. Then, Harrigan introduced the sixth force, the exit barriers. As far as the non-profit hospitals are concerned, the customer power is strongly important; suppliers of services do also enjoy power; new entrants consist a moderate threat; competition is intense among them for limited resources. An important issue worth mentioning is that competitive analysis in the non-profit sector in general is coupled with a consideration of social and political forces[100].

Non-profit hospitals, which were born out of community needs and whose mission is to provide good health care for its community, give priority to assessing community needs in order to determine what works and what does not. This means that these hospitals must understand and respond to their community's health related needs. They can become knowledgeable about such needs in a number of ways. At first, they can explore existing community needs assessments and get information

[99] Ibid; pp. 25.4-5.
[100] Bryson, John M. Strategic Planning For Public And Nonprofit Organizations: A guide to Strengthening and Sustaining Organizational Achievement. San Francisco: Jossey-Bass Publishers, 1988; pp. 37-8.

about high-priority areas, the community's demographics, health and illness trends, and the common health problems encountered in the community from the Public Health Ministry or World Health Organization. Secondly, hospitals can collect this information through collaborative efforts with other health care providers or community organizations. At third, they can conduct themselves these needs assessments. An important point to highlight is that developing in writing the community needs assessment helps the hospital reaffirm its commitment to the community, and build closer ties with community leaders, and businesses[101]. Experts recommend conducting comprehensive community needs every three to five years.

Some kinds of assessment methods are suggested to be used next to the traditional data bases and health status indicators for information like morbidity and mortality rates, hospital discharge rate ... They include surveying the desired population through focus groups, household interviews, questionnaires, informal gatherings with local leaders and simple ongoing conversation. " The kind of information you collect in a more informal consumer survey is truly more useful. It includes people's perceptions, their gut-level feelings about health care - things that don't show up in the data bases. You can analyze data all day and all night and never really know what people's preferences would be."[102]. Moreover, industry surveys, marketing research, and stakeholder analysis - stakeholders are those groups that have an impact on the hospital's activities - are but additional environmental techniques to be done regularly to evaluate the environment.

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[101] Trocchio, Julie. The hows and whys of conducting a community needs assessment. Trustee: March 1994; pp. 6, 27.
[102] Sherer, Jill. Health assessment, community needs guide hospital planning. Trustee: August 1993; pp. 10-1.

Another important assessment to be done is concerning technology. Technology explosion brings benefits to the hospital as much as complication. It can significantly improve the methods of providing services to patients, increase control of services and enhance a hospital's value to the community. However, it is mostly important to link technology to the mission of the hospital; thus, a first test of the implementation of any new technology is to evaluate the appropriateness of acquiring it in light of that mission. Linking technology assessment to the strategic plan encourages communication among Board, staff members, physicians and community leaders. This will minimize the influence of personal bias that might motivate some technological requests[103].

The hospital should therefore, consider establishing a regular scanning operation to routinely monitor the external environment for opportunities and threats. If the scanning is not routinized, the hospital might loose good opportunities, or be too late to protect itself from certain threats. Thus, the need for a marketing audit arises. The marketing audit provides the hospital with systematic means of evaluating its marketing position. In addition, the audit scrutinizes the full range of the hospital's activities - marketing and service, production, financial, human resources, and management - and assesses its historical performance. Next, it studies the external environmental factors such as demographics, consumers demands, the competencies of competitors, labor environment, price, product, promotion and the channels of distribution. It looks for hard data (facts), and studies the soft data (feelings) as well[104].

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[103] Arkus, Connie. Linking technology with mission. Trustee: November 1992; p. 24.
[104] Levey, Samuel & Loomba N.Paul. Health Care Administration: A Managerial Perspective. Philadelphia: J. B. Lippincott Company, 1984 (Second Edition); p. 248.

In addition, the audit tries to study the target markets, the service area and mix, the competition, and the exchange facilitators SCAP -Services, Consideration, Access, and Promotion[105]-, and measures their progress by conducting a marketing research. Regular research allows the leaders to find out quickly the needs of their community, and see whether they are in the process of meeting them or not. This marketing research allows the hospital to inform its community about its mission too, which is an issue of survival for the hospital.

The end of the twenty century is but a continuing time of turbulence towards the twenty-first that will present a myriad of threats and opportunities for the non-profit sector. To ignore or disregard this turbulence and plan business on an as-usual basis is unrealistic. The hospitals that think they can get by with this strategy are merely waiting for their own demise, and they will go the way of the dinosaurs.

A specific study about assessing the SWOT analysis of non-profit hospitals has been done by Hospital Topics magazine in Summer 94[106]. Table 2.2 represents the strengths, weaknesses, opportunities, and threats that non-profit hospitals might encounter during their life.

The non-profit hospitals, being committed to serve the whole community, receive fiscal subsidies and tax advantages. However, the social well-being of the society might not be their real goal. In fact, the church-owned hospitals may be the only ones that constantly emphasize on community service over profits. Moreover, non-profit hospitals support professional education of their medical specialists. However, it is more stressful for them to practice medicine there than in for-profit

[105] Rakich, Jonathon S., Longest, Beaufort B. Jr. & Darr, Kurt. Managing Health Services organizations. Philadelphia: W. B. Saundeers Company, 1985 (Second Edition); p. 229.
[106] Carson, Kerry D., Carson, Paula Philips, Authement, Joel, Roe, C.William & Yallapragada, Rammohan. Strategic Options for Hospitals. Hospital Topics: Summer 1994. Vol. 72, no. 3.

ones because the financial control restricts many things among which is technology, and their involvement in decision making is not direct. To lessen this stress, some non-profit hospitals view physicians, and not the patients as their primary consumers[107].

Strengths
Often seen as providing quality care.
Typically offer a broad range of services to community citizens.
Financially support/offer educational classes and medical screenings for the community.
Sponsor ongoing medical training for the staff.
Serving the indigent is socially responsible.
Usually have the financial to pursue accreditation.

Weaknesses
Often view physicians-rather than patients-as primary stakeholders.
Financial restrictions can create a stressful environment for physicians.
Aggressive pricing dissuades patients from seeking care at non-profit rather than at a for-profit facility.
Mission blurred because of the dual social and profit motives.
Often lack resources necessary to acquire latest technology.

Opportunities
More likely to receive social subsidies than for-profit hospitals.
Currently enjoy tax advantages.
Board members serve as community advocates.
Board members are a valuable source of information about public perceptions of the facility.
Board members from the business community can aid with strategic planning.
Can easily recruit direct service volunteers, saving personnel costs.
Motive perceived as being noble, potentially enhancing hospital reputation.

Threats
Cannot always afford to be a low-cost provider, which might undermine community perceptions.
CEO's status-seeking may lead to duplication of services and empire-building.
Societal perception of unfulfilled social promises.
Potential loss of tax-exempt status-which will increase costs and simultaneously diminish opportunities to acquire capital through the tax-exempt bond market.
Increased probability of takeover and mergers.
Continual operation of high-cost services demanded by citizens.
May be limited to serving a particular catchment area.
May be inaccurately perceived as a "public" facility offering low-quality care.

Table 2.2 : <u>SWOT Analysis of Private, Non-profit Hospitals</u>[108]

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[107] Ibid; pp. 22-3.
[108] Ibid; pp. 23.

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2.5.3 - <u>Strategy formulation</u>

Information collected during the previous step relates to the hospital's future, as some of it might represent threats as well as opportunities. Thus, the hospital must adopt appropriate market-basis approaches in order to survive. It identifies the most urgent issues among them, and develops strategies for dealing with them. The leaders establish alternatives, develop criteria for choosing among them, and select the most feasible and appropriate strategy that best suits the hospital. It is critical that strategy be on target.

A strategy is a "unified, comprehensive, and integrated plan relating the strategic advantages of the organization to the challenges of the environment. It is designed to ensure that the basic objectives are achieved"[109].

The period of the 90s being filled with uncertainty, the hospital should take the following eight guidelines into consideration while formulating the strategy[110]:

1- The hospital should change before it has to or it is too late, to be an "early mover" instead of an "early catcher", that is to anticipate and respond to change when it first appears.

2- The hospital should face reality as it is, not as it is wished to be. The strategy should be developed based on an objective reality resulting from an objective market research, if it is wished to succeed.

3- The hospital should have a competitive advantage; if it does not, it should not compete. Communization occurs if all hospitals offer similar services.

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[109] Gluck, W. E. <u>Strategic management and Business Policy</u>. New York: McGraw-Hill, 1980; p. 9.
[110] Kaufman, Nathan. Planning for the future. <u>Trustee</u>: August 1994; p. 15.

4- The hospital builds its products/services based on what the customers want to buy, not what it wants to sell them.

5- The hospital should segment its customers (the marketing concept !!) according to characteristics and needs, in order to enhance competitive position.

6- The hospital should adopt an aggressive strategy if it wants to be a leader. Thus, "increasing market share and profitability" should be the standard against which the success of the strategy should be evaluated.

7- The hospital should recruit expertise so that to ensure the success of a specific strategy, "If you have the right person in the right place, there is almost no way that you can hurt yourself. If you have the wrong person in that place, there is no way that you can save yourself."

8- The hospital should determine the critical strategies that must be implemented prior to establishing its charter, bylaws, and composition.

In addition, Peter Drucker pointed out: "Typically, businesses - but even more, non-profit institutions - believe that a strategy that aims at a happy medium is more comfortable, the least risky and profitable. They are wrong."[111]. They should develop aggressive strategy that is based on an objective market research so that to enhance competitive advantage and survive in the future.

2.5.3.1 - Strategic competitive advantage

As stated above, the hospital should enjoy a competitive advantage in order to perform above-average. Thus, to achieve peak performance, the hospital must

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[111] Ibid; p. 15.

possess unique abilities, highly valued by the customers, but not easily duplicated by the competitors, "the things your organization does well that others can't do"[112].

Porter offers three generic options for responding to competitive forces and build a competitive advantage. The leaders can choose either to follow a differentiation strategy, where institutions charge more for high quality services as being their distinctiveness, or an overall-cost leadership strategy where cost control allows for charging less than competitors, or a focus strategy by targeting a specific service/buyers using either a differentiation focus, or a low-cost focus[113].

A - *Differentiation strategy*

This strategy aims at creating something that is unique. It allows the hospital to offer high quality, and high value while not having to worry about price competition or emphasis on low cost. Thus, stressing on customer needs, and ensuring customer satisfaction are the elements of this strategy.

B - *Overall-Cost leadership strategy*

Using this strategy, the hospitals offer simple products at economical prices and try to satisfy customer needs while controlling the expenses. As many people cannot afford the high costs of getting into a hospital, such strategy allows these people to get the needed care, and thus fulfills the hospital's mission with regard to the social responsibility. However, this strategy necessitates lower investments to keep the costs down as less capital expenditures are required. To reduce the poor

[112] Ibid; p. 14.
[113] Carson, Kerry D., Carson, Paula Philips, Authement, Joel, Roe, C.William & Yallapragada, Rammohan. Strategic Options for Hospitals. Hospital Topics: Summer 1994. Vol. 72, no. 3.; p. 24.

quality offered, the hospital should improve its image, and its services by re-orienting themselves to total quality management.

C - *Focus strategy*

Most non-profit hospitals have not followed the overall-cost leadership strategy, but have tried to maximize quantity and quality at same time. Like for-profit, non-profit hospitals can satisfy consumers' needs and wants; however, they cannot work in all areas, and offer everything to all. They have to concentrate on special services and/or special buyer-group targets. The focus strategy requires therefore, zeroing in on a narrow segment of the market. As their mission statement focuses on the community well-being, they ought to focus on these responsive buyer-groups. Therefore, this strategy seems to best fit the non-profit hospitals. If the hospital enjoys a positive quality image in the market, differentiation focus would seem appropriate; if not, then a low-cost focus strategy would be prudent. While following this focus strategy, the hospital must protect its tax-exemption by actively marketing its mission and image, avoiding being perceived as a commercial institution by the public, insisting on their need for high executive salaries, for the recruitment of leaders, and publicizing the fair market value of community services[114].

2.5.3.2 - Design generic alternative strategies

In order to achieve the overall goals and objectives, and to secure its competitive advantage, the hospital should formulate a grand level strategy. Thus, it faces various, but a relatively small number of strategies from which it is supposed to

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[114] Ibid; pp. 24-6.

choose the best one that describes its long-run strategic thrust. It can choose either stability, internal growth, external growth, turnaround, and/or retrenchment.

A - _Stability_

Stability can be conceived as "Steady as she goes", suggesting that the ship has to swing from positive to negative side while it is in the process of motion, but not incurring unusual movements. The hospital continues to offer the same services and perform the same functions to maintain the same status quo, making only small, incremental changes. Thus, under the stability group of strategies, the mostly used and applied is the incremental growth strategy, studied by Quinn. He found out that managers move forward incrementally instead of following formal planning practices. These managers are aware of the strategy they are following as they "_consciously_ and _proactively_ move forward _incrementally._"[115]. They do so in order to improve the quality of information utilized in corporate strategic decisions, to cope with the varying lead times, and all kinds of change and resistance faced. Further, they aim at decreasing the uncertainty by allowing interactive learning between the organization and its environment, and at improving the quality of the strategic decisions. Therefore, stability is far from being an inactive strategy. According to Quinn[116], hospitals leaders prefer incremental growth strategy among the stability strategies because it is easier to manage, and more appropriate to a successful health care organization.

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[115] Schulz, Rockwell & Alton, Johnson C. Management of Hospitals and Health Services: Strategic Issues and Performance. Toronto: C. V. Mosby Company, 1990; p. 78.
[116] Ibid; p. 78.

B - *Internal growth strategies*

Internal growth strategies stress on the internal development of the hospital as opposed to the external one in terms of acquisition. Two types of strategies are encountered: innovation, and service market development.

Concerning innovation, it is considered a basic internal growth strategy as it is the way of life in many situations; without it, the hospital will not survive. The hospital enjoying good internal capabilities, tries to take advantage of the available opportunities to achieve higher goals. Among the possible growth strategies are concentration, vertical integration, and diversification. If the hospital chooses concentration, it will have to focus its resources on the growth of its services, and their increasing use by the existing customers. If the hospital chooses vertical integration, it will have to acquire suppliers, and distributors. However, if the hospital chooses diversification, it will have to develop new services before competitors, and expands into differing product lines, and attract new patients[117].

As for service/market development, it is to focus on the competitive strategy that the hospital adopts when facing competition in order to gain a competitive advantage - explained under competitive strategic advantage. Whatever the growth strategy being followed, the hospital requires great expertise in terms of management in order to achieve internal growth.

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[117] Pegels, Carl C. & Rogers, Kenneth A. Strategic Management of Hospitals and Health Care Facilities. Rockville: Aspen Publishers, Inc, 1988.

C - *External growth strategies*

External growth strategies are the growth through mergers or acquisitions, and/or joint ventures. A merger is when two or more organizations combine and one acquires the assets and liabilities of the other in exchange for stock or cash. It can be horizontal or concentric. A joint venture is more like a partnership, and it can be horizontal or vertical. A major factor to take into consideration when going for external growth is its effect on the employees as well as on the service needs of the population served.

D - *Turnaround strategies*

Turnaround strategies are used when the economy, or the hospital is facing hard times. Thus, it is necessary to assess the internal operations, and study well the financial strengths and weaknesses, the service/market position, and technology of the hospital. Depending on the relative competitive position of the organization, different strategic concentrations are advisable. If the competitive position is weak, and the hospital is not meeting the needs of its community, then liquidation is the best advice. However, if the position is strong, turnaround strategies are minimally affected by the service/market position, and the hospital should seek a growth strategy, but with careful consideration of the environment.

E - *Retrenchment strategies*

Retrenchment strategies are sought to stabilize the hospital position, or to minimize further losses. One encounters divestment and liquidation under this type of strategy. Turnaround can be considered as the beginning of a retrenchment strategy

too. Divestment occurs by selling a unit of the organization, or simply by liquidating it. Usually, divestment is the last choice to go through, and there is practically no chance to cover up when the hospital leaders choose to divest as they cannot stop their decline, not able to respond to the changing environment. This usually takes place when the economy is depressed or the community is declining. As a conclusion, one could expect all communities to resist the dissolution of any hospital, but it is sometimes necessary if things cannot get better[118].

The leaders can, therefore, choose one of the above stated grand strategy, or they can implement a combination.

2.5.3.3 - Evaluation of the alternative strategies

After establishing the generic alternatives, the hospital will have to choose the best fit. In order to do so, it will have to evaluate these strategic alternatives. A number of techniques have been developed for this purpose, focusing on the idea that the chosen strategy should move the hospital from its present position to the desired one. Some of the popular approaches to evaluate strategic alternatives include the Boston Consulting Group matrix (BCG): the business portfolio concept, and the General Electric strategic business planning grid[119]. Therefore, the second component of the corporate level strategy is to develop the portfolio strategy in which the leaders evaluate the alternatives in order to choose at a later stage the most suitable strategy.

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[118] Schulz, Rockwell & Alton, Johnson C. Management of Hospitals and Health Services: Strategic Issues and Performance. Toronto: C. V. Mosby Company, 1990; pp.76-81.

[119] Byars, Llyod L. Strategic Management: Planning and implementation, concepts and cases. New York: Harper and Row Publishers, 1984; pp. 109-13.

The portfolio allows the analysis of the Strategic Business Units to create the unit mix that best supports the hospital goals, and allows a good allocation of resources. The BCG growth matrix is a tool that helps analyze the different SBUs according to market growth and market share. It proposes that a separate strategy must be developed for each segment of the hospital within the business portfolio. Another tool is the General Electric business screen that looks at SBUs in terms of industry attractiveness, and business strengths[120]. The sum of both tools helps the leaders to decide whether to invest aggressively, selectively, or refrain from further investment as best strategy. Therefore, they evaluate the strategic alternatives. They only offer information, and do not dictate the course of action to be followed.

A - *Selection criteria*

Strategy formulation is bounded by many limitations and constraints. Some of them can be classified as the availability of financial resources, attitude towards risk, organizational capabilities, culture and power relationship, channel relationships especially concerning the distribution and the suppliers[121], impact of lower level managers and staff personnel, competitive actions and reactions, and timing - amount of time available for making the decision[122].

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[120] Bovee, Wood, Thill & Dovel. Management. New York: McGraw-Hill Publishing Company, 1993; p. 250.

[121] Byars, Llyod L. Strategic Management: Planning and implementation, concepts and cases. New York: Harper and Row Publishers, 1984; p. 120.

[122] Certo, Samuel C. & Peter, J.Paul. Strategic Management: Concepts and Applications. New York: Random House Business Division, 1988 (First Edition); p. 109.

Finally, after determining strategic alternatives and evaluating them, a strategic selection has to take place. Only if the chosen strategy meets the following criteria, it will have a chance to succeed[123]. According to Aacker, these criteria are :

1. It has to be responsive to the external environment.

2. It has to involve a sustainable competitive advantage.

3. It has to be consistent with other strategies in the hospital.

4. It has to provide flexibility.

5. It has to confirm to the hospital's mission, culture and long-term objectives.

6. It has to be organizationally feasible.

Moreover, the chosen strategy has to take into account the past strategies in order to be aware of their previous negative consequences so that to learn from them, and try to accommodate to the new changes that are now taking place. As a matter of fact, they serve as a beginning point in the strategy selection process.

B - *Contingency plans*

Once the strategy has been selected, alternative or secondary generation scenarios should be designed. These alternative courses of action are designed so that to anticipate any sudden changes that might occur in the environment, but which were not accounted for in the first generation planning. They offer adjustments in strategy as conditions change given the unpredictable future. Thus, the strategic plan requires enough flexibility to allow corrections to take place and changes to occur without much damage. The best-known method to sketch alternative visions of the future, and construct contingency plans is scenario planning. As explained before, these

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[123] Ibid; p. 110.

scenarios allow to examine the "critical uncertainties" that might occur in the future. These alternative courses of action then form the basis of contingency plans that should be part of the overall strategic plan. The difficulty of predicting the future is obvious; thus, the leaders will have to rely to some degree, on their experience, instinct, guesswork, and luck.

2.5.4 - <u>Strategy implementation</u>

"A good strategy without effective implementation has a lower probability of success than if implementation decisions match strategic choices."[124]

Having come this far, the strategic plan is ready. It will be of little use, however, without an implementation plan. Although strategy formulation is essential for an organization's long-term success, no less essential is strategy implementation. Thus, to have an effect on organizational performance, the strategy must be implemented. Implementation is part of day-to-day management, involving resource allocation and scheduling. Assignment of responsibility for each aspect of the plan is important. If those who must now implement the plan were involved in its development, there should be few problems and a minimal resistance to change. The implementation process involves an integrated set of choices and activities that are used to allocate resources, organize, assign key managers, and set policies. It is therefore, far easier to formulate plans than it is to implement or execute them.

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[124] Jauch, Lawrence R. & Glueck, William F. <u>Business Policy and Strategic Management</u>. New York: McGraw-Hill Book Company, 1988 (Fifth Edition); p. 325.

The first subject to tackle when implementing the chosen strategy is therefore to manage the possible resistance to change because the introduction of any new strategy always involves change. Hence, this is a natural aversion to change at least initially which has to be taken care of in order to minimize the chances of failure of the implementation process. Resistance evolves because of different reasons. Four key barriers emerge to hinder effective implementation to strategic management: the human problem of attention and commitment, the process problem, the structural problem, and the institutional problem of exercising leadership. Only if these problems are addressed successfully, strategic planning is likely to be successfully implemented.

To solve these issues, the strategy implementation should follow a certain process that consists of the following managerial functions: planning, organizing, and leading. Once basic decisions are made, implementation takes place in a cascade fashion, through the basic structural hierarchy of the organization. Choices are made at the corporate level and communicated to the different units by setting, integrating, and coordinating goals and activities at all organizational levels. This will ensure that all the staff on each level, and in each function understand the direction, and the timetable. Since implementation is done at the lower levels, it is required a coordination at all levels to achieve success. Implementation plans formulated thus, at the lower levels, are reviewed by the leaders to be sure that they are consistent with the hospital's overall strategy as well as allocated resources, and to resolve any overlaps or conflicts between levels and functions.

After planning, implementation requires organizing. At this point, the leaders define exactly what must be done, and then allocate resources and responsibilities for

specific tasks, to individuals and to groups within the hospital. Matching the skills to the tasks to be performed, coordinating and integrating the use of resources to achieve performance are of primary importance. Both reflect the culture of the hospital. This is why a major attention should be given to the culture to ensure that it is in tune with the strategic direction. Finally, implementation requires above all leadership to provide direction for the hospital at all levels to communicate the strategy, and motivate all employees. It is crucial to communicate and to make sure that the employees understand the strategy and are motivated to implement it.

Therefore, many elements of this implementation process should be considered at the corporate level in order to successfully reach the desired targets. We have the allocation of resources, the organizational structure, the culture, and leadership.

2.5.4.1 - <u>Allocation of resources</u>

The resources that will be used to implement the strategic plan are essential, and a basic condition. These resources include personnel, financial, equipment, and space requirements. Resource deployment is associated with many details that only specialists can understand; however, a primary tool for making resource allocation is the budget process. This last should primarily consider the need to link resource deployment to activities needed to accomplish a strategy.

Strategic plans are set to define what to do and how to do it. Budgets do not only describe the needed resources and the incurred costs to implement this strategy, but act also as a valuable control approach. The budgeting process involves three different parts: sales and volume budgets, variable-cost budgets, and overhead-cost

budgets. The sales and volume budget forecasts the revenues and the quantity of services for a period, usually a year. The variable-cost budget relates the costs that vary with the volume of services offered. Finally, the overhead-cost budget involves those costs that will have to occur no matter what is the volume of services and operations that will take place in the short-run. Another important budget that is being developed at the corporate level is the capital budget. This budget relates to the long-run investments that the hospital will incur in the future. Thus, success rests on the Board and management's ability to develop a capital plan that is consistent with the hospital's mission and strategic goals. It is essential for every hospital to provide a strong, compelling and logical process for establishing the capital needs. These needs should be distinguished from the wants since allocation of resources is based on the needs, not the wants. Capital needs are those capital assets that are required for the hospital to successfully serve the community. However, wants are those capital assets required in the course of operation, requested by the physicians but not required from a community perspective or for the hospital to implement its strategy[125].

Using mathematical models, and introducing the probability theory in building these budgets, they become more accurate, and are used as a guide in the implementation of the strategies. According to a survey, five functions of budgets were identified:

1 - Promotion

2 - Control

3 - Planning, information, and feedback

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[125] Grant, Lawrence. Capital formation: Strategies and tactics for the 1990s. Hospitals: July 5, 1991; p. 33.

4 - Pressure exertion

5 - Motivation

Moreover, the human component plays also a major role in the budgeting process. Thus, this requires an active participation of key personnel if no negative consequences are to be expected. Last but not least, the budgetary process will never be perfect, but it has to be fully understood if successful implementation of the strategy is expected[126].

2.5.4.2 - **Organizational structure**

The structure of the hospital follows strategy as an implementing process since it is based on the two concepts:

1 - The delegation of authority and assignment of responsibilities.

2 - The establishment of relationships among people and various units.

The implementation process relies on these two concepts since it takes place at the lower levels of the hierarchy of the hospital. The different tasks will be assigned to the skilled people who will try to achieve their targets. Further, making sure that the parts are linked together will ensure that they will all work together effectively. Only if proper communication and good relationships exist between the various units, neither conflict, nor duplicated work will occur[127].

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[126] Schulz, Rockwell & Alton, Johnson C. Management of Hospitals and Health Services: Strategic Issues and Performance. Toronto: C. V. Mosby Company, 1990; pp. 97-9.
[127] Ibid; p. 100.

2.5.4.3 - The Hospital's culture

Hospitals have "personalities in the same way as people do"[128]. It is composed of impressions of those who govern it and who work in it. These impressions turn to be the values of these people and thus shape the culture and values of the hospital since this last reflects those who govern it and use it. On the other hand, "although the personality of the manager can vitally influence the organization, a reverse relationship also exists". The hospital also has an impact on these people, and shapes them according to its traditions. Therefore, a compromise should take place so that the CEO is able to implement change in a managerial climate when it is needed[129].

The corporate culture concept started to be tackled as an important issue during the 1980s. Culture relates to the unique qualities that characterize this hospital from the others. It reflects the ambiance of the hospital, the shared values, attitudes, beliefs and behavioral patterns of its employees. This unique atmosphere represents the roots of the organization upon which everything relies, and to whom everyone refers back. Thus, it is very difficult to change the culture of a hospital within a day and a night. If the change to be implemented in the hospital is answered by a positive impact from the culture, then the entire work force will assure that the work place is but a good one that provides high quality of care. However, if a negative impact will arise, then this change will assume more destruction than success. Therefore, to avoid ending up with chaos, the CEO should follow the incremental approach calling for implementing minor changes over time. The implementation of the "management by walking around" will be able to solve any arising conflict since both parties (CEO and

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[128] Ibid; p. 101.
[129] Ibid; p. 101.

the staff) will meet a few hours every week to tackle all problems. This will lead by the end to a better understanding, and a better working environment[130].

2.5.4.4 - Leadership

Leadership is required to initiate and control change, to motivate employees, to achieve the mission and goals of the hospital, and to resolve any arising conflict fairly and in equity.

Many approaches to the style of leadership have been proposed; however, the most appropriate ones to the hospital management can be classified among the following leadership styles[131]:

1 - Business manager : " ... is mostly responsible for procuring supplies and personnel for physicians, and conserving limited resources.".

2 - Coordinator : " ... acts as a boundary spanner; develops external role and become more influential as he negotiates for resources.".

3 - Corporate Chief : "... relies on formal authority for influence and functions more like a private corporation president, and controls management information.".

4 - Management team leader : "... functions as a partner with Board members, medical staff, ... relies more on knowledge, attitudes, skills, and sharing information than on formal authority and control of information to move the hospital towards desired goals.".

All in all, formulation of the strategies is but an easy task if compared to their implementation. Only if this implementation will succeed, strategic changes will

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[130] Ibid; pp. 101-4.
[131] Schulz, Rockwell & Alton, Johnson C. Management of Hospitals and Health Services: Strategic Issues and Performance. Toronto: C. V. Mosby Company, 1990; pp. 90-1.

occur, and the hospital would have succeeded in implementing strategic management till now.

2.5.5 - <u>Strategic control</u>

Once the strategic plan has been implemented, it is important that the Board evaluates its effectiveness periodically, and revises it whenever necessary. Thus, this plan has to be flexible enough so that to be modified to reflect internal and external change. In other words, the Board has to refer to strategic control to track the progress of the strategy, assess whether the changing environment is causing any problem that would deviate the goals from their real targets, and if so, to make any necessary adjustments to bring the strategy back on track towards the planned goals. Therefore, strategic control is a "regulatory process that ensures successful implementation of long-term strategic plans, specifically emphasizing the impact of broad environmental effects and internal strategic directions"[132]. It has a special timing; if it is done too soon or too late, results will not reflect the real changes happening in the environment, and thus, strategic control will be ineffective. If it is too rigid, it will not be able to cope with the dynamic environment. Therefore, strategic control is a delicate balancing act that has a proper process of juggling between methods, and timing of feedback, evaluation and corrective actions. To do so, a control process should be established, some critical areas have to be monitored, and some methods for measuring results identified. The control process follows the following procedure.

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[132] Bovee, Wood, Thill & Dovel. <u>Management</u>. New York: McGraw-Hill Publishing Company, 1993; p. 610.

2.5.5.1 - Establish standards

Performance has to be measured and evaluated against specific criteria. These criteria are but a translation of the goals into measurable and appropriate standards that control the performance of the organization. Thus, defining standards and communicating performance expectations are critical to measure organizational success as well as to motivate employees. To start with, these standards are but the critical success factors that have to be defined and established.

Critical success factors are "the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organization. They are the few key areas where things 'must go right' for the institution to flourish. If results in these areas are not adequate, the organization's efforts for the period will be less than desired."[133]. The CEO and his staff decide on these factors, and thus, the system is tailored to their hospital specific needs. They can relate to the industry such as excellent medical staff, competitors, patients' view of the hospital, range of services provided...as well as to the internal capabilities of the hospital such as execution of the strategy or improving the image of the hospital[134]. Other critical success factors include good contact with third party, good contact with suppliers, technology, education, human resources, community relationship, reputation, regional integration with other hospitals, efficient use of resources, and improved monitoring of regulation.

[133] Rockart, John F. Chief executives define their own data needs. Harvard Business Review: March-April 1979; p. 85.
[134] Schulz, Rockwell & Alton, Johnson C. Management of Hospitals and Health Services: Strategic Issues and Performance. Toronto: C. V. Mosby Company, 1990; p. 118.

On the other hand, critical success factors should be developed and associated with each goal. They are but variables that if not held at specific levels, can threaten the achievement of the goals, and thus the fulfillment of the mission.

2.5.5.2 - <u>Measure performance</u>

Once standards have been established, a process to measure performance on a regular basis has to be developed. Usually, the best way is to report performance based on quantitative data, since it is more objective and easier to evaluate. If strategic planning is to be an effective and an ongoing function, then it must be renewed on a continual basis, and performance evaluation is the tool for this renewal. Performance evaluation is not and should never be once a year activity; however, a periodic monitoring should exist, as well as an evaluation of the accomplishments versus expected results.

Recalling that the domain of this study is the private non-profit hospitals, outputs of these hospitals are often difficult to measure. However, performance measures should be established for every critical success factor for each goal, and quantified as much as possible and judgment must always be applied when interpreting them. As Drucker states: "Non-profits are prone to become inward looking. People are so convinced they are doing the right thing, and are so committed to the cause, that they see the institution as an end in itself. But that's a bureaucracy. Soon people in the organization no longer ask: Does it serve our mission? They ask:

Does it fit our rules? And that only inhibits performance; it destroys vision and dedication."[135].

To make sure that the strategic plan is being well implemented, a close and continuous monitoring of the process should therefore, exist to determine how well the action plan is progressing towards its objective. Measuring the effectiveness can, thus, be done by having the staff fill out a questionnaire or a survey form. Evaluating the degree to which objectives have been achieved over a period of time is another way to measure the performance. Some other procedures can be categorized among the following:

A - *Survey form*

Employees are given a questionnaire to study their attitude towards implementing the strategic plan, and its success to date. Any suggestion that might improve the work can be included.

B - *Status reports*

Status reports include periodic reports on the recruitment and development of staff, and on the building renovations[136].

C - *Use of matrix*

It is a mechanism or a tool to evaluate the hospital's performance. It answers many objectives such as assisting the Board in assessing the current situation by doing

[135]Kirby, Maciariello. Management Control Systems: Using Adaptive Systems to Attain Control. Prentice Hall, International Edition, (Second Edition), 1994; pp. 635-6.
[136] Liebler, Joan Gratto, Levine, Ruth Ellen & Rothman, Jeffrey. Management Principles For Health Professionals. Maryland: Aspen Publishers Inc., 1992; p. 104.

the SWOT analysis, establishing the baselines upon which performance is evaluated, and identifying priorities for achieving the hospital's mission. The matrix is used to evaluate group performance as well as to help in guiding strategic planning as its task is to verify if the mission is being fulfilled, and the strategy is on target[137].

The matrix is regarded as a safeguard since it is not only useful in testing mission and strategy, and redirecting an organization, but also in preventing the hospital from taking premature action. This matrix is widely used, and is advised to be used in all hospitals as it presents many advantages as an evaluative tool. Thus, this matrix provides education since it informs the participants and allows them to understand the hospital's priorities, and enhances communication between the Board and the management. Moreover, it highlights the financial impact and the allocation of resources, and provides a baseline for ongoing future evaluation by quantifying subjective responses. Finally, it presents a problem solving process as it provides a focal point for ongoing discussion, problem solving and creative decision making; it facilitates the process of spotting programs that are inconsistent with the hospital's strategic direction.

2.5.5.3 - <u>Compare performance to standards</u>

Judgment and objectivity are much of need when performance is compared to the established standards as it is with no doubt the most difficult task of this process. It is so as comparison will often lead to uncover symptoms of deeper problems. The leaders must understand the causes both of failing to meet standards and of exceeding them as well. "Not only does evaluation involve self-criticism, but also it demands a

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[137] Solovy, Alden et al. Identifying capital needs consistent with hospital mission. <u>Trustee</u>: November 1991; p. 8,9,21.

discipline that makes individuals answerable for carrying out assigned tasks as planned."[138].

2.5.5.4 - Take action

The future does not always conform to stated visions, and performed actions do not always produce desired results. Therefore, even the best prepared plan has to be revised if future developments occur, or if the assumptions on which the plan is based change. Revision then, is as much an important part of the process as was the development of the plan at first.

The evaluation may thus, include revisions or modifications of the plan. It is therefore, best to think in terms of "augmenting" the plan instead of "revising" it. For example, if current resources are not adequate or enough, additional resources will need to be identified. Consequently, taking action falls under one of the following forms of action[139]:

A - *Take corrective action*

In order to get performance back in line with the established standards, some corrective actions are to be taken by reacting immediately with both short-term and long term remedies. Only after examining well the nature of the problem, these actions should be taken in order not to face a deeper problem or a second one.

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[138] Peters, Joseph P. A Guide To Strategic Planning for Hospitals. Chicago: American Hospital Association, 1979; p. 83.
[139] Bovee, Wood, Thill & Dovel. Management. New York: McGraw-Hill Publishing Company, 1993; pp. 605-9.

B - *Recognize performance*

Achievement is recognized if performance meets or exceeds the established standards. Positive performance is reinforced by motivating the staff to continue their well-done job. Applauding the staff can range from a hand-shaking to a promotion or bonus.

C - *Change standards and measures*

If standards are not constantly met or are exceeded, this means that there is something wrong with the previous undertaken steps. Standard and/or the associated performance measures should consider change. The latter may be unrealistic or do not conform to the hospital's capabilities; they may be set incorrectly, or the conditions affecting them may have changed.

A last important subject to tackle as far as strategic control is the importance of information. Information is the essence of strategic control. Often a computerized Management Information System (MIS) is used to collect, store, analyze and report the details needed to maintain strategic control. To have a successful strategic control, reliable information that reflects various measurements of organizational behavior should be available. Management Information Systems should therefore, be based on enabling management and the governing Board to measure the performance of the hospital in achieving its goals. Thus, a feedback on implementing this strategic control as well as on the functioning of the MIS is needed so that to improve the needed information for a better strategic control in the future.

On the other hand, a Management Decision Support System (MDSS) can be used next to the MIS. Gathering information electronically, and presenting it, is not

much of value as still the manager has to make a decision. Therefore, a MDSS is much of help as it is an interdependent set of decisions aids that help managers make non recurring decisions. It is an analytic tool that helps make more subjective decisions, but does not impose solutions. A MDSS is advised as it helps make strategic control decisions. Further, technology has made the use of MDSS feasible and available through the development of extensive software to support information analysis[140].

All in all, only if this strategic control is properly planned and implemented as an ongoing process to meet the goals, the hospital will be considered strong enough strategically to recognize the need for change, to assess the alternatives and to react by making the change.

In summary, strategic management is indispensable for guiding towards success as it involves a commitment to current and future courses of action.

The whole theory about strategic management discussed in this chapter will be assessed in the Lebanese private non-profit hospitals in Beirut. The following chapter will illustrate the design, and methodology used for the evaluation of the assessment of the practice of strategic management in these hospitals.

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[140] Certo, Samuel C. & Peter, J.Paul. Strategic Management: Concepts and Applications. New York: Random House Business Division, 1988 (First Edition); pp. 163-9.

CHAPTER III

RESEARCH DESIGN & METHODOLOGY

3.1 - The basic approach

As stated in chapter I, the aim of this research study is to assess the practice of Strategic Management in private non-profit hospitals. This chapter will try to exhibit how this process is executed. Strategic management, a pro-active response to difficult demands incurred by the environment, is the process of getting key people together to think creatively to design the future. Strategic management requires a more comprehensive vision than that which guides comprehensive planning. The five tasks of planning are but one part of a whole process which starts by the identification of the meaning of strategic management for any hospital within its own context. With every new change occurring in the environment, strategic management offers to the hospital the chance and possibility to overcome it by maximizing the benefit out of it. Only after mastering and understanding strategic management can any hospital start applying it, since as much as it can yield a positive outcome, it can also lead to a complete failure if not properly done. Chapter II clarified the long-term process of strategic management with all its steps and showed how this process is but a vicious circle. To achieve a comprehensive assessment of the practice of strategic management in these hospitals, a complete search for relevant information was

conducted. This chapter will give some clarification about the questionnaire, cover the procedures and the methodology implemented in the data collection phase.

Organizational research can be characterized as either quantitative or qualitative. Qualitative research emphasizes the perspectives of the individuals being studied, whereas quantitative research is a scientific and systematic approach. This later exhibits intensive use of structured interviews and questionnaires which allow the researcher to question people about their own perception of various aspects in their environment.

This research will adopt a descriptive quantitative analysis in analyzing data. Descriptive analysis transforms the raw data into a simple interpretable form that can be easily assessed and evaluated[141]. The responsibility of practicing strategic management lies in the hands of the top managers. Therefore, in order to know and assess the process that private non-profit hospitals follow while practicing strategic management, conducting structured interviews with assistant-directors, directors of these hospitals, and with consultants will be the most efficient way to gather information about how top management deal with such a process and concept.

3.2 - The practice for data collection

3.2.1 - Primary data

"Structured interviews is a highly structured approach to gathering data on fairly to very large number of respondents. In many respects, the structured interview is simply a questionnaire that is administrated in a face-to-face setting."[142] The

[141] Zigmund, W. Business Research Methods. Fort Worth: The Dryden Press, Harcourt Brace College Publishers, 1994 (Fourth Edition); p. 463.
[142] Bryman, A. Research Methods and Organization Studies: Unwin Hyman Ltd., 1989; p. 38.

approach to data collection in this thesis project is highly structured in order to make people's responses as comparable as possible. Each respondent is given the same questions and asked to answer them in the same order. This practice in data collection will allow the questioning to be standardized, so that the differences in the respondents' answers can be attributed to genuine variations that will show the discrepancies between the different perceptions of the directors of these hospitals, and not to divergence due to the order of asking questions.

The interviews were conducted face-to-face by means of a structured questionnaire that has been developed for this thesis project. Thus, by following this approach, many biases were minimized:

1- By insisting on getting the directors to answer all the questions, a more complete work is done and which can be assessed thoroughly.

2- By conducting the face-to-face interview, the presence of the researcher is necessary to minimize the unfamiliarity and ambiguity of certain theoretical words and which might lead to a different perception and understanding if not made clearer while the respondent is answering.

3- The respondents were directed to follow the same format of the questionnaire and order of questions to achieve consistency and reliability of the proposed answers.

4- The researcher can never be certain that the respondent did understand all the questions and replied properly if the questionnaire was self-administered.

5- A structured interview allows the researcher to make use of all the provided responses in all the interviews whether they were direct answers to the questions or related points to the topic that the respondent thinks might be important to the research. This leads to a reduction in personal influence of the respondent as the

mentioned notes were taken into consideration only as far as being relevant to the study, and as a whole utilization of all the data.

6- Ensuring and insisting that the whole questionnaire is answered fully increases the control of the consistency of the work.

3.2.2 - **Measures used to collect primary data**

Private, in-depth interviews were the primary method of data collection. At the beginning of each interview, each respondent was asked to complete a brief profile about his education, years of experience in that hospital, and his responsibilities. Then, each was informed of the nature and aim of the project, and a consent about answering all the questions was given provided the complete confidentiality about each hospital's own answers.

The interview was directive, in-depth, structured and including both types of questions, the open-ended and the fixed-alternative ones. It was patterned within a simple fruitful conversation, and directed towards understanding the perspective from which the interviewee was seeing the whole subject. The open-ended questions were used to make sure key topics were explored.

The interviews were conducted within a 5-week period to ensure that all the interviewees were exposed to the same external events, limiting challenges to the historical validity of the data. Interviewees were encouraged to respond objectively to the questions so as to give a relevant assessment of the practice of strategic management in the private non-profit hospitals in Beirut.

3.2.3 - <u>Sample selected</u>

The chosen sample includes the private non-profit hospitals (number of beds more than one hundred beds) in Greater-Beirut: Hotel Dieu de France, Lebanese Hospital Jiitawi, St. George Orthodox, St. Joseph, Makassed, Zahraa', and Sacre Coeur. AUH abstained from answering, finding the questionnaire too detailed and specific that aims at discovering the hospital strategy. The interviewees were the director of each hospital except St. George hospital whose representative was the assistant director, and the questionnaire was self-administered as he could not provide the researcher time for a long interview; however, a discussion after that took place to explain the ambiguous questions so that to get clear and objective answers. Moreover, this sample was backed-up by interviewing three other directors of this type of hospitals: Ain Wa Zein Hospital, and Physical Therapy Cortbawi Hospital, and a previous director of a private non-profit hospital. Strategic management deals with the planning of the future, so it is imperative that the interviewees be positioned at least as assistant directors, if not the director of the hospital. The average interview time was around two hours. Some of these interviews were done as a one long meeting while the others were divided in two meetings. The questionnaire was evaluated by these interviewees as being well-structured and well-constructed that includes the major and specific issues related to strategic management. A questionnaire as presented in Appendix II is the main tool used to collect data. Moreover, a French version of the questionnaire is included in appendix III, as some of these directors asked the researcher to translate it into French.

In addition, an interview was done with the General Director of the Lebanese Ministry of Health, Dr. W. Ammar in order to back up the findings with some

recommendations concerning not only the practice of strategic management in private non-profit hospitals, but also on a national basis so that to provide a national planning for health in Lebanon as 80% of the selected sample asked for. Only when health is strategically planned, can these hospitals practice strategic management in its real terms.

3.2.4 - <u>Questionnaire construction</u>

The structured questionnaire used in this study consists of seventy-four questions, divided into ten parts:

Part One:

Provides the reader with information about the Hospital date of establishment and its standing -teaching or affiliated to a certain religion (secular), the interviewee title, educational level, the numbers of years he/she has been working in this hospital, and his/her general responsibilities.

Part Two:

Deals with the strategic management practice as a whole in the hospital, and the reason behind practicing it in general.

Part Three:

Deals with the ones who practice strategic management and who help in the process: a combination of Board of Trustees, the Chief Executive Officer, physicians, and the use of consultants.

Part Four:

Treats the vision and mission of the hospital and how this mission is communicated to the community.

Part Five:

Explores the goals of the hospital.

Part Six:

Deals with the Strengths/Weaknesses/Opportunities/Threats (SWOT) analysis that the hospital does in order to assess themselves as much as the needs of the community, the competition and the technology.

Part Seven:

Deals with the strategy formulation, whether the grand strategy or a competitive advantage strategy. Then it sheds the light on the use of contingency plans.

Part Eight:

Treats the strategy implementation by emphasizing on the allocation of resources, the resistance faced, the culture of the hospital and the leadership style.

Part Nine:

Identifies the control process followed to control the implementation of the strategy, and the importance of Information Technology in this specific domain.

Part Ten:

Is the conclusion where the interviewee is being asked to evaluate how much of the whole presented process of strategic management is being followed at their hospital and whether all the private non-profit hospitals can follow a standard strategy.

3.2.5 - Data analysis

In order to analyze the obtained data from the research questions, a descriptive analysis will be the main focus of the analysis. The data will be analyzed with

respect to the different sections of the questionnaire. The calculation of the percentages distributions will be clarified through the use of different types of charts and tables all through the analysis process in chapter IV.

3.3 - Secondary data

Next to the primary collected data, the study required a diversified secondary data in order to back-up the concepts investigated in the questionnaire and to evaluate the findings according to the theoretical perception of strategic management as implemented in private non-profit hospitals in general, the literature review. Thus, many academic books, magazines, and periodicals were used as references. All sources of secondary data are provided in footnotes, and at the end of the research in the bibliography.

The following chapter exhibits the findings and conclusions that summarize the situation that Lebanese private non-profit hospitals are facing despite the biases and limitations of the study. As a matter of fact, these conclusions show a general overview of the practice of strategic management in these hospitals.

CHAPTER IV

FINDINGS & ANALYSIS

4.1 - Introduction

Strategic management has evolved over a period of fifteen years from a new managerial activity to a necessity in all major corporations and in many smaller ones as well. Hospitals certainly are not exempted from the need for strategic management, and therefore, for hospitals to remain competitive, they must be actively engaged in strategic management activities.

Strategic management is an integrated management activity that identifies where the organization should be heading in the future. The environment in which hospitals function is in a constantly ever-changing state. Consequently, hospital management must regularly be alert to the environmental changes that encounter different problems, threats to which it is exposed, and opportunities that it may want to take advantage of.

Strategic management is primarily a top management activity. The latter's role is to provide leadership and guidance to all levels of participants in the process of strategic management so that to enhance its development and work on its success. However, this success is not guaranteed if the process does not focus on incremental changes and improvements.

90

Strategic management requires flexibility so that to enable the hospital to reposition itself in its market, to enter a new market, to change its game plan, or to dismantle current strategies and adopt a new strategic plan. This strategic flexibility is of critical importance because of the current dynamic nature of the environment.

4.2 - Analysis

This chapter will exhibit the practice of strategic management in the Lebanese private non-profit hospitals as the findings will show. At the same time, the obtained information will be analyzed so that to explain the causes behind the different and sometimes contradictory responses. The analysis will embody the ten parts the structured questionnaire encompasses in its organization as stated in chapter three. It will be based on a calculation of percentage distributions going hand in hand with self-explanatory charts and tables whenever the need requires so.

4.2.1 - Part One: Characteristics of the chosen sample

To begin with, this section, as its title implies, will summarize the information about the date of establishment of the visited hospitals, and for what they stand, i.e. being a teaching hospital, or a hospital following a certain religious affiliation, or any other. In addition, the interviewees are being evaluated in terms of their title, level of education, and years of experience in that hospital. It is worth mentioning that all the interviewees are directors of hospitals whether now or were previously, except one respondent who is the assistant director; therefore, just for convenience the interviewees will be referred to or designated as the directors who responded in this chapter.

Table 4.1

Percentage of Hospitals	Date of Establishment
30%	Prior to 1900
40%	From 1901 to 1960
30%	From 1961 till nowadays

According to Table 4.1, the selected sample of hospitals indicates that 30% of the selected hospitals were established prior to 1900, whereas another 40% were established between 1901 and 1960, and the remaining 30% were established after 1961. This shows that most of these hospitals were already growing before the Lebanese war, and that they were not established as a need for war. Therefore, to have been able to grow for all this time and till nowadays, and still growing, means that they were and are still properly managed, not to forget that the number of beds in these hospitals is greater than One hundred; thus, these hospitals represent the biggest hospitals in Lebanon.

Table 4.2

Type of Hospital	Percentage
Teaching	40%
Following a religious affiliation	40%
Teaching & Following a religious affiliation	20%

Moving to the types of hospital visited, Table 4.2 illustrates three different categories of private non-profit hospitals: teaching (40%), following a certain religious affiliation (40%), and the remaining 20% of these hospitals are both teaching and following a religious affiliation at the same time.

As far as the level of education of the interviewees, it varies as the percentages show in Table 4.3: Masters in Business Administration (20%), Masters in Hospital

Administration (30%) Medical Doctors with postgraduate studies (20%), Licensed

Nurse having done many training sessions in Hospital Administration in France (10%)

and finally, a Ph.D. in Law (10%). These percentages show that most of the directors

of the hospitals are highly educated within the field they are working in, mostly the

business of hospitals. It is interesting to rate that 20% of the directors are Medical

Doctors. This means that this type of hospitals does not necessarily recruit doctors as

directors, but on the contrary, it prefers to appoint people more involved in the

business of the hospital sector in terms of business just like any other business

organization would need.

Table 4.3

Level of Education	Percentage
Masters in Business Administration	20%
Masters in Hospital Administration	30%
Medical Doctors	20%
Masters in Industrial Engineering Heath Systems	10%
Licensed Nurse having done hospital Administration Training	10%
Ph.D. in Law	10%

With respect to the number of years of work in the hospital, an important

finding is to be highlighted. Most of these directors have been recently appointed as

directors or assistant director in the hospital as shown in Table 4.4. This means that a

new blood, a new generation is taking care of the top management of these hospitals.

In addition, since these people are highly educated, they can be able to bring the

necessary changes needed to be implemented whenever it is deemed necessary. The

management style is not a rigid one as it will be shown at a later stage but a smooth

one that facilitates the practice of strategic management.

Table 4.4

Hospital	Number of Years as a Director in that Hospital
1	3
2	6
3	4
4	2
5	1.25
6	9 (The previous director)
7	10
8	1.5
9	2
10	6

Thus, this might be one factor that can support the following findings concerning the practice of Strategic Management.

4.2.2 - Part Two: A General overview of the practice of strategic management

All the selected hospitals practice strategic management or strategic planning as they referred to it!

Why do they practice it??

- "For evolution"

- "Strategic thinking allows the allocation of resources in the right direction."

- "It is the way towards the proper survival and long-term management."

- "More cost effective operations."

- "In order to predict the long-term (5 years) effect of a project on the overall operations of the institution: quality, cost and patient satisfaction."

- " The after war situation in Lebanon makes the implementation of strategic management exigent."

- "To develop our hospital's activities."

- "To plan the future."

According to the reasons of why they practice strategic management, one can identify to which level strategic management is really practiced in these hospitals. As noticed, few are the ones who apply strategic management and know why to apply it. On the other hand, the idea of long-range planning is clear and most of the respondents based their evaluation of strategic management on this idea. However, long-range planning is but a previous stage in the development of the management towards strategic management. Therefore, as a conclusion, the idea of strategic thinking and not really strategic management exists and which is still somehow vague for many directors.

Chart 4.1

Strategic Management Process

Formal/Informal 20%

Formal 30%
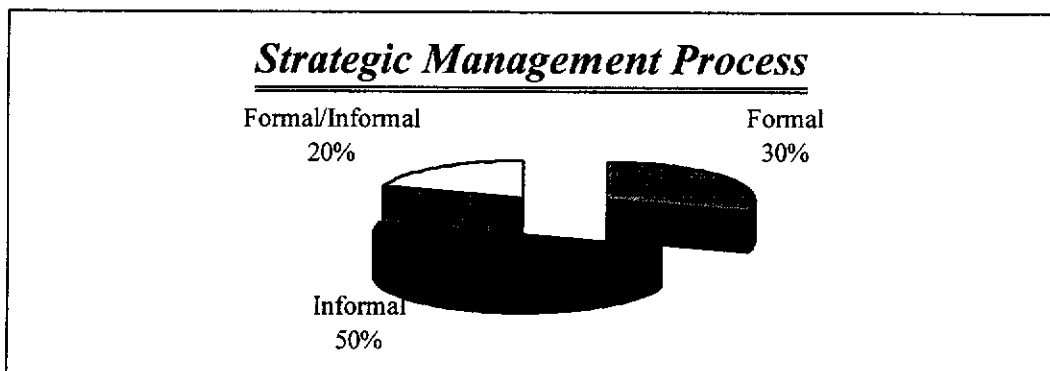
Informal 50%

Coming to the strategic planning process, as Chart 4.1 shows: 30% have a formal process, while another 50% have an informal one, and 20% have a combined formal and informal process depending on the complexity of the situation. As mentioned before, strategic thinking exists, but no real strategic management as literally defined takes place in most of the hospitals. This reality goes back to the fact that the directors are not well committed to the process of strategic management, next

to the point that strategic management forcing Board members to think actively about the hospital's future was difficult to be done lately because of the war. Nevertheless, the situation is starting to change now, and a new strategic thinking leading to strategic management is on its way.

In other terms, 50% need a formal leadership approach to the process; however, 50% being informal leads to say that 50% of the hospital directors interviewed are characterized as analyzers, and not as prospectors in their leadership. Probably, this could be traced back to the period of crisis management during the war. However, the other 50% reflect a change towards the prospector leadership style, which is a positive point to achieve strategic management in the future.

Further, when asked about the percentage of applying what they have strategically planned for, Table 4.5, and Chart 4.2 show that 40% consider themselves having applied 71-80% of what they have planned for till now. 10% consider themselves applying 90-100%. How much bias exists in this response is open to discussion!

Table 4.5	
Percentage of Strategic Planning Applied	**Percentage of Hospitals**
0-50%	0%
51-60%	20%
61-70%	20%
71-80%	40%
81-90%	10%
91-100%	10%

Chart 4.2

How much of the Strategic Planning is applied?

81-90%
10%

91-100%
10%

51-60%
20%

0-50%
0%

71-80%
40%

61-70%
20%
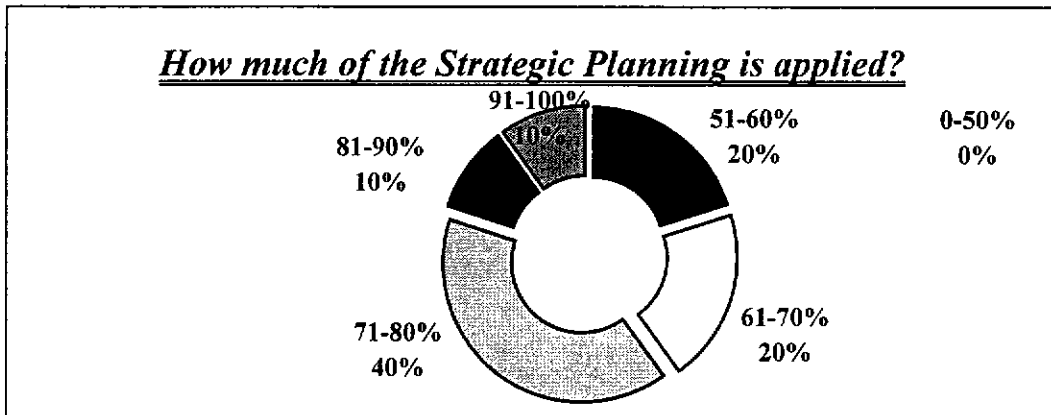
Moreover, since no hospital has a special planning department with a director of planning, most of the directors (60%) take responsibility for virtually all administrative functions, whereas the other 40% are being helped out by an administrative council as Chart 4.3 will illustrate.

Chart 4.3

Taking responsabilities for all administrative functions

CEO with the help of the administrative council
20%

CEO alone
80%
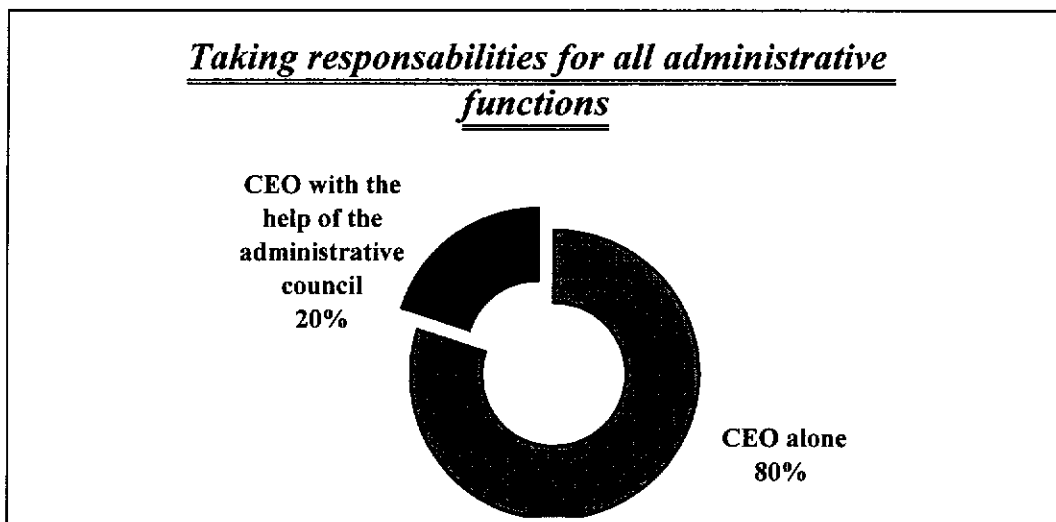
In addition, a certain budget is supposed to be allocated for strategic management. Most of these hospitals (70%) do not allocate one, while the other 30% allocate a budget for strategic planning, but not as a separate budget item. They do take it into consideration when planning for their annual budget. Chart 4.4 illustrates

that 67% of these hospitals allocate a budget ranging from $25,000 to $50,000 for strategic management, while the rest allocate a budget less than $10,000.

Chart 4.4

Allocation of Budget for Strategic Management

>$50,000
0%

0-$10,000
33%

25,001-$50,000
67%

10,001-$25,000
0%

■ 0-$10,000
■ 10,001-$25,000
□ 25,001-$50,000
▣ >$50,000
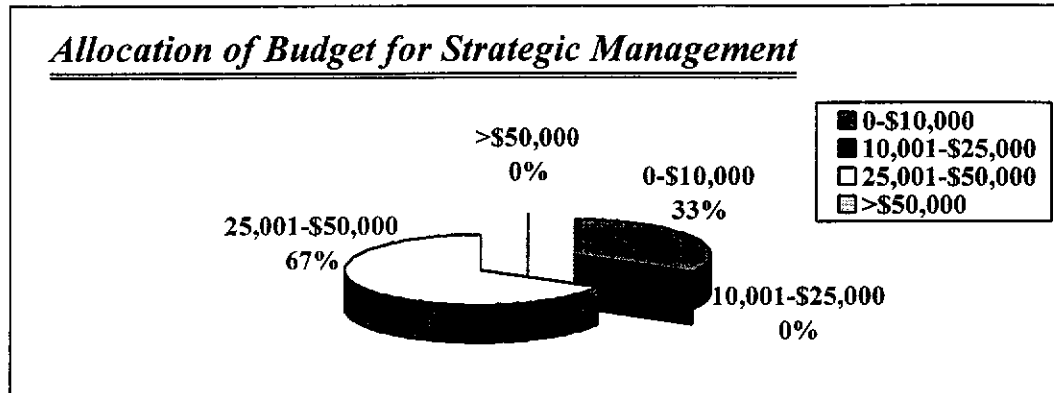
Coming to the frequency of meetings held for the purpose of setting the strategic planning, Chart 4.5 shows that 30% of the hospitals meet once per year and 10% meet semi-annually, while 60% meet monthly. 40% of these hospitals back up their meetings mostly by an on-going meeting process. These meetings take place whenever necessary depending on the complexity of the faced situation.

Chart 4.5

Frequency of Meetings

| | 60% | 50% | 40% | 30% | 20% | 10% | 0% |

Monthly   Semi-annually   Once/year   When needed/ongoing process
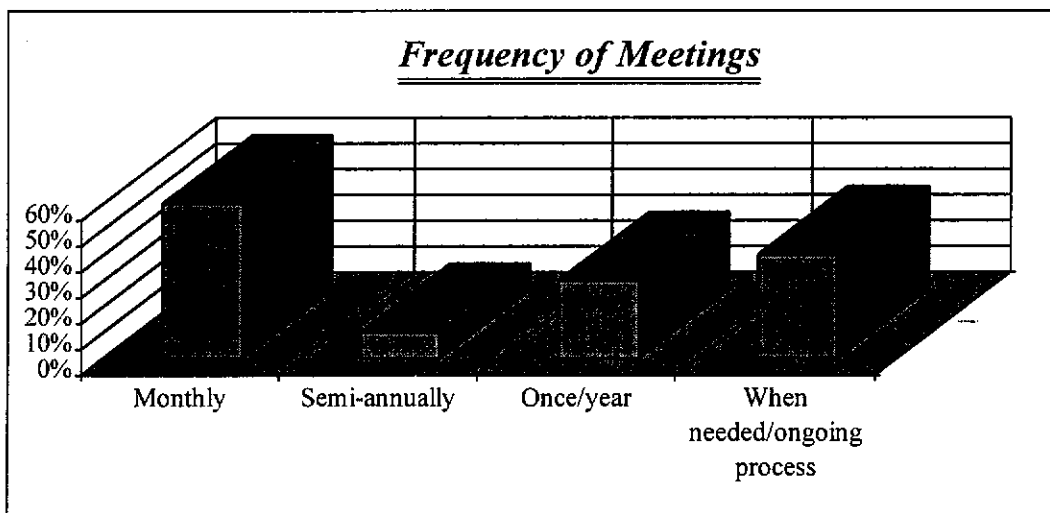
Further, many functions and departments are driven by the strategic planning process. The responses gave the highest rate to the marketing planning (80%) as

being the most affected by strategic management. Program planning and medical staff development come next in the list with 70% rate each. Next to the provided list - hospital operations, program planning, medical staff development, marketing planning and working capital, some other functions were stated by interviewees such as personnel management, outpatient, and Management Information System department. Therefore, strategic management is involved in almost all the functions in the hospital, but each of these directors implements it in the departments where he feels most likely strategic management is capable of developing his own hospital. Chart 4.6 illustrates the different ratings given to the functions that are driven by strategic management.

Chart 4.6

Functions driven by the Strategic Planning Process

Function	Rate
MIS department	30%
Outpatient	30%
Personel management	30%
Working capital	60%
Marketing planning	80%
Medical staff development	70%
Program planning	70%
Hospital operations	50%
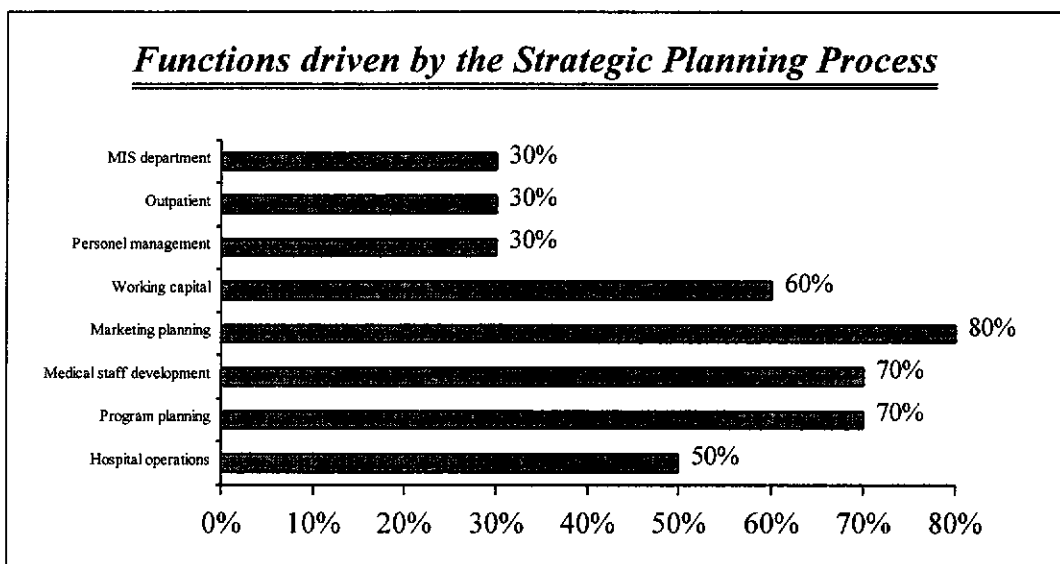
In addition, strategic management is related to the concept of risk to a high extend. As a matter of fact, strategic management is adopted in order to study the risk and threats that the turbulent environment discloses so that to minimize their effect on the hospital. 80% of the directors agree on the need to take risk while strategically planning, whereas 20% disagree on this fact. Table 4.6 shows the attitude distribution of the selected sample towards the need to take risk in the strategic planning.

Table 4.6

Attitude towards Risk	Percentage
Strongly disagree	0%
Disagree	20%
Uncertain	0%
Agree	60%
Strongly agree	20%

Moreover, while planning, 70% of the hospital directors use scenarios to prepare the strategic planning, while the other 30% do not. Among the ones who use scenarios, 72% develop them in-house, while 28% refer to the help of consulting organizations.

Another important tool for strategic management is the use of information technology. Table 4.7 shows the areas of concern where Information Technology (IT) is being used in the selected sample. As noticed, cost control has the highest rate 100% which means that the cost control is computerized in all the selected hospitals despite the fact that not all hospitals are well computerized. This reveals the fact that all these hospitals are mostly concerned with achieving efficiency in cost control on a primary basis. In addition to the cost control, quality improvement has also a high percentage (70%) since the use of information technology in this area is highly recommended to achieve good quality to offer a better service to the patients. In addition to this, the use of IT between departments and services as well as in the operations of the hospital and in preparing feasibility study about the hospital have a low rating as these 3 items were suggested by the interviewees and not by the researcher.

Table 4.7

Use of Information Technology	Percentage
Cost Control	100%
Physicians relations	20%
Quality improvement	70%
Between departments and services	20%
Feasibility Study	20%
Operations of the hospital	20%

Moreover, the directors evaluate their state in the information technology on average as being fair to good as Table 4.8 reflects.

Table 4.8

Rating the Status of IT	Percentage
Excellent	20%
Good	30%
Fair	30%
Poor	10%

Finally, strategic management requires certain excellence in the following qualities: creativity, intuition, innovation, and experience. Chart 4.7 indicates the fact that experience is the most indispensable quality as perceived by the directors in order to succeed in strategic management. On the other hand, intuition is fairly recommended but it is the least required by all. The different levels of importance are clearly shown in the Chart.

Chart 4.7

Strategic Management Quality Needed
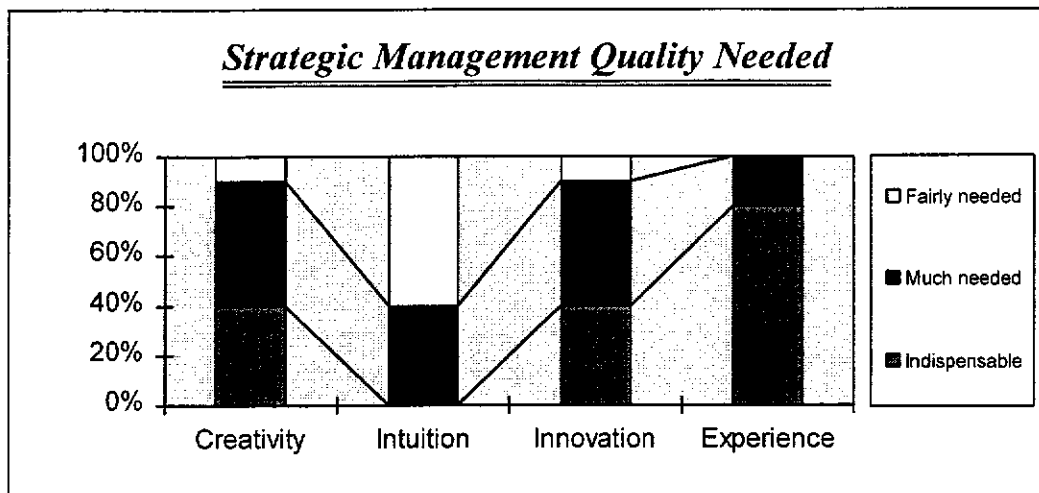
4.2.3 - Part Three: Who does the strategic planning?

This section reveals the different participants in the strategic planning process: the Board of Trustees/religious congregation/ administrative council, the director of the hospital, the physicians and the consultants.

The selected sample of private non-profit hospitals shows the following results as far as the One who takes the final decision on approving the strategic plan.

Board of Trustees	40%
Administrative Council	20%
Religious Congregation	40%

Further, only 40% of the Boards in the sample selected, involve themselves in the process of strategic planning while 50% appoint a committee specifically for this purpose, but the Board has the final word whether to accept or to refuse what this committee has presented. The remaining 10% involve the executive committee in setting the strategic plan. Thus, depending on the type of hospital, the Board of

Trustees, or the religious congregation or the administrative Council takes the final decision on approving the strategic plan.

According to the information gathered, the Board:

- Discusses, decides, and evaluates

- Participates in setting the broad goals of the hospital

- Has the last decision

- Sets and approves the general policy guidelines

- Plays a consultative role

- Does the strategic management

- Takes the big decisions concerning the hospital

- Approves major outlines, puts the philosophy of planning

- Decides upon the execution of the strategy

- Plans and decides

As far as the director, he plays a major role, the most important one as he represents the link between the Board and the hospital as a whole. The following comments describe his role:

- He controls planning, implementation, monitoring, and achievements of the strategic plan.

- He communicates the mission to the employees, works on scenarios, next to being the gardian of the process.

- He submits information and solicits approval of options.

- He decides, controls, and evaluates.

- He implements the planning process

- He presents the projects.

- He is the coordinator of the strategic planning process, implements the decision and evaluates the results.

- He takes care of the administrative functions and the small projects at the hospital.

- He presents the core ideas, studies the applicability of certain ideas and projects to the actual situation of the hospital.

Moreover, Chart 4.8 illustrates the different weights given to certain activities held by directors of hospitals that were evaluated by the respondents. It shows that the highest weights (90%) are given to determining the major steps necessary to move the hospital from its present course to the desired one, and to assuring a constant preview of the plan. Thus, this shows the importance of the role played by the director or CEO of the hospital.

Chart 4.8
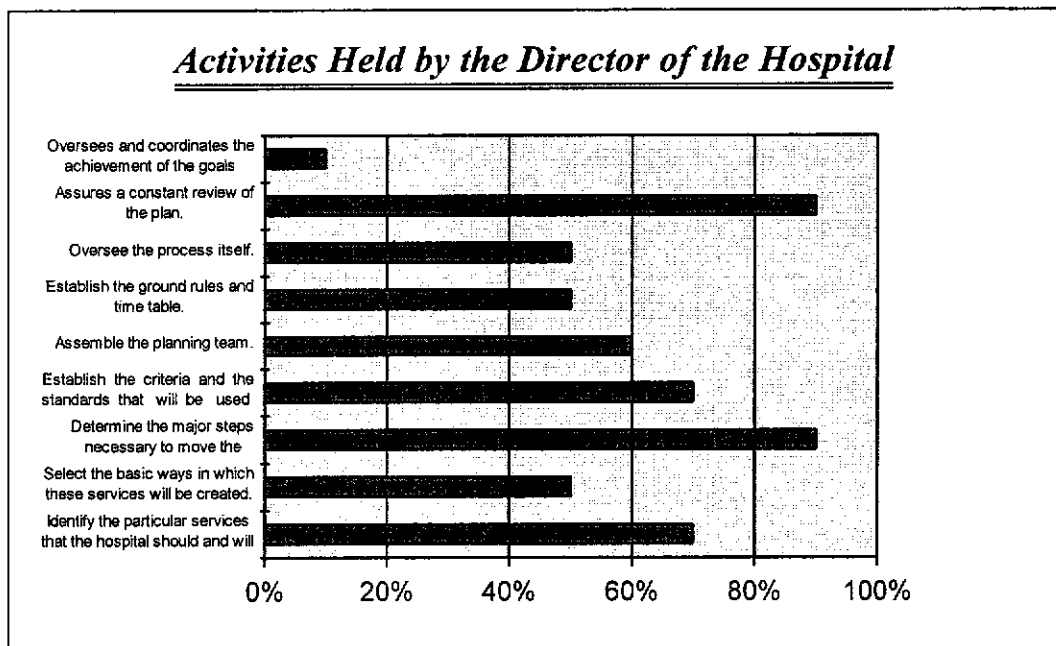
On a second basis, all interviewees are aware of the importance of having a strong cooperation among physicians, CEO and Board. Moreover, physicians involvement in governance is considered to be crucial to the success of the strategic

planning process. This is why the participation of physicians exists in all the selected hospitals, but on different frequencies and different basis. Chart 4.9 shows the distribution of frequencies with respect to the way physicians are being involved. 30% of these physicians are members of the Board elected or appointed like any other member of the Board. Another 30% are involved in the strategic planning process through the medical director's office, whereas another 20% interfere as a medical committee that expresses the physicians' opinions. The last 20% are medical staff representatives who attend and participate in Board meeting without the power to vote.

Chart 4.9

Involvement of Physicians in Governance

Medical Director's Office 30%

Individual physicians can be members of the board, elected like any other member of the board. 30%

Medical committee that expresses their opinion 20%

Medical staff representatives attend and participate in board meetings with or without the power to vote. 20%
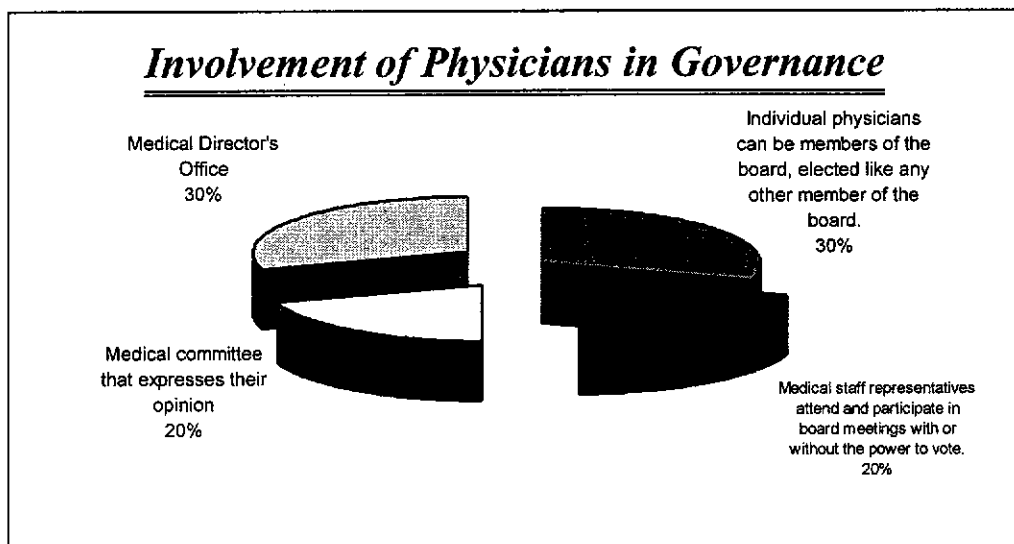
Finally, as far as seeking the help of outside consultants, 70% of the selected sample refers back to such a help. The fields in which the consultants provide guidance are illustrated in Chart 4.10. As a matter of fact, 70% among the ones who refer to consultants ask them to conduct special studies, and 57% to assist in preparing the strategic plan. These two fields have the highest rates and prove that the directors

do not rely on these consultants to prepare their plan as 0% is given to that reason, but on the contrary it is assistance which is aimed at.

Chart 4.10

Type of Guidance provided by Consultants
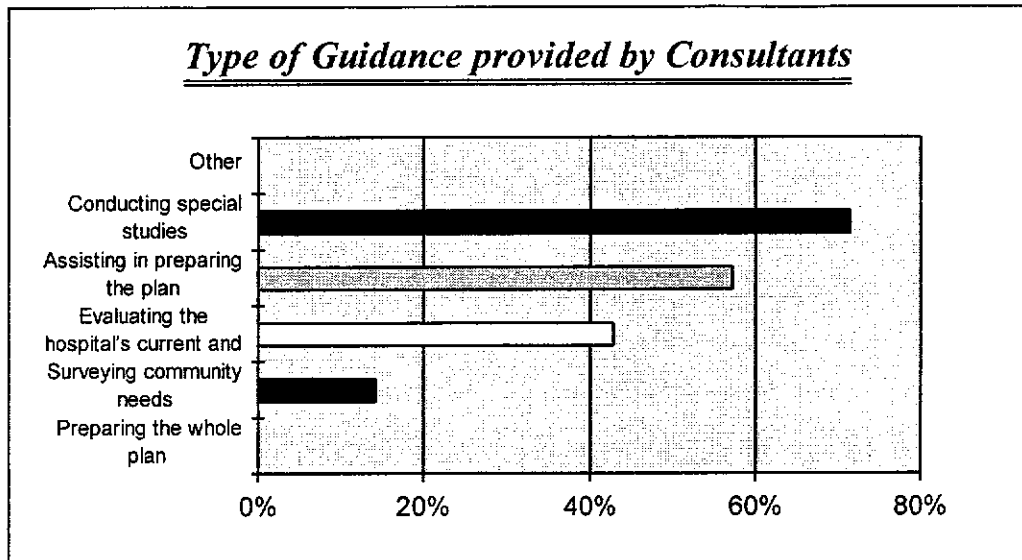
Further, directors hire consultants for many different reasons. It seems that the lack of knowledge and experience as well as the lack of skills represent the most two important reasons behind seeking the help of consultants. On the other hand, as the results in Chart 4.11 have shown: lack of time, and lack in objectivity and understanding are not considered to be valid reasons behind this purpose. Thus, these answers emphasize on the fact that most hospitals lack the required skills, knowledge and experience needed not to prepare the plan, but in certain special domains related to strategic management as Chart 10 has already exhibited. Consequently, this fact explains why strategic management is not really applied in these hospitals, despite the fact that strategic thinking exists.

Chart 4.11

Reasons behind hiring Consultants

Legend: Most likely, Likely, Neutral, Not likely, Least likely

Categories: Lack of time, Lack in objectivity & understanding, Lack of perspective

Values shown: 75%, 25%, 50%, 38%, 75%
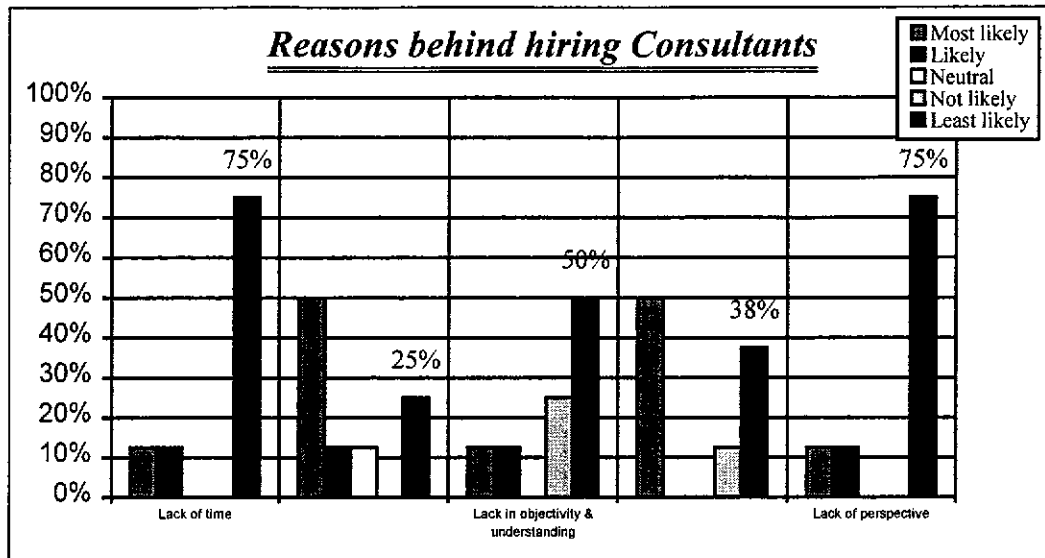
4.2.4 - Part Four: Vision & mission

As stated in chapter two, the first step in the strategic management process is to develop the vision -what the hospital wants to look like in the future- and the mission -the purpose of the existence of the hospital, and which will be communicated later to the whole organization.

The following stated visions reflect the most common ones among the sample selected. If these visions will be achieved one day, it will guarantee the success not only of these organizations but of Lebanon as a whole.

- A reference in the Board of Excellence in the Middle East.

- A community hospital that serves as a teaching center in medicine and paramedical disciplines and that provides high standards.

- To be able to provide the medicine of year 2000.

- To be a reference in medicine, providing excellent health care.

- To be the choice of patients, physicians, and employees and to be a totally customer oriented organization.

On the other hand, most of the visited hospitals have the same mission but stated in different words. The following chosen examples represent the general ambiance of the mission of the private non-profit hospitals in Lebanon.

- To provide high quality of medical services to the community regardless of their financial abilities.

- To provide teaching services and a high level of medicine with no discrimination of race, wealth, and religion.

- To help all patients who were refused by everyone even by their family.

- To provide the highest quality of health care at the lowest possible cost, and to provide the setting for an adequate teaching environment.

- "We are a hospital with Open Doors and No Walls".

Moreover, most hospitals do revise their mission whenever it is needed according to the changes that may occur in the external as well as the internal environment of the hospital.

Hospitals, in order to be acknowledged and trusted by the community, must communicate their mission openly to the community. Two common channels of communication are highlighted by the sample selected, and which are doctors and patients. Further, media is not much relied upon for this type of organizations as a mean to communicate mission. Chart 4.12 illustrates the above information by giving rates to the different means used to communicate the mission.

Chart 4.12

Communicating the Mission

Mouth to ear
Direct service
Through doctors
Through patients
Through media

0%   20%   40%   60%   80%   100%
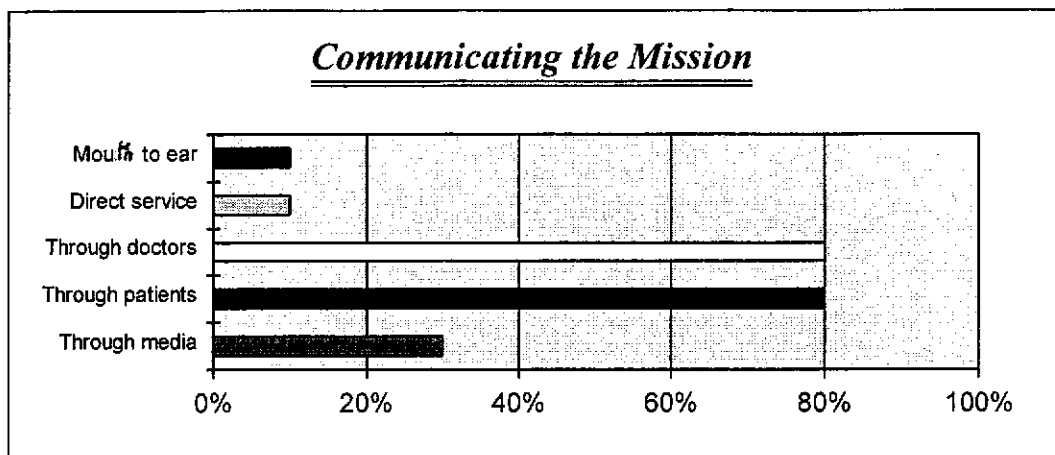
4.2.5 - Part Five: Goals

After establishing the vision as well as the mission of the hospital, the broad goals have to be assigned in order to fulfill the required mission and vision. The hospitals were provided with a set of goals that apply to their type of organization and among which they chose the most appropriate ones that apply at their institution. As Chart 4.13 exhibits, the most common goal among all is to provide Excellent Health Care (rate = 100%).

Fulfilling community needs, and quality patient care goals come at second with a 90% rating. Since most of the selected hospitals in the sample are teaching hospitals, a high rate is given to the goal of providing professional training. Moreover, some goals were suggested by the respondents like growth in services mostly needed by community and becoming a University Hospital Center. This explains the low rating for these two goals.

Chart 4.13

Goals

Goal	Percentage
Becoming a Universal Hospital Center	10%
Growth in services mostly needed by community	20%
Financial resources	40%
Marketing - creating patient access	20%
Innovation - avoidance of obsolescence	60%
Social responsibility	60%
Recruitment & retention of professional staff	50%
Community prestige	30%
Growth in size	40%
Cost efficiency	40%
Professional training	80%
Research	40%
Quality patient care	90%
Fulfilling community needs	90%
Meeting government regulations	60%
Providing Excellent Health Care	100

Most of the directors believe in the necessity to balance between their goals and the community needs. Table 4.9 exhibits the different ratings for this necessity.

Table 4.9: Do you balance between your goals & Community Needs?

Frequency	Percentage
Never	0%
Rarely	0%
Sometimes	20%
Often	30%
Very Often	50%

Finally, the hospital's goals are revised mostly on a yearly basis (60%). 20% of these directors revise them semi-annually, and the other 20% revise them when the need calls for.

4.2.6 - Part Six: Strengths/Weaknesses/Opportunities/Threats

All hospitals consider themselves as an open system where they experience a continuous interaction with the external environment which obliges them to be attentive so that to minimize the risks they may encounter. Thus, a SWOT (Strengths / Weaknesses / Opportunities / Threats) analysis is a must for the hospital to do so that to know where it stands with respect to itself and to the environment. Most of these hospitals do often a SWOT analysis (70%) whereas 30% do it rarely. Moreover, only 20% of the selected sample has a marketing audit that does the SWOT analysis whereas 70% relies on the medical committee, or on a certain appointed committee of physicians, and employees, or on the occupancy rate and the utilization of services, and/or on insurance companies to provide them with information to do the SWOT analysis. The final 10% of the selected sample refers to an outside consultant to do for them a marketing audit whenever they feel the need for.

Private non-profit hospitals are primarily community hospitals that aim at providing the best health care quality for all the patients. In order to know what are these community needs, hospitals seek information about the community they are serving. Data shows that 80% of the selected sample does a community assessment. 50% of those who do a community assessment, do it on a continuous basis while 25% do it semi-annually and the last 25 % do it only when it is needed.

In assessing the community needs, these hospitals gather information through different methods. Chart 4.14 exhibits the rating for the different methods used. The most common methods used are to gather information through traditional database

and health status indicators like morbidity and mortality (88%), hospital discharge data (75%), through informal gatherings of local leaders and finally through simple ongoing conversation with 63% each.

Chart 4.14

Methods followed to assess the Served Community

Activity parameters of the hospital — 13%
Simple ongoing conversation — 63%
Informal gatherings of local leaders — 63%
Structured questionnaire (Households interviews, market — 25%
Focus group — 13%
Hospital discharge data — 75%
Traditional data base and health status indicators like morbidity and — 88%

(Axis: 0% 10% 20% 30% 40% 50% 60% 70% 80% 90%)

Next to assessing the community needs, the hospital should assess itself so that to know where it stands. Most of the selected sample do so by comparing themselves to similar hospitals and by looking at accomplished versus stated goals. Few assess themselves through perception testing of key constituency groups, and by measuring their market share. Chart 4.15 reflects these findings in addition to some other methods that were suggested by the respondents like the government assessment, and the occupancy rate of the hospital.

Chart 4.15

Self-Assessment Methods

Bar chart showing self-assessment methods:
- Occupancy rate: 10%
- Government assessment: 10%
- By measuring the market share: 30%
- By looking at accomplishments versus: 80%
- By comparing to similar hospitals: 80%
- Through perception testing of key constituency groups: 40%

(x-axis: 0%, 20%, 40%, 60%, 80%)
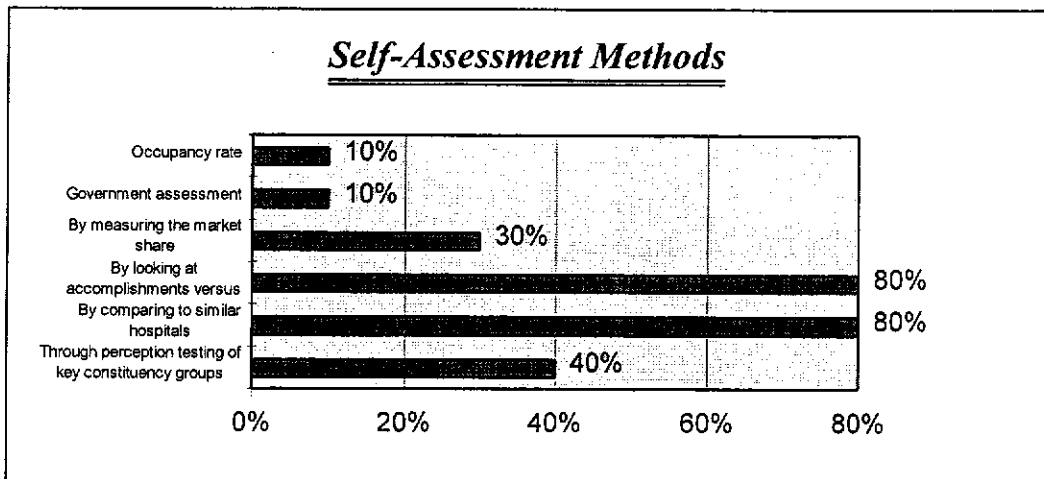
Moving to the study of the strengths of these hospitals, one notices that they have some common strengths, like for example:

* Professional Staff, nurses and doctors.

* Specialties of services offered in different hospitals (each hospital has a different well developed specialty).

* Good administrative infrastructure and planning.

* Academic affiliation with hospitals in France.

* Quality control.

* Sophisticated equipment.

* Unity of the whole staff and its commitment towards the hospital.

* Good image of the hospital.

The fact that all these hospitals enjoy almost the same strengths make them compete on the same level. They make sure to provide the best quality of care by hiring the most qualified and professional staff. Also, they work on enhancing their public image (by welcoming the researcher to do a study on their institution and asking back a copy of the findings so that to see what can be done to improve their

situation). An important issue highlighted by the sampled hospitals is the unity of the working staff and its full commitment to the institution. This feature was observed by the interviewer during her stay and while chatting with some staff there.

On the other hand, the sampled hospitals face few opportunities being presently or in the future. The following summarizes the findings:

◊ The return of Lebanese professionals with new specialties.

◊ The new facilities and techniques offered by the development of technology.

◊ The increasing needs of the community.

◊ New regulations of the government may be seen as opportunities.

◊ Advance in health care.

◊ Contract with the World Bank to enhance the national health system.

◊ Opening of the Arab communities market will lead to an improvement on the medical and academic sides.

◊ Stability of the Lebanese situation on a national level improves the health care system.

After having studied the strengths and opportunities, these hospitals were asked if they think that their strengths match the above opportunities. The answers were 70% positive, 20% uncertain, and 10% negative.

To continue with the SWOT analysis, weaknesses and threats should also be investigated. The sampled hospitals reflect the following weaknesses:

* Having a large number of huge sophisticated equipment that goes obsolete in no time: its depreciation is very high, not to forget that its maintenance costs too much.

*   Marketing: not being able to carry out the good image at every time everywhere to attract even more patients.

*   Not being computerized to the highest level as in the USA or Europe.

*   The reluctance of change of employees.

*   Lack of communication skills among unskilled employees.

*   Financially speaking: cash flow deficiencies, and not enough money to renew the equipment.

*   Number and quality of nurses.

Some items like the nursing staff is considered as a strength and as a weakness at the same time. This is due to the fact that only the hospitals that have a nursing school do consider their nurses as a strength. However, the others lack qualified and licensed nurses. As far as the sophisticated equipment, it is a strength and a weakness for all the hospitals at the same time as this latter goes obsolete within a very small period of time next to the fact that the cost of the new technology requires an even higher cost for maintenance i.e. a big budget.

A final issue under the SWOT analysis is the study of the threats that these hospitals face. Lebanon is coming into a new era of international changes that affect the hospital sector as a whole. These threats are summarized here below.

◊   Absence of a national health strategy.

◊   Doing a rich medicine in a poor country.

◊   New regulations of the government.

◊   Opening of new university and private for profit hospitals in Beirut.

◊   Not being able to invest in new equipment because of the Lebanese mentality as investments are done with no rule just because the other hospital did so.

◊ The ever increasing trend of costs.

◊ Delay in payments from the government and from the third party payer.

◊ The inflation of the Lebanese currency.

◊ The establishment of the new General Governmental Hospital.

◊ Peace with Israel will lead to a regional competition between Lebanon, Israel and Jordan.

The new government regulations can be considered as an opportunity to these hospitals if the government decides to help them and increase their subsidies; however, they will be threats if the government will choose the other way around and decides to fully subsidy the new governmental hospital on the account of these hospitals. Another important point to be mentioned is the coming Peace treaty with Israel. As a matter of fact, this will be the biggest threat as Israel has well newly equipped hospitals incurring lower costs than the hospitals in Lebanon according to the respondents claims. This will position the Lebanese hospitals on a lower competitive edge.

Other external factors affect the private non-profit hospitals. These hospitals are faced by the poor social status of their patients. The poor get sick more than the rich next to the fact that the Lebanese society is getting poorer and poorer. The demographic characteristics show that the rate of birth is steadily increasing incurring more infants and especially more poor ones that get sick all the time.

As far as the forces affecting the competition, the selected sample shows some contradictory answers as three hospitals denied the existence of competition in their field whereas the other seven found a combination of different forces affecting competition. The forces that got the highest rates are the power of suppliers (40%),

and the degree of rivalry among hospitals (40%). Chart 4.16 shows the different rates given to the different forces. One extra force suggested by a respondent has been added to the list stated in the questionnaire and it is the group of influence of the Third Party Payers.

Chart 4.16

Forces affecting Competition

	Value
Group of influence: Third party payer	10%
No forces of competition	30%
Exit barriers	0%
Degree of rivalry between hospitals	40%
Threat of new entrants	20%
Threat of substitute services	20%
Power of suppliers	40%
Power of customers	20%
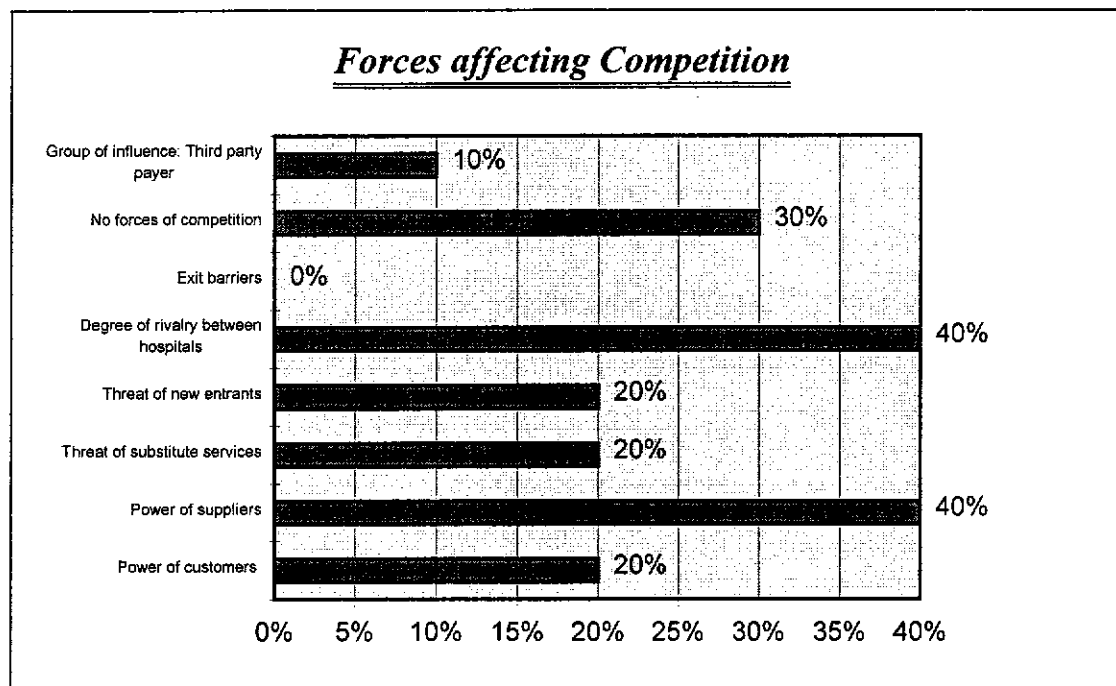
Furthermore, assessing technology is as much important as any other assessment done previously. Technology is driven by many different pressures. 80% of the selected sample does a technology assessment whereas the other 20% does not. The pressures affecting technology are clearly illustrated in Chart 4.17. Based on the answers of the 80%, this Chart reveals that patient care quality is the primary force that is behind technology assessment (100%). Next come on the list, the needs of the hospital and physicians with each having an 88% . The mission comes only at a later

stage with 75% whereas it is supposed to be the major pressure that affects technology.

Chart 4.17

Factors influencing the IT

Category	Percentage
Mission of the hospital	75%
Patient Care quality	100%
Wants of the hospital	25%
Needs of the hospital	88%
Physicians	88%
Third party payers	38%
Customers	38%
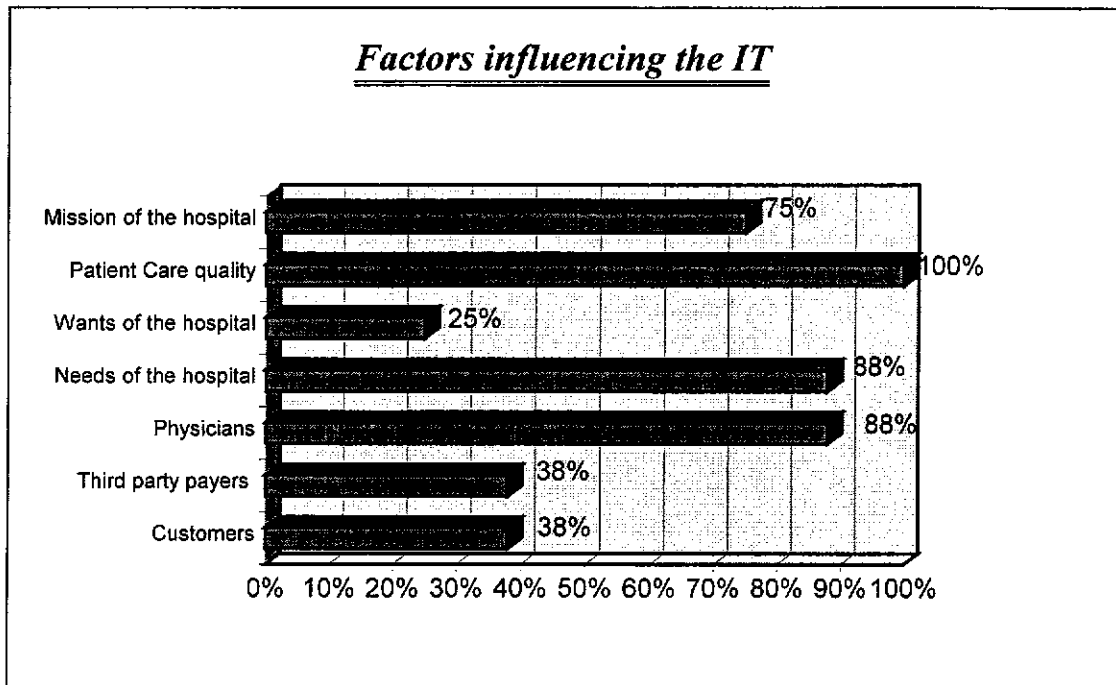
A final evaluation of the SWOT analysis of the selected sample was done by studying the attitude of the interviewees towards a set of statements describing the strengths, weaknesses, opportunities, and threats that usually private non-profit hospitals encounter as stated in the literature review. The results show that 80% of the respondents agree on these strengths as being compatible with theirs whereas 8% are uncertain, and 12% disagree that these statements represent their strengths. Chart 4.18 illustrates the above findings with the details.

Chart 4.18

Strengths

Total	80%
Usually have the financial to pursue accreditation.	40%
Serving the indigent is socially responsible.	0% 100%
Sponsor ongoing medical training for the staff.	70%
Financially support/offer educational classes and	70%
Typically offer a broad range of services to community	100%
Often seen as providing quality care.	100%

Legend: Agree, Uncertain, Disagree

As far as weaknesses, only 66% of the selected hospitals agree that these weaknesses are compatible with theirs whereas 16% are uncertain and 18% disagree that these statements represent their weaknesses. This conclusion is illustrated in Chart 4.19.

Chart 4.19

Weaknesses

Total	66%
Often lack resources necessary to acquire	90%
Mission blurred because of the dual	50%
Aggressive pricing dissuades patients	40%
Financial restrictions can create a stressful	90%
Often view physicians-rather than	60%

Legend: Agree, Uncertain, Disagree
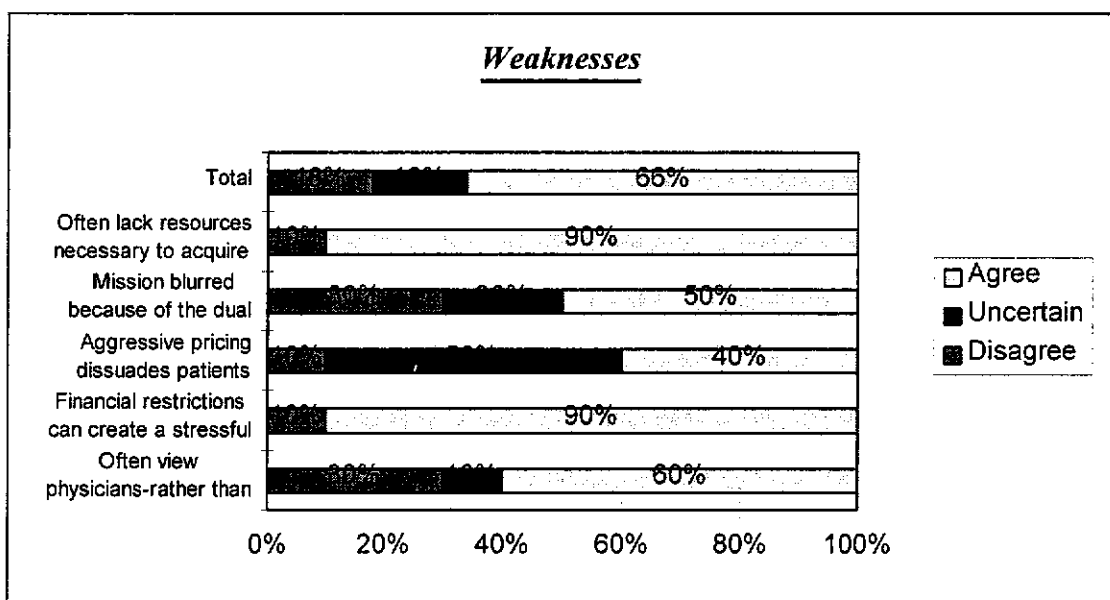
The same is done concerning the opportunities. As data shows, only 60% agree that the stated opportunities represent the ones they are facing, whereas 19% are uncertain and 21% disagree. Chart 4.20 exhibits these findings.

Chart 4.20

Opportunities
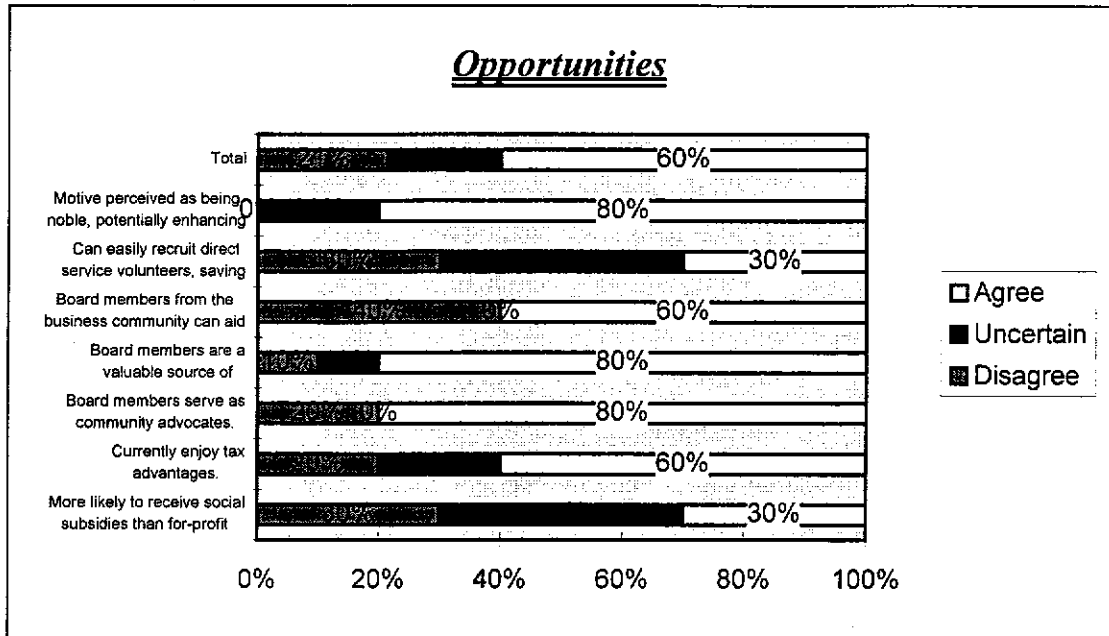
Finally, the threats get even worse percentages as only 50% agree that these threats are valuable to them whereas 18% are uncertain and 34% disagree. These results are clarified in Chart 4.21.

Chart 4.21

Threats
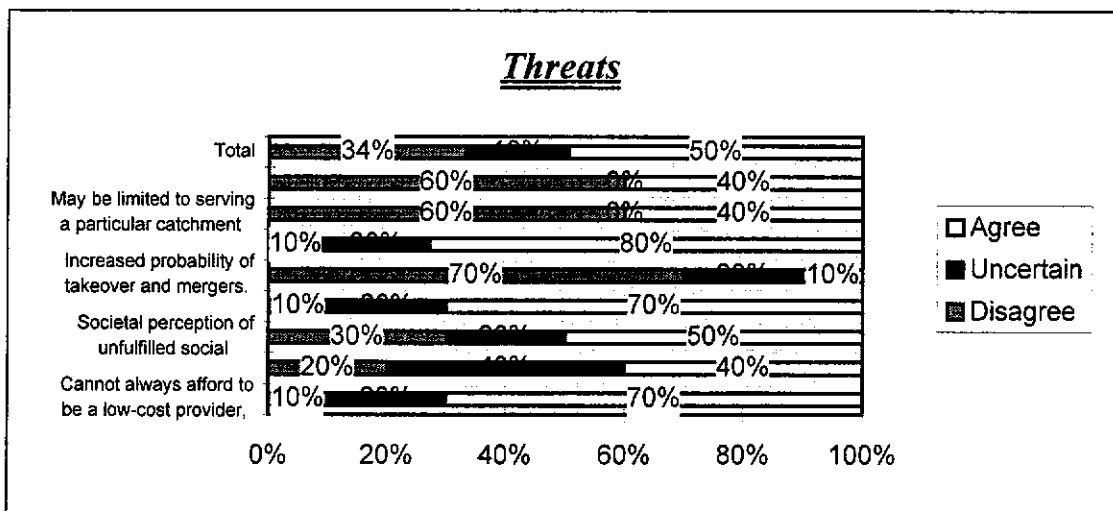
The reasons behind this discrepancy in the answers is mainly due to the fact that the SWOT analysis used was the result of a study reflecting the American private non-profit hospitals. Furthermore, administrators in many hospitals belong to the French system of education. Thus, despite the fact that the Lebanese hospitals belong to the same type, their answers differ up to a certain limit. This leads to the conclusion that every organization is bounded only by its own environment and that there is no international standard setting or unique SWOT analysis for any kind or type of organizations.

4.2.7 - Part Seven: Strategy formulation

After having set the vision, mission and goals of the hospital and finished from doing a situation analysis, one should move to formulate the Grand strategy that should fulfill these goals and mission. As the period of the 90s is being filled with uncertainty, a hospital should take eight guidelines into consideration while formulating the strategy. Each of these guidelines has been evaluated by the respondents and Table 4.10 illustrates the attitude of the respondents towards each guideline.

Table 4.10

	Disagree	Uncertain	Agree
The hospital should change before it is too late and respond to change when it first appears.	0%	10%	90%
The hospital should face reality as it is, not as it is wished to be.	0%	10%	90%
The hospital should have a competitive advantage; if it does not, it should not compete.	30%	40%	30%
The hospital build its services based on what the customers want to buy, not what it wants them to sell them.	20%	0%	80%
The hospital should segment its customers according to characteristics and needs, in order to enhance	50%	30%	20%

competitive position.			
The hospital should adopt an aggressive strategy f it wants to be a leader	50%	10%	40%
The hospital should recruit expertise to insure the success of a specific strategy	10%	10%	80%
The hospital should determine the critical strategies that must be implemented prior to establishing it Charter, bylaws, and composition	30%	10%	60%

From this Table, one can deduce some important issues regarding the formulation of the grand strategy in these hospitals. The fact that only 30% agree on the idea that the hospital should have a competitive advantage in order to be able to compete; if not, it should not compete, proves that Lebanese hospitals' aim is to compete no matter what is the price, i.e. this goes back to the Lebanese mentality that "My hospital is the best one that can provide all needed services" without taking into account the hospital's capabilities so that to afford such a big competition. If they can, or if they cannot, they feel obliged to compete!

Moreover, the fact that the statement "The hospital should segment its customers according to characteristics and needs, in order to enhance competitive position" gets the approval of only 20% and refusal of 50% shows clearly that no real community assessment is done to improve the competitive position of these hospitals. They consider all their patients as one big bulk which is completely wrong. The segmentation of the patients according to certain characteristics and needs helps them recognize certain niche markets that enable them to become leaders.

Further, past strategies represent the start point to formulate a new strategy that can accommodate with the new changing needs of the hospital taking into account what was not achieved in the past. Only 30% of the selected sample refers back to past strategies and past performance all the time whereas 50% refers sometimes back to them, and 10% never considers the past strategies while planning for the new one.

Table 4.11 exhibits the frequency of referring back to past strategies and performance while planning for the new one.

Table 4.11	
Frequency of considering past strategies	**Percentage**
All the time	30%
Very often	10%
Often	0%
Sometimes	50%
Hardly ever	10%

Moving to the corporate level strategy, the directors chose the best grand strategy that responds to their real situation. Chart 4.22 shows the different options that the researcher proposes. 50% of the selected sample follows an incremental growth strategy, while 20% follows a diversification strategy and another 20% follows a specific hospital strategy. The last 10% follows a concentration strategy. Dealing with such big organizations, 50% of these hospitals can be considered at the maturity phase of their life cycle. That's why the incremental growth strategy is mostly used. This latter provides a steady growth that allows the hospital to overcome successfully the environmental changes with time.

Chart 4.22

Type of Grand Strategy Followed

Retrenchement strategy 0%

Turnaround strategy 0%

External Growth rough mergers/joint ventures 0%

Specific Hospital Strategy 20%

Incremental Growth strategy 50%

Diversification 20%

Vertical integration 0%   Concentration 10%
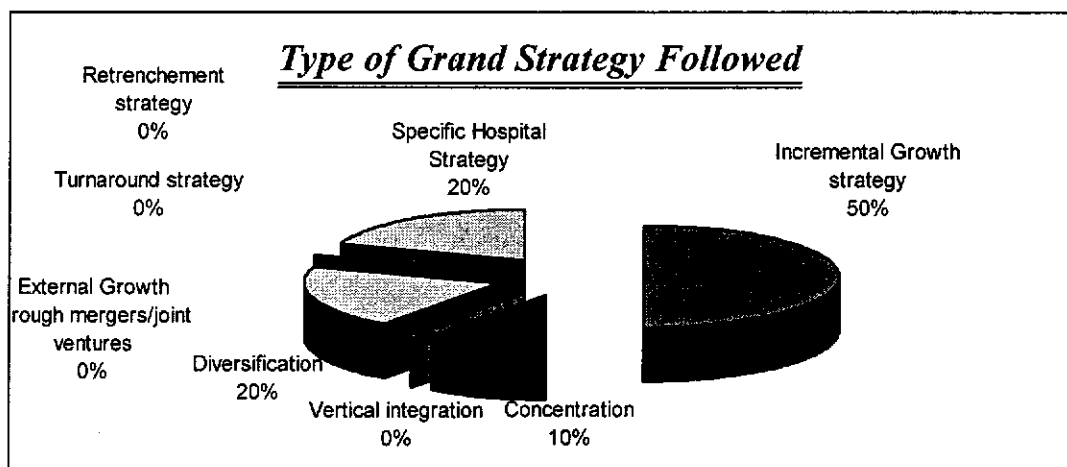
After having set the grand strategy, directors should look for a competitive advantage that differentiates their hospital from the others, and therefore be unique in some area, thus competitive. 80% of the selected hospitals do have a competitive advantage, most of the time represented by a certain specialty that the other hospitals do not offer or are weak in.

Moreover, a competitive advantage strategy should take place only if it can allow the hospital to compete and be a leader. Among the hospitals selected, 50% do have a strategic competitive strategy whereas the other 50% do not have, and thus do not compete. Among the 50% who answered positively, 40% of them follow a differentiation strategy, whereas the others being equally divided into 20% each follow respectively, overall cost strategy, a combination of overall cost and focus strategy, and a combination of differentiation and overall-cost strategy. This is illustrated in Chart 4.23.

Chart 4.23
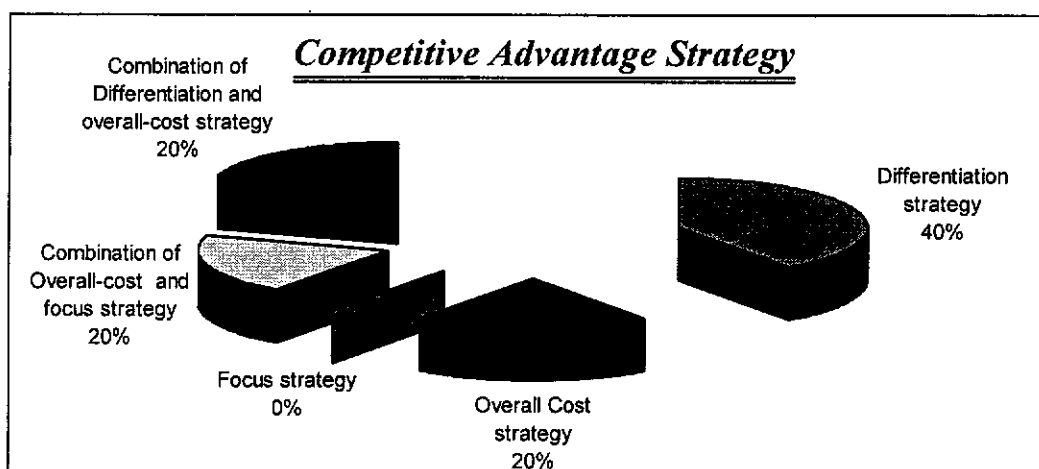
Furthermore, there is a need to formulate different strategic options from which the best fit should be accepted. Only 70% of the selected sample follows this criteria when formulating the strategy. Those who formulate different alternatives

choose the best fit according to the needs of the situation and the hospital's capabilities. The financial status of the hospital is also considered as a relevant criteria for choosing the most appropriate strategic option. Moreover, according to the respondents, the following criteria are considered very crucial to formulate the best fit strategy. The strategy has to confirm to the hospital's mission, culture, and long-term objectives. Further, the strategy has to be organizationally feasible and it has to be responsive to the external environment as well as it has to provide flexibility as a final criteria.

Strategy formulation does not end at this stage, since contingency plans are alternative courses of action to be followed in the event of influential environmental shifts not considered in the original plan. Living in Lebanon should have taught the Lebanese directors the need for such plans so that not to end up in crisis management when a crisis takes place. In fact, 70% of the respondents consider contingency plans in their strategic plan, whereas 20% do not, and 10% did not reply.

4.2.8 - Part Eight: Strategy implementation

After having developed the mission of the hospital, set the vision to where the hospital needs to be headed, converted the mission into performance goals, and crafted a strategy to achieve the targeted performance, one needs to implement and execute the chosen strategy efficiently and effectively. The first subject to tackle when implementing the strategy is how to manage the possible resistance to change as the introduction of any new strategy always involves change. The selected sample shows that 50% of the hospitals face much resistance to change while 30% do not face much, and only 20% don't really face resistance. These rates are shown in Table 4.12.

These high percentages cause problems to strategy implementation, and prohibit the strategy from reaching the targeted performance.

Table 4.12

Magnitude of Resistance	Percentage
Much	50%
Not much	30%
Not really	20%
Not at all	0%

However, some directors work hard on decreasing this resistance by trying to involve all the staff in the administration of the hospital. To make sure that every employee knows the vision and mission of that hospital, 10% of these directors have formed a big club whose members are the people who have some influence on their surroundings. These members meet with the director on a regular basis so that this latter makes sure that everybody -through these members- knows the big headings of the strategic plan of the hospital. This inter-communication between the first line managers/employees with the director allows the director to see better where the problems occur upon the execution of the strategy, so that to introduce the needed correction that will assure the primary success of the strategy. Thus, by involving those who implement the plan in its development, fewer problems arise and a minimal resistance to change occurs.

Moreover, many elements of the implementation process should be considered at the corporate level in order to reach successfully the desired targets. They are the allocation of resources, the organizational structure, the culture, and leadership.

At first, implementation is part of day-to-day management, involving resource allocation and scheduling. The selected sample relies mostly on the human resources

-personnel: medical and administrative- as a primary resource to be allocated the most effectively. Finance is simultaneously another important resource that upon which the future of the hospital is decided. "If no money, neither progress nor improvement can take place in the hospital at all levels." The other resources include the supplies, equipment, and spacing. These resources are allocated through the use of the budgeting process and according to the pre-set priorities as all the respondents answered.

Chart 4.24

Importance of certain factors for Strategy Implementation
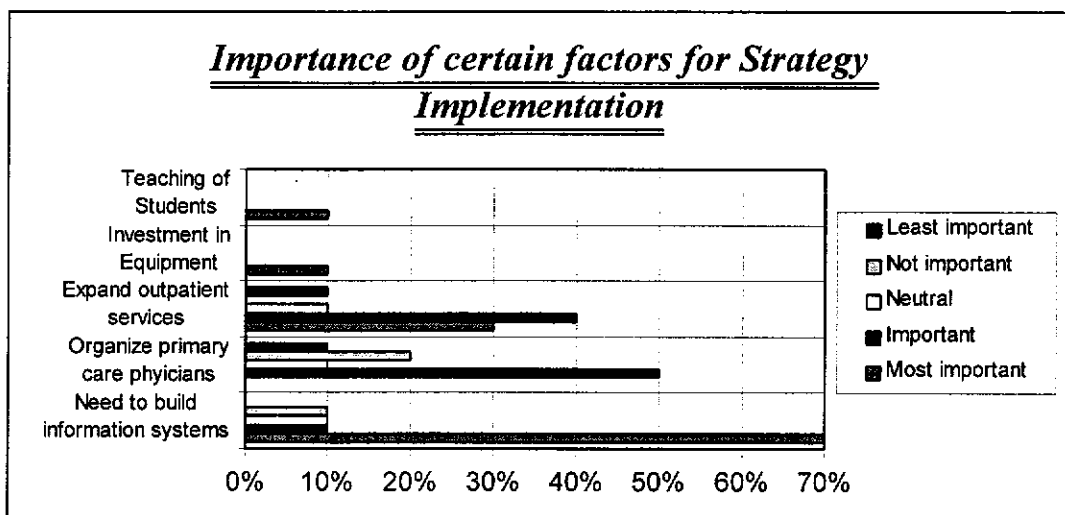
The allocation of resources is based on the needs of the hospital, not on its wants as the directors claimed. Chart 4.24 shows the relative importance given to certain factors that are considered crucial for the development of the hospital. As noticed, the need to build information systems comes in priority as all the hospitals feel the need to develop their information system.

At second, after having allocated the resources, responsibility is assigned for each aspect of the plan, and the implementation process follows the hierarchical structure of the hospital. In fact, organizational structure plays three important roles: envisioning, energizing, and enabling to change. All the respondents believe that the

delegation of authority and assignment of responsibilities, escorted with the establishment of relationships among people and various units are the basis upon which they stress to implement their strategy.

The implementation process relies thus, on these two concepts since it takes place at the lower levels of the hierarchy of the hospital. The different tasks will be assigned to the skilled people who will try to achieve their targets. Furthermore, making sure that the parts are linked together will ensure that they will work together effectively. Only if proper communication and good relationships exist between the various units, neither conflict, nor duplicated work will occur. Therefore, it seems that these hospitals are satisfied within their organizational structure as it allows them to implement smoothly what they have strategically planned for.

At third, the hospital culture plays an important role in the implementation of the strategy as it characterizes the atmosphere of the hospital by a certain set of values. These values can help to implement the strategy as much as they can oppose it. The more flexible the culture can be, the higher the degree of success of the implementation will be. The selected sample shows an even distribution in the scale ranging from very rigid to very flexible as Table 4.13 exhibits.

Table 4.13

Scale	Percentage
Very Rigid	20%
Rigid	20%
Neutral	20%
Flexible	20%
Very Flexible	20%

This Table shows discrepancy in the answers that can be explained by the existence of some bias since most of the directors want to give the best image of their hospital.

Finally, the style of leadership of the director has the biggest influence on the implementation process of the strategy as it is the director who can initiate and control change, motivate employees to achieve the mission and goals of the hospital, and to resolve any arising conflict fairly and in equity. Many approaches to the style of leadership have been proposed to the selected sample, and Chart 4.25 reveals the different types of followed leadership.

Chart 4.25
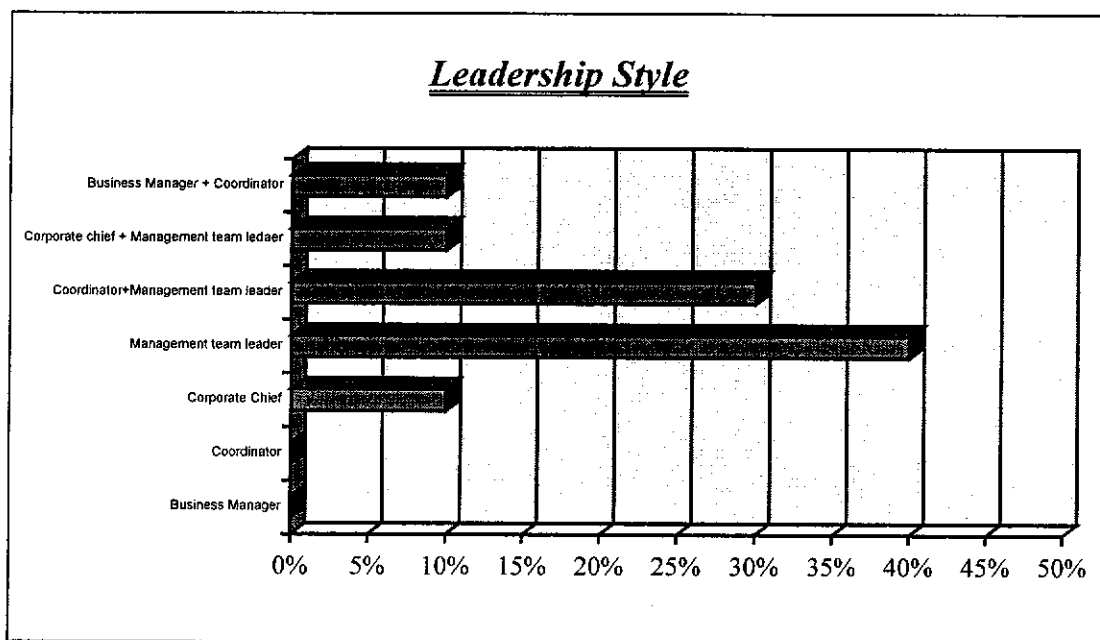
This Chart illustrates that 40% of the directors follow the management team leader style, i.e. the director functions as a partner with Board members, medical staff, relies more on knowledge, attitudes, skills, and sharing information than on formal authority and control of information to move the hospital towards desired goals.

An important fact is that 50% of these directors follow a mixed style of leadership in managing their hospital, with an emphasis on the coordinator mixed with

the management team leader representing 30% of the sample. This shows that most of the directors are flexible in managing their organization and aware of what is really happening on the ground floor, and not playing the role of a traditional president where decision making is centralized within his power. Moreover, since there is no trend in culture, a team leader approach is positively needed to persuade and convince rather than order.

4.2.9 - **Part Nine: Strategic control**

Once the strategic plan has been implemented, it is important to evaluate its effectiveness periodically, and revise it whenever necessary. Thus, it is crucial to refer to strategic control to track the progress of the strategy, assess whether the changing environment is causing any problem that would deviate the goals from their real targets, and if so, to make any necessary adjustments to bring the strategy back on track toward the planned goals. Almost all the respondents follow the same control process. The different types of the control process are summarized here below.

The control process consists of :

- An evaluation of what was accomplished versus the targeted goals or specific pre-defined criteria, and the reasons behind any gap.

- Gatherings with all the managers to see if targets are being met.

- Frequent reporting and establishment of a time limit; control the different levels of the strategic management process and the outcome levels too; control is done during the implementation.

- Studying, analyzing and evaluating the outcomes and taking correction measures if necessary.

- A statistical analysis if necessary, along with a periodic evaluation of the outcomes followed by an annual revision of the strategy.

Further, all these selected hospitals use periodic reporting to conduct this control process. Next to the reporting, 20% distribute questionnaires to their employees to measure their performance as being a part of their strategic control process while another 20% do periodic meetings.

Moreover, Chart 4.26 illustrates the frequency of the strategic control.

Chart 4.26

Frequency of the Strategic Control
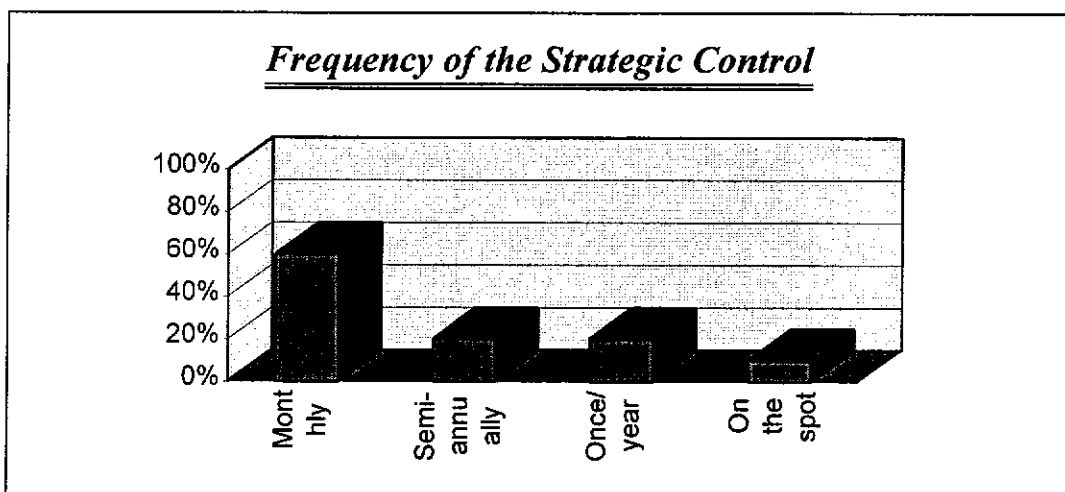
As noticed, 60% of the selected sample follows a monthly control process whereas 20% does it on a annual basis and the other 20% does it on a semi-annual basis. However, 10% of this sample, next to its annual control process, interferes on the spot to control any unplanned change that might occur. This reflects more of an operational approach to controlling rather than strategic control.

The feedback process is illustrated in Chart 4.27. It shows that some of these hospitals get their feedback through the use of questionnaires and by holding interviews. Reports are also used as a mean to assess the feedback of control. Direct

contact and on-going conversation help also in getting the feedback concerning the

implementation of the chosen strategy.

Chart 4.27

The Feedback Process
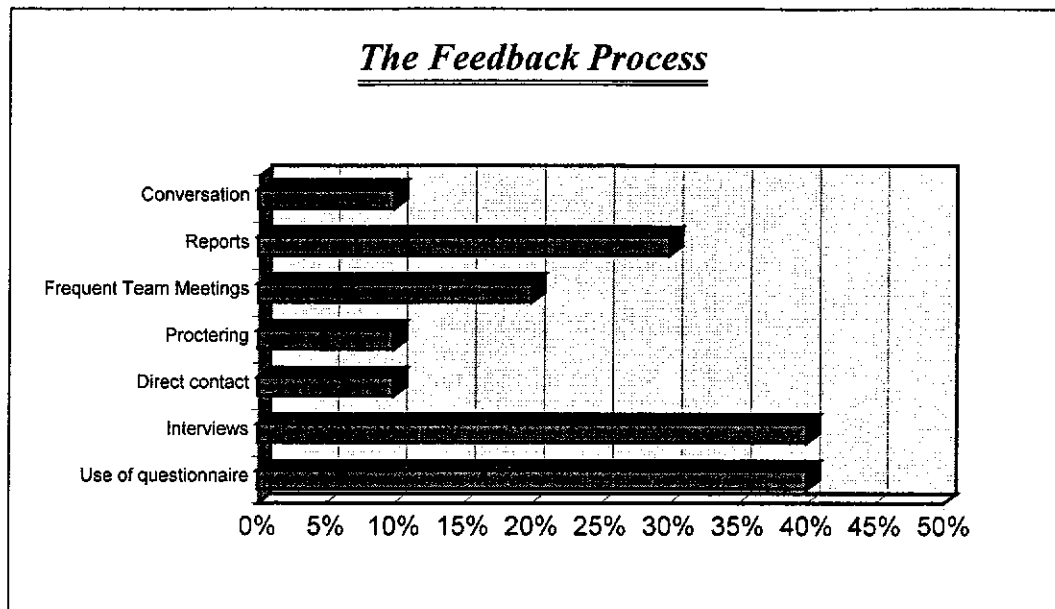
Finally, the most important part in the control process is to be able to gather

the relevant information that enables the hospital to analyze any existing gap, and take

future correcting action whenever needed. All the hospitals emphasized on the

importance of having a well developed Management Information System (MIS

department) despite the fact that not all of them have such an information system -

20% don't have one.

4.2.10 - Part Ten: Conclusion

After having answered the whole questionnaire, the interviewees were asked to

evaluate their practice of strategic management with respect to the presented process

in the questionnaire. The answers were as follows:

Table 4.14

Degree of applying the presented process	Percentage
0-50%	30%
51-60%	10%
61-70%	0%
71-80%	30%
81-90%	20%
91-100%	10%

These percentages illustrate the degree of following the presented process of doing strategic management. Having 30% fulfilling only up to 50% of this presented process in doing strategic management, does not mean that these hospitals do not practice strategic management; on the contrary, they do it -and are considered as the best ones in practicing it in the selected sample- but they follow another principle or process. This other process can be summarized by identifying in the environment the issues of excellence that might affect their hospital, and work on formulating strategies to manage these issues and invest in them.

Moreover, obtaining 60% of the sample applying more than 70% of this process shows a positive assessment of the practice of strategic management in private non-profit hospitals, if these hospitals did not show any bias in answering this question.

Private non-profit hospitals aim at providing the best quality care at the lowest possible price. Should they follow a standard strategy that qualify them?

40% answered negatively whereas 60% answered positively.

The ones who are against following a standard strategy claim that each hospital has its own culture, set of values and a proper SWOT analysis; thus, they cannot follow one standard strategy. However, the other ones are strongly for a

unified standard strategy that unifies all these hospitals within one big multi-system network of specialized hospitals. This is due to the fact that these hospitals enjoy common interests, goals and a similar structure.

Finally, 80% of the sample asked for a national health planning strategy from the government so that to regulate the non-logical competition existing among these hospitals as a result of the Lebanese Show-Off mentality: "My Hospital provides more and better services than all the others." As a matter of fact, this competition results in more destruction than in giving back high benefits as it causes a lower utilization rate which will raise even more the hospital's costs, thus becoming non-affordable for most of the people.

Chapter five will summarize the findings of this chapter and will tackle the recommendations, next to the limitations of this study. If taken into consideration, these recommendations will improve the practice of strategic management of these hospitals, and will allow a better perception of how to accommodate the coming changes. Consequently, these hospitals will be better positioned to face the coming challenging future.

CHAPTER V

CONCLUSIONS & RECOMMENDATIONS

5.1 - Introduction

Chapter Two of this research study has discussed all the phases of the strategic management process as a literature review. When assessed in the private non-profit hospitals in Greater-Beirut, it was found that very few are the ones that apply it fully in all its details, and this is due to the fact that in the world of work, the different phases of the process overlap and blend together. Furthermore, the Lebanese hospitals are in their first steps as far as strategic management. This is due to the seventeen years of war during which these hospitals were obliged to adopt a crisis management style. Recovering now along with the Lebanese reconstruction, these hospitals are recognizing their need to not only think strategically but also to adopt the strategic management approach so that to be able to meet the changes and the challenges of the present situation and of the coming years. The presented formal and normative process is a way of going about strategic management that early hospital movers can adopt and give it a more "rational" or "realistic" framework, each within its own situation.

5.2 - Conclusions

The practice of strategic management in private non-profit hospitals can be summarized by the following issues:

1- A strategic thinking exists in almost all the hospitals eventhough it is not recognized as being strategic management. Most of these hospitals consider the long-range planning as being the strategic management, and have responded accordingly.

2- All the hospitals are aware of the rapid changing environment and its effect on their strategy and work. They are mostly affected in the domain of the technology where the equipment is too expensive and goes obsolete within no time. Thus, they are aware of the challenge of using existing and often outdated facilities to deliver high-quality, cost-effective care.

3- Most of these hospitals know where they stand as they assess their environment on a constant basis as well as themselves. Recalling back their strengths, they will be able to meet the future opportunities if they know how to grasp them.

4- All the hospitals suffer from weaknesses. Despite the fact that almost all have the same weaknesses, if they do not work on eliminating them, they will jeopardize themselves in the future.

5- Most of the hospitals look at the local competition as being the biggest issue that matters whereas the real threat of competition will be on a regional basis with Israel

and Jordan once the Peace Treaty is signed. This is in fact the most dangerous threat for the hospitals in the near future since very good quality of care is provided at lower costs in Israel as well as in Jordan when compared to Lebanon.

6- Most of the hospitals enjoy a competitive advantage as each one provides a certain service that does not exist somewhere else, or is not that well-developed in other hospitals.

7- As far as the implementation of the strategy, whether the good allocation of resources, the organizational structure, or the type of leadership of the director, all allow a good implementation of the chosen strategy; however, the existence of some considerable resistance prohibits the full success of the implementation of the strategy.

8- Most of the hospitals have a good sense of strategic control that allows them to interfere whenever it is necessary to overcome any arising problem; however, it is practiced on a short-range context.

9- Most of the hospitals ask for a national health planning strategy guided by the government. According to the General Director of the Ministry of Health, Dr. W. Ammar, this issue was raised three years ago. However, at that time, these hospitals were not yet aware of the complexity of the situation, and the need for such a national health planning regulated by the government. The fact that they are asking for one now shows that these hospitals are practicing strategic management by taking actions

grounded in the realities of today having set a clear vision of how the future will look like.

5.3 - <u>Recommendations</u>

After having investigated the practice of strategic management in private non-profit hospitals in Greater Beirut, some recommendations are to be set to guide these hospitals towards achieving their mission and vision through the practice of strategic management.

It is highly recommended for each hospital to define at a first place its community, the area it is serving[143] in order to be able to practice strategic management. According to the needs of this community, the hospital can start developing its strategy in order to serve this community. The definition of the community is a basis to establish strategic management; if the serviced area is not defined, the hospital will face competition at all levels and no matter how the leadership is strong, the strategic management practice will fail to yield successful results.

Due to lack of financing, it is recommended that the economic realities of health care delivery demand efficient use of site, structure, equipment, and staffing. They should look beyond "what will work for today and focus on the long-range growth and strategic direction of their facilities."

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[143] Dr. Marwan Abu Chacra, director of Ain Wa Zein Hospital.

With the establishment of the General Governmental Hospital in Beirut, the big bulk of patients (the poor) will go there; therefore, the private non-profit hospitals will loose some of the governmental subsidies, and be more under the control of the third party payers. Thus, it is recommended that these hospitals create services that are characterized by a high value-added that will attract the rich people and the Arab patients who look for high quality medicine -but who cannot afford American or European hospitals' cost- and thus, focus on the core of business, i.e. to provide the best quality at the lowest cost.

Since all these hospitals have a common serviced area, Greater Beirut, and are tied by the same financial and economical constraints, these hospitals should start thinking of cooperation and collaboration among themselves in order to overcome the coming future threats and to meet the ever increasing demands of patients, especially that they all aim at accomplishing the same mission -to provide the best quality of care to all patients at the lowest possible cost. The biggest threat the Lebanese hospital sector will meet in general, is that, the Lebanese government will not be able to protect its market anymore once the whole region becomes one unified big market.

Feeling the threat of the coming regional competition, it is highly recommended that all of these hospitals be united within a sort of a multi-system network of hospitals providing each its specialty under a broad supervision of the government. When investing in only one specialty, the hospital will be able to offer the highest quality at a minimal cost, thus by adopting a differentiation strategy. The patient usually seeks the best quality of care when he enters a hospital at a minimal

cost. When these hospitals will provide this patient with what he wants, they will gain him as a customer. This strategy is drawn at first to eliminate the duplication of services that yields a low rate of utilization, and at second, to attract the Arab patients who seek the highest quality of care at an affordable price, to the Lebanese hospitals.

Moreover, the basis for this is a vision of the Hospital Service of the 21st Century as a patient focused service, dedicated to the delivery of an effective high quality service and delivered through two distinct elements:

1 - Specialist Hospitals, in which the more complex, dependent, major cases are treated and supported by a high level of technology and specialist skills.

2 - General Hospitals, undertaking the care of the large volume of lower risk cases, which by virtue of technological developments can largely be cared for on an ambulatory or short stay basis.[144]

In fact, the conclusions and recommendations of this research come in accordance with the results of a study done for the Ministry of Health - Lebanon, with the support of Foreign & Commonwealth Office & Department of Health, United Kingdom, in 1993.

Finally, the undergoing research topic of Mr. M. El-Firkh (director of Makassed hospital) as a fulfillment requirement for his Ph.D. degree, studies the possibility of establishing one big open emergency system that provides every Lebanese citizen with a card. This card allows him to get the needed care wherever he goes, and for a minimal cost. This study relies on the practice of strategic

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[144] Bardawil, Yrm. An Outline Strategic Planning Framework for Healthcare in Lebanon. 1993, p. 3.

management in all hospitals in Lebanon so that to yield a successful outcome in the 21st century.

5.4 - <u>Limitations to the research</u>

Many limitations were incorporated in this study. They can be summarized as follows:

A - The chosen sample is a small one as the number of the private non-profit hospitals in Greater Beirut with more than one hundred beds is relatively small.

B - The interviews were done at the top level management which likes to show that its hospital is doing good job as far as strategic management. This would lead to the presence of some bias and a small deviation from the true facts of the assessment of the practice of strategic management, despite the fact that the answers were checked against different questions leading to same answers.

C - Considering AUH as a closed system is a major loss as AUH could have showed some good answers that would have backed-up the assessment.

D - The fact that some directors were not aware that what they were practicing is strategic management led to some confusion in answering some questions despite the fact that the researcher was present to explain all needed details. Many have considered the long-range planning as being strategic management practice and have answered to the questionnaire accordingly.

E - The complete secrecy about the financing systems and budgeting did not allow the researcher to study the allocation of resources; thus, a factual assessment in these terms was restricted.

F - The obtained responses are subjected to the honesty of the singled interviewee in each hospital -the director.

5.5 - <u>Recommended future researches</u>

This study assesses the practice of strategic management in private non-profit hospitals in Greater Beirut. The findings show that most of these hospitals ask for a national health strategy to be able to practice strategic management on a formal basis. The government is willing to provide what they are asking for as Dr. Ammar stated during the interview. A future study can assess the effect of establishing such a national health strategy on improving the practice of strategic management in the Lebanese hospitals taking into consideration the effect of the peace Treaty with Israel.

Another study should be conducted on profit hospitals to reach to a total wholiste picture of Lebanese hospitals and their dealing with Strategic Management.

APPENDIX I

Cover Letter

LEBANESE AMERICAN UNIVERSITY
Beirut - Lebanon

Memo to : Whom it may concern
From : Dr. T. Mikdashi, Director of Business School
Date : May 8, 1996
Subject : Statement

Miss Dima Abdallah Baltagi, I.D. 930903, is conducting a research on **"Assessing the Practice of Strategic Management in Private Non-profit Hospitals in Greater Beirut"**, as a final requirement for the M.S. Program in Business Management at the Lebanese American University (formerly Beirut University College).

Your help and co-operation in providing her with any available information would contribute to the results of this project. Thank you in advance for your precious time and help.

Your responses will be treated with complete confidentiality and will be discarded after data analysis is completed.

Director of Business School
Dr. T. Mikdashi

APPENDIX II

QUESTIONNAIRE: Private non-profit hospitals.

Name of the Hospital:...
Date of establishment:...
Name of interviewee:...
Level of education:..
Number of years of work in this hospital:......................................
Your title: ....
Your responsibilities: ....
....

For what does your hospital stand ?
     1- Teaching hospital
     2- Secular organization hospital
     3- Other:...

PLANNING IN HOSPITAL

1-Do you practice strategic management?   1-Yes   2- No
     a- If yes, why do you practice it?...

2- Is your strategic planning process
     1- formal
     2- informal
     3- Other:...

3-Do you have a planning department with a director of planning?
        1-Yes   2-No
     a- If yes, what is the number of staff: 1- Inside Professionals ....
                                      2- Outside Professionals........
     b- If no, does the CEO take responsibility for virtually all administrative functions of planning ?   1-Yes   2- No

4- Do you allocate a budget for strategic planning? 1-Yes   2-No
     a-If yes, what is approximately the range?
          1- 0 - $ 10,000   3- 25,001 - $ 50,000
          2- 10,001 - $ 25,000   4- > $50,001

5- How often do you meet to set the strategic planning?
    1-Monthly   3-Every 6 months   5-Other:.............
    2-Quaterly   4-Once per year

6- How much % of it is really applied?
    1- 0   - 50%   2- 51 - 60%
    3- 61 - 70%   4- 71 - 80%
    4- 81 - 90%   6- 91 - 100%

7- What functions or departments are driven by the strategic planning process?
    1- Hospital operations
    2- program planning
    3- medical staff development
    4- marketing/financial planning
    5- working capital
    6-Other:...

8- While defining the strategic plan, do you think that there is a need to take risks?
1-Strongly Disagree   3-Uncertain   5-Strongly Agree
2-Disagree   4-Agree

9- Do you use scenarios for planning?   1-Yes   2-No
    a- If yes, are they developed :
        1- through the use of prefabricated scenarios
        2- Through the use of consulting organizations
        3- in-house
        4- Other:..

10- Where do you mostly use the Information Technology:
    1- Cost Control
    2- Physicians relations
    3- Quality improvement
    4- Other:...

11- How much do you consider yourself up-to-date in terms of Information Technology?
1-Excellent   2-Good   3-Fair   4-Poor

12- Do you use planning software while planning?   1-Yes   2- No

13- How much do you consider the following qualities are needed for strategic management?

	a-Indispensable	b-Much needed	c-Fairly needed	d-Not much	e-Not at all
1-Creativity					
2-Intuition					
3-Innovation					
4-Experience					

WHO DOES PLANNING ?

14- How many members does the Board of Trustees include? ....

15- Does the Board:
      1- involve itself in the planning process
      2- appoint a committee specifically for strategic planning
      3- Other:...

16- What is the Board's role in strategic planning?...................................
....

17- What is the CEO's role in strategic planning?...................................
....

18- Choose among the following the functions that the CEO fulfill while doing strategic planning:
      1- Identify the particular services that the hospital should and will provide.
      2- Select the basic ways in which these services will be created.
      3- Determine the major steps necessary to move the hospital from its present course to the desired one.
      4- Establish the criteria and the standards that will be used to measure performance.
      5- Assemble the planning team.
      6- Establish the ground rules and time table.
      7- Oversee the process itself.
      8- Assures a constant review of the plan.
      9- Other:...

19- Do Physicians participate in strategic planning?
1-All the time   2-Very often   3-Often
4-Sometimes   5-Hardly ever

20- How are physicians involved in the strategic process:

    1- Individual physicians can be members of the board, elected or appointed like any other member of the board.

    2- Medical staff representatives attend and participate in board meetings with or without the power to vote.

    3- Other:..

21- Physician's involvement in governance is crucial to the success of the strategic planning process:

1-Strongly disagree   2-Disagree   3-Uncertain

4-Agree   5-Strongly agree

22- There should be a strong cooperation among physicians, CEO, and board:

1-Strongly disagree   2-Disagree   3-Uncertain

4-Agree   5-Strongly agree

23- Do you seek the help of outside consultants? whom? ....

....

    a-If yes, what are the fields in which these consultants provide guidance:

        1- Preparing the whole plan

        2- Surveying community needs

        3- Evaluating the hospital's current and proposed activities

        4- Assisting in preparing the plan

        5- Conducting special studies

        6- Other:..

24- Consultants are being asked help because of the following reasons. Please, give each reason a score from 1 to 5, (1 = most likely; 5 = least likely).

        1- Lack of time : ....

        2- Lack of knowledge and experience : ....

        3- Lack in objectivity and understanding : ....

        4- Lack of skills: ....

        5- Lack of perspective: ....

        6- Other:...

VISION & MISSION

25- If by vision we mean :What do you want to look like in the future? So, what is the vision of the hospital?..

....

26- If by mission we mean: What is the business of the hospital? Why does it exist? What is the mission statement of the hospital?

....

....

27- Do you revise the mission if needed?   1-Yes   2-No

28- Is there an agreement between theory and practice concerning mission statement components and development?

1-Never   2-Rarely   3-Sometimes   4-Often   5-Very Often

29- How do you communicate your mission to the community?

   1- Through media
   2- Through patients
   3- Through doctors
   4- Other:...

GOALS

30- Please, choose the goals of your Hospital:

   1- Providing Excellent Heath Care
   2- Meeting government regulations
   3- Fulfilling community needs
   4- Quality patient care
   5- Research
   6- Professional training
   7- Cost efficiency
   8- Growth in size
   9- Community prestige
   10- Recruitment & retention of professional staff
   11- Social responsibility
   12- Innovation - avoidance of obsolescence
   13- Marketing - creating patient access
   14- Financial resources - financial management
   15- Other :...

31- Do you consider a balance between your goals and the community needs?

1-Never   2-Rarely   3-Sometimes   4-Often   5-Very Often

32- Which of these goals have you achieved:

1- ....

2- ....

3- ....

33- How often are these goals revised? ....

SWOT

34- Do you consider the hospital as

1- open system (Continuous interaction with its environment)

2- closed system (No interaction with its environment)

3- semi-open / semi-closed system

35- Do you do SWOT analysis?

1-Never   2-Rarely   3-Sometimes   4-Often   5-Very Often

36- Do you have a marketing audit? if not, how do you do the assessment? ....

37- Do you use assessments to seek information about the community you are serving?   1-Yes   2-No

a-If yes, how often?..

b-What are the methods used?

1-Traditional data base and health status indicators like morbidity and mortality

2-Hospital discharge data

3-Focus group

4-Structured questionnaire (Households interviews, market research)

5-Informal gatherings of local leaders

6-Simple ongoing conversation

7-Others, please specify:..

38- What are the hospital's strengths?

....

....

....

....

39- What are the opportunities facing the hospital?

....

....

....

....

40- Do the strengths fit tomorrow's opportunities?
1-Yes   2-Uncertain   3-No

41- What are the hospital's threats?

....

....

....

....

42- What are the hospital's weaknesses?

....

....

....

....

43- Do you have deficiencies in terms of:
a- Health care services: 1-A lot   2-Much   3-Not much   4-Not at all
b- Recruitment of physicians: 1-A lot 2-Much   3-Not much   4-Not at all

44- How do you do your self-assessment?
        1-Through perception testing of key constituency groups
        (interviews and surveys)
        2- By comparing to similar hospitals
        3- By looking at accomplishments versus stated goals
        4- By measuring the market share
        5- Other :...

45- The following external forces affect the hospital, can you explain the
driving issues under each of these forces?
1-Social:...
2-Political:..
3-Economical :..
4-Demographic:..
5-Consumers:..
6-Competition:..

46- What are the forces affecting competition?

1- Power of customers   4- Threats of new entrants

2- Power of suppliers   5- Degree of rivalry between hospitals

3- Threat of substitute services   6- Exit barriers

7- Other:...

47- Do you do a technology assessment?   1-Yes   2-No

a-If yes, by what pressures is this technology assessment driven?

1- Customers   5- Wants of the hospital

2- Third party payers   6- Patient Care quality

3- Physicians   7- Mission of the hospital

4- Needs of the hospital   8- Other:...............................

48- Would you please fill the following table:

Strongly disagree, disagree, uncertain, agree, strongly agree

SWOT	S.D	D	U	A	S.A
I. Strengths					
1- Often seen as providing quality care.					
2- Typically offer a broad range of services to community citizens.					
3- Financially support/offer educational classes and medical screenings for the community.					
4- Sponsor ongoing medical training for the staff.					
5- Serving the indigent is socially responsible.					
6- Usually have the financial to pursue accreditation.					
II. Weaknesses					
1- Often view physicians-rather than patients-as primary stakeholders.					
2- Financial restrictions can create a stressful environment for physicians.					
3- Aggressive pricing dissuades patients from seeking care at not-for-profit rather than at a for-profit facility.					
4- Mission blurred because of the dual social and profit motives.					
5- Often lack resources necessary to acquire latest technology.					
III. Opportunities					
1- More likely to receive social subsidies than for-profit hospitals.					
2- Currently enjoy tax advantages.					
3- Board members serve as community advocates.					
4- Board members are a valuable source of information about public perceptions of the facility.					
5- Board members from the business community can aid with strategic planning.					
6- Can easily recruit direct service volunteers, saving personnel costs.					
7- Motive perceived as being noble, potentially enhancing hospital reputation.					
IV. Threats					
1- Cannot always afford to be a low-cost provider, which might					

undermine community perceptions.					
2- CEO's status-seeking may lead to duplication of services and empire-building.					
3- Societal perception of unfulfilled social promises.					
4- Potential loss of tax-exempt status-which will increase costs and simultaneously diminish opportunities to acquire capital through the tax-exempt market.					
5- Increased probability of takeover and mergers.					
6- Continual operation of high-cost services demanded by citizens.					
7- May be limited to serving a particular catchment area.					
8- May be inaccurately perceived as a "public" facility offering low-quality care.					

STRATEGY FORMULATION

49- Do you (a)agree, (b)disagree, or (c)uncertain about the following statements:

1 - The hospital should change before it is too late, that is to anticipate and respond to change when it first appears. ....

2 -The hospital should face reality as it is, not as it is wished to be. The strategy should be developed based on an objective reality resulting from an objective market research, if it is wished to succeed. ....

3 - The hospital should have a competitive advantage; if it does not, it should not compete. ....

4 - The hospital build its products/services based on what the customers want to buy, not what it wants to sell them. ....

5 - The hospital should segment its customers according to characteristics and needs, in order to enhance competitive position. ....

6 - The hospital should adopt an aggressive strategy if it wants to be a leader. ....

7 - The hospital should recruit expertise to ensure the success of a specific strategy. ....

8 - The hospital should determine the critical strategies that must be implemented prior to establishing its charter, bylaws, and composition. ....

50- Do you consider past strategies and performance while planning for the new one?

1-All the time	2-Very often	3-Often
4-Sometimes	5-Hardly ever	

51- What is the type of grand strategy that you follow:
      1- Incremental growth strategy
      2- Concentration
      3- Vertical integration
      4- Diversification
      5- External growth through mergers and/or joint ventures
      6- Turnaround strategies
      7- Retrenchment strategy
      8- Other:...

52- Do you have a major competitive advantage that differentiate this hospital from the others?   1-Yes   2-No
      a-If yes, what is it? ....

53- Do you have a competitive advantage strategy?   1-Yes   2- No
      a- If yes, which one of the following do you follow?
           1- Differentiation strategy
           2- Overall-cost leadership
           3- Focus Strategy

54- Do you formulate several strategic options from which you select the most appropriate one?   1-Yes   2-No
      a- If yes, what do you use to evaluate the alternative strategies:
           1- Boston Consulting Group growth matrix
           2- General Electric business screen
           3- Other : ....

55- In selecting the most appropriate strategy, some criteria are taken into consideration. Please, evaluate the following ones in terms of importance:

CRITERIA	V. I	Fairly I.	Neutral	Not so I.	Not Imp
1-The strategy has to be responsive to the external environment.					
2-It has to involve a sustainable competitive advantage.					
3-It has to be consistent with other strategies in the hospital.					
4-It has to provide flexibility.					
5-It has to confirm to the hospital's mission, culture and long-term objectives.					
6-It has to be organizationally feasible.					

Contingency plans

56- Do you formulate contingency plans while planning?   1-Yes   2-No

STRATEGY IMPLEMENTATION

57- What type of resources to be managed do you consider in the strategic planning? ....
....

58- How do you allocate these resources?
       1- According to priorities
       2- Through the use of the budgeting process
       3- Other:...

59- Please rank the following by priority (1) being most important, and (5) least important:
       1-Need to build information systems:...
       2-Organize primary care physicians:..
       3-Expand outpatient services:..
       4-Other important issue that was not mentioned:...........................

60-Do you face resistance while implementing the strategy:
1-Much   2-Not much   3-Not really   4-Not at all

61- Implementation process relies:
A - The delegation of authority and assignment of responsibilities
       1-Agree   2-Uncertain   3-Disagree

B - The establishment of relationships among people and various units.
       1-Agree   2-Uncertain   3-Disagree

62- How would you rate the relationship between the culture of your hospital and the implementation process:
Rigid :1(v. rigid) _____ 2_____ 3_____ 4_____ 5 (v. flexible)_____ : Flexible.

63- What type of leadership style does the CEO follow in your hospital:
       1- Business manager   3- Corporate Chief
       2- Coordinator   4- Management team leader
       5- Other:...

CONTROL PROCESS

64- What is the degree of importance of strategic management?

1- Very important   2-Fairly important   3-Neutral

4- Not so important   5-Not at all important

65- What is the control process that you follow?......................................

....

....

66- Which methods do you use for measuring results, and monitoring performance:

    1- Survey forms: questionnaires distributed to employees

    2- Periodic reports

    3- Use of matrix to check if the priorities of the hospital are being met.

    4- Other: ....

67- How often do you practice the control process?

    1- Yearly   3- Quarterly   5- Not at all

    2- Semi-annually   4- Monthly   6- Other:............

68- What is the importance of MDSS (management decision support system), MIS (management information system), and data communication to strategic control?

	Very Important	Fairly Important	Neutral	Not so Important	Not Important at All
1-Management Decision Support System					
2-Management Information System					
3-Data Communication					

69- How do you get the feedback in the control process?

    1- Use of questionnaire/surveys

    2- Use of interviews

    3- Other :...

CONCLUSION

70- Do you consider that strategic management is really applicable to Hospitals?

1-Strongly disagree   2-Disagree   3-Uncertain

4-Agree   5-Strongly agree

71- If so, to what extent do you consider your hospital succeeding in implementing the strategic planning process in all its steps?

1/ 0- 50%	3/ 61-70%	5/ 81-90%
2/ 51-60%	4/ 71-80%	6/ 91-100%

72- How do you describe the Hospital industry, currently in general? And for the future? ....
....
....

73- Do you think that all private nonprofit hospitals should have a standard strategy to use?...
....

74- Any additional comment that you think might be helpful for this study? ....
....

Thank you for your time and help.

APPENDIX III

QUESTIONNAIRE: Les Hôpitaux privés à but non lucratif.

Nom de l' hôpital:...
Date de fondation:...
Nom de l' interviewé:..
Niveau d ' éducation:...
Nombre d ' années de travail dans cet hôpital:...
Votre titre: ....
Vos responsabilités: ....
....

Votre Hôpital est considéré comme un centre
    1- hôpital d ' enseignement
    2- hôpital sectoriel
    3- Autre:...

PLANNING A L' HOPITAL

1-Est ce que vous pratiquez "strategic management" (planning à long terme ou planification stratégique)?   1-Oui   2- Non
    a- Si oui, pourquoi vous le pratiquez?...

2- Est-ce que le processus de cette planification à long terme est
    1- Direct
    2- Indirect
    3-Autre:...

3-Est ce que vous avez un département avec son directeur spécialement pour "Strategic Management" ? 1-Oui   2-Non
    a- Si oui, quel est le nombre des membres: ....
    b- Si Non, est ce la directrice qui prenne en charge toutes les fonctions ? 1-Oui   2- Non

4- Est ce que vous allouez un budget pour le "strategic planning"?
        1-Oui   2-Non
    a-Si oui, dans quelle approximation?

1- 0 - $ 10,000	3- 25,001 - $ 50,000
2- 10,001 - $ 25,000	4- > $50,001

5- Combien de fois vous vous réunissez pour le "strategic planning"?

    1-Chaque mois   3- Chaque 6 mois   5-Autre:..............

    2-Chaque 4 mois   4- Une fois par an

6- Combien avez vous réalisé de ce que vous avez planifié?

    1- 0 - 50%   2- 51 - 60%

    3- 61 - 70%   4- 71 - 80%

    5- 81 - 90%   6- 91 - 100%

7- Quelles fonctions ou départements sont-ils affectés par le " strategic planning"?

    1- les opérations de l' hôpital

    2- les programmes à l' hôpital

    3- le développement des employés

    4- le planning du marketing

    5- le planning du capital

    6-Autre:...

8- En définissant le "strategic planning", est ce que vous pensez qu'il y a besoin de prendre des risques?

1-Pas du tout d' accord   3-Pas certain   5-Très d' accord

2-Pas d' accord   4-D' accord

9-Est ce que vous utilisez des scénarios pour le "strategic planning"?

    1-Oui   2-Non

    a- Si oui, comment sont-ils développes?:

        1- Des scénarios préfabriqués.

        2- En demandant l'aide des organisations qui offrent des consultations.

        3- Fabriqués à l' hôpital même.

        4- Autre:..

10- Où est ce que vous utilisez le plus l' information technologique (les ordinateurs):

    1- Contrôle du coût et des frais

    2- Relations entre docteurs

    3- Amélioration de la qualité

    4- Autre:...

11- Comment vous évaluez votre statu concernant l' information technologique?
1-Très bon   2-Bon   3-Assez bon   4-Faible

12- Est ce que vous utilisez l' ordinateur pour prendre des décisions pour planifier?   1-Oui   2- Non

13-Combien vous considérez ces qualités importantes pour le " strategic management"?

	a-Indispensable	b-très important	c-Assez important	d-Pas important	e-pas du tout imp
1- Créativité					
2-Intuition					
3-Innovation					
4-Experience					

QUI FAIT LE PLANNING ?

14- Quel est le nombre des membres du conseil qui décide du "strategic planning"? ....

15- Est ce que le conseil
     1- Se mêle tout seul du processus du "strategic planning"
     2- Nomme un comité spécialement pour le "strategic planning"
     3- Autre:...

16- Quel est le rôle du conseil dans le "strategic planning"?......................
....

17- Quel est le rôle de la directrice dans le "strategic planning"?...............
....

18- Choisissez parmi ce qui suive les fonctions que la directrice prenne en charge losqu'elle intervient dans le "strategic planning":
     1- Identifier les services particuliers que l'hôpital doit offrir.
     2- Sélectionner les principes selon lesquels ces services doivent se créer.
     3- Déterminer comment l'hôpital doit avancer de sa situation présente vers la situation désirée.
     4- Etablir les critères selon lesquels la performance doit être mesurée.
     5- Assembler le groupe du planning.
     6- Etablir les grandes lignes et les régulations.
     7- Réviser le processus elle-même.
     8- Assurer une révision constante du plan.
     9- Autre:...

19- Est ce que les docteurs participent dans le "strategic planning"?

1-Toujours   2-Très souvent   3-Souvent

4-Quelquefois   5-Presque jamais

20- Comment les docteurs interviennent-ils?

....

....

21- Est ce que vous pensez que l'intervention des docteurs est indispensable:

1-Pas du tout d' accord   3-Pas certain   5-Très d' accord

2-Pas d' accord   4-D' accord

22- La coopération entre docteurs, directrice, et conseil doit être forte:

1-Pas du tout d' accord   3-Pas certain   5-Très d' accord

2-Pas d' accord   4-D' accord

23- Est ce que vous demandez l'aide des consultants de dehors de l'hôpital? Qui? ....

....

        a-Si oui, dans quels domaines vous aident-ils?

                1- Préparer tout le plan

                2- Etudier les besoins de la communauté

                3- Evaluer les activités courantes et proposées de l'hôpital

                4- Offrir de l'assistance pendant la préparation du plan

                5- Conduire certaines études spécifiques

                6- Autre:...

24- Généralement, l'aide des consultants est demandée à cause des raisons suivantes. S'il vous plaît, donnez a chaque raison un score de 1 à 5, (1 = Bien sur; 5 = pas du tout).

        1- Manque de temps: ....

        2- Manque de connaissance et d' expérience : ....

        3- Manque d'objectivité et de compréhension: ....

        4- Manque de pratique: ....

        5- Manque de perspective: ....

        6- Autre:...

VISION & MISSION

25- Si par vision on veut dire: Comment on veut apparaître dans le future? Quelle est, alors la vision de votre hôpital?.................................

....

26- Si par mission on veut dire: Pourquoi l'hôpital existe?. Quelle est, alors la mission de l'hôpital?..

....

27- Est ce que vous révisez votre mission si besoin?   1-Oui   2-Non

28- Est ce qu'il y a accord entre théorie et pratique concernant votre mission et le développement de votre hôpital?
1-Jamais   2-Rarement   3-Quelquefois   4-Souvent   5-Toujours

29- Comment vous communiquez votre mission à la communauté?
    1- Par l'intermédiaire de la media
    2- Par l' intermédiaire de vos malades
    3- Par l'intermédiaire de vos docteurs
    4- Autre:..

OBJECTIVES A LONG TERME

30- Veuillez bien choisir les objectives à long terme de votre hôpital:
    1- Offrir une excellente santé pour les patients
    2- Répondre aux régulations du gouvernement
    3- Répondre aux besoins de la communauté
    4- Offrir de la qualité dans les services
    5- Faire des recherches
    6- Offrir des stages professionnels
    7- Pouvoir couvrir les coûts efficacement
    8- Grandir en volume
    9- Prestige de la communauté
    10- Recruter et retenir des professionnels
    11- Responsabilité sociale
    12- Innovation
    13- Marketing
    14- Acquérir des ressources financières
    15- Autre :...

31- Est ce que vous considérez qu'il y a balance entre vos objectives à long terme et les besoins de la communauté?

1-Jamais   2-Rarement   3-Quelquefois   4-Souvent   5-Toujours

32- Lesquels de ces objectives à long terme avez vous accomplis?

....

....

33- La révision de ces objectives se fait elle souvent? .... fois par an.

FORCES/FAIBLESSES/OPPORTUNITES/MENACES

34- Est ce que vous considérez l'hôpital comme étant un:

      1- système ouvert (interaction continuelle avec son environnent)

      2- système fermé (Pas d' interaction avec son environnent)

      3- Système semi-ouvert / semi-fermé

35- Est ce que vous étudiez les points de force, de faiblesse de votre hôpital, de même que les sujets qui peuvent représenter des menaces ou des opportunités?

1-Jamais   2-Rarement   3-Quelquefois   4- Souvent   5-Toujours

36- Comment faites vous cette étude? est ce que vous avez un département de marketing?..

37- Est ce que vous étudiez les besoins de votre communauté? 1-Oui 2-Non

      a-Si oui, combien de fois par an?..

      b-Quelles sont les méthodes utilisées?

      1-Les indicateurs traditionnels comme le taux de morbidité et de mortalité

      2-Les cahiers de décharge de l' hôpital

      3-Etude faite sur des groupes (comme étude expérimentale)

      4- Distribution des questionnaires

      5- Réunion des responsables locaux

      6-Simple conversation

      7-Autre:..

38- Quels sont les points de force de l' hôpital?

....

....

....

....

39- Quelles sont les opportunités que l' hôpital peut en bénéficier dans le future?

....

....

....

....

40- Est ce que les points de force de l'hôpital peuvent ils capter ces opportunités?   1-Oui   2-Pas certain   3-Non

41- Quels sont les sujets qui peuvent représenter des menaces pour l'hôpital?

....

....

....

....

42- Quels sont les points de faiblesse de l'hôpital?

....

....

....

....

43- Est ce que vous avez des déficits en terme de:
a- Services sanitaires:
        1-beaucoup   2-Assez   3-Pas tellement   4-Pas du tout
b- Recrutement des docteurs:
        1-beaucoup   2-Assez   3-Pas tellement   4-Pas du tout

44- Comment vous étudiez la situation de votre hôpital?
        1- Interviews avec des personnes importantes à l' hôpital
        2- En se comparant à des hôpitaux semblables
        3- En comparant ce que ce vous avez accompli à ce que vous vouliez accomplir
        4- En mesurant votre part du marché
        5- Autre :..

45- Comment ces forces extérieures influencent-elles votre hôpital?
1-Société:..
2-Politique:...
3-Economie :..

4-Demographie:..

5-Consommateur:...

6-Competition:...

46- Quelles sont les forces qui affectent la compétition?

1- Pouvoir des consommateurs   4- Menace de nouvelles entrées

2- Pouvoir des fournisseurs   5- Degré de rivalité entre les hôpitaux

3- Menace de services substituants   6- Barrières pour fermer l' hôpital

7- Autre:..

47- Est ce que vous évaluez votre Information Technologique? 1-Oui   2-Non

    a-Si oui, quelles sont les forces qui influencent l' information technologique?

    1- Consommateur   5- Ce que l' hôpital veut

    2- Le 3ième parti payant 6- Offrir une très bonne qualité de services

    3- Médecins   7- Mission de l' hôpital

    4- Besoins de l' hôpital   8- Autre:.......................................

48- Pouvez vous s'il vous plaît remplir le tableau suivant:

1-Pas du tout d' accord   3-Pas certain   5-Très d' accord

2-Pas d' accord   4-D' accord

Forces/faiblesses/opportunités/menaces	1	2	3	4	5
I. Forces					
1- Souvent considéré comme offrir un très bon service sanitaire.					
2- Offrir une grande variation des services pour la communauté.					
3- Offrir des classes de médecine et d'éducation pour la communauté.					
4- Sponsoriser des stages médicaux pour les employés.					
5- Servir les pauvres, l' hôpital étant un responsable social.					
6- Ayant en général les finances nécessaires pour pouvoir poursuivre l'accréditation.					
II. Faiblesses					
1- Donner plus de poids et d'importance au médecin qu'au malade.					
2- Restriction dans les finances peuvent créer un environnent stressé pour les docteurs.					
3- Agressivité dans les prix décourage les malades d'avoir recourt à un hôpital sans profit, mais bien au contraire, ça les encourage à aller à un hôpital pour le profit.					
4- Mission perd de sa valeur à cause du conflit entre être responsable envers la société et faire du profit.					
5- Manque de ressources pour pouvoir acquérir la dernière technologie.					
III. Opportunités					
1- Recevoir des contributions de la société plus que les hôpitaux pour le profit en reçoivent					
2- Ne pas devoir payer des taxes.					

3- Les membres du comité sont des personnes ayant de l'influence dans la société. 4- Les membres du comité sont une source importante d'information concernant l'avis du public. 5- Les membres du comité faisant partie de la communauté du business peuvent venir en aide dans le strategic planning, 6- Peut facilement recruter des volontaires, diminuant ainsi les coûts. 7- Motive d'être Noble, améliorant ainsi la réputation de l'hôpital. **_IV. Menaces_** 1- Ne peut pas toujours offrir les services au meilleur plus bas prix, ce qui peut altérer les perceptions de la communauté. 2- La directrice en construisant son empire pourra causer une duplication des services offerts. 3- Une perception de la part de la société que l'hôpital ne répond pas à ses responsabilités envers cette société. 4-Devoir payer des taxes, ce qui mènera à une hausse dans les coûts. 5- Possibilité de faire des unifications avec d'autres hôpitaux. 6- Une demande continue et incessante de la part des citoyens pour acquérir des services à haut frais. 7- Devoir se limiter à ne servir qu' une certaine région précise. 8- Etre perçu comme un hôpital "publique" offrant des services de basse qualité.					

FORMULATION DE LA STRATEGIE

49-Est ce que vous êtes (1) d'accord, (2) pas certain, (3) pas d'accord dans ce qui suive:

1 - L' hôpital doit changer avant qu'il ne soit trop tard, c.a.d. changer dès que c'est nécessaire...

2 - L' hôpital doit voir la réalité comme elle est, et non pas comme il la souhaite d'être. La stratégie doit être développée en se basant sur une réalité objective qui est le résultat d'une recherche objective du marché, si elle doit réussir. ....

3 - L' hôpital doit avoir un avantage compétitive; sinon, il ne doit pas entrer en compétition. ....

4 - L' hôpital doit bâtir ses services en fonction de ce que les consommateurs ont besoin, et non pas en fonction de ce qu'il veut leur vendre. ....

5 - L' hôpital doit segmenter ses consommateurs suivant leurs besoins et leurs caractéristiques, pour améliorer sa position compétitive. ....

6 - L' hôpital doit adopter une stratégie agressive s'il veut être un "Dirigeant". ....

7 - L' hôpital doit recruter de l'expertise pour assurer le succès d' une certaine stratégie spécifique. ....

8 - L' hôpital doit déterminer les stratégies critiques qui doivent être exécuter avant d'établir sa charte, sa composition et ses lois.

....

50- Est ce que vous considérez les anciennes stratégies et les anciennes performances quand vous planifiez pour le future?

1-Toujours   2-Très souvent   3- Souvent

4-quelquefois   5-Presque jamais

51- Quelle genre de grande stratégie vous suivez?

      1- De stabilité et de croissance lente

      2- De concentration sur un certain type de service ou à une seule région à servir

      3- Une intégration verticale (contrôler d'une façon les fournisseurs)

      4- De diversification (offrir une gamme variée de service).

      5- D' unification avec un autre hôpital plus grand.

      6- De fermeture d'un service : limiter les services offerts

      7- De fermeture de tous les services

      8- Autre:...

52- Est ce que vous avez un avantage compétitive? 1-Oui   2-Non

      a-Si oui, quel est il? ....

      ....

53- Est ce que vous suivez une stratégie compétitive? 1-Oui   2- Non

      a- Si oui, laquelle parmi les suivantes?

            1-Créer un service unique à n'importe quel prix ayant pour but de satisfaire le malade.

            2- Contrôler le coût et pouvoir offrir au plus bas prix possible les services mais à un certain niveau de qualité acceptable.

            3- Offrir un service unique par rapport aux autres hôpitaux ou servir une certaine classe sociale.

54- Lors de la formulation de la stratégie, est ce que vous formulez différentes options desquelles vous choisissez la meilleure?

            1-Oui   2-Non

      a- Si oui, comment vous évaluez les options alternatives:

....

....

55- En sélectionnant la juste stratégie, certains critères sont pris en considération. S'il vous plaît, veuillez bien les évaluer en terme d' importance:

Très important/Important/Neutre/Peu important/Pas du tout important

CRITERES	T.I.	I.	N	Peu I.	Pas I.
1-La stratégie doit répondre aux besoins de l'environnement extérieur de l' hôpital. 2-Elle doit contenir des éléments compétitives. 3-Elle doit être consistante avec les autres stratégies à l' hôpital. 4-Elle doit être flexible. 5-Elle doit se confirmer à la mission de l'hôpital, à sa culture et à ses objectives à long terme. 6-Elle doit être réalisable à l' hôpital.					

56- Est ce que vous formulez des plans de second degré pour répondre aux cas d'urgence? 1-Oui   2-Non

EXECUTION DE LA STRATEGIE

57- Quelle genre de ressources vous considérez dans le strategic planning? ....

....

58- Comment vous allouez ces ressources?
       1- Suivant les priorités
       2- En utilisant le processus du budget
       3- Autre:...

59- Veuillez bien donner un score à chaque phrase suivant son importance (1) étant le plus important, (5) le moins important:
       1-Besoin d' introduire un système informatique:...........................
       2- Offrir le bien être pour les docteurs:......................................
       3-Expandre le service outpatient :...
       4-Autre sujet important qui n'a pas été mentionné:.......................

60- Est ce que vous rencontrez de la résistance lors de l'exécution de la stratégie:

1-Beaucoup   2-Pas beaucoup   3-Pas tellement   4- Pas du tout

61- Le processus de l' exécution dépend de:

A - La délégation de l'autorité et de la distribution des responsabilités

        1-D'accord   2-Pas certaine   3-Pas d'accord

B - L' établissement des relations entre les employés et les différentes unités.

        1-D'accord   2-Pas certaine   3-Pas d'accord

62- Comment vous évaluez la relation entre la culture de votre hôpital et le processus d' execution de la stratégie:

Rigide :1(très rigide)____2____3____4____5(très flexible)____ : Flexible.

63- Quel genre de conduite la directrice suit elle dans sa gestion de hôpital:

1-Répondant aux exigences des docteurs tout en conservant les ressources

2- Coordinatrice et ayant une influence importante en dehors de l' hôpital

3- Directrice au sens traditionnel comme étant présidente

4- Directrice de travail de groupe

5- Autre:...

PROCESSUS DU CONTROLE

64- Quel est le degré d'importance du "strategic management" pour votre hôpital?

1- Très important	2- Important	3-Neutre
4- Pas important	5- Pas du tout important	

65- Quel genre de processus vous suivez pour pratiquer le contrôle?.........

....

....

66- Quelles méthodes vous utilisez pour mesurer les résultats et contrôler la performance:

        1- Distribuer des questionnaires aux employés

        2- Les comptes-rendus périodiques

        3- L'usage de matrices pour voir si les objectives de l' hôpital ont été accompli.

        4- Autre: ....

67- Quant est ce que vous pratiquez le contrôle?

1- Une fois par an	3- Chaque 4 mois	5- Jamais
2- Chaque 6 mois	4- Chaque mois	6- Autre:..........

68- Quelle est l'importance de l'information technologique pour le contrôle?

1- Très important   2- Important   3-Neutre
4- Pas important   5- Pas du tout important

	très Important	Important	Neutre	Pas Important	Pas du tout Important
1- Système d'aide à la décision					
2- Système intégré de gestion					
3- Communication de données					

69- Comment mesurez vous la réaction "feed-back" dans le processus du contrôle?

      1- Par l'intermédiaire de questionnaires

      2- Par l'intermédiaire d' interviews

      3- Autre :...

CONCLUSION

70- Est ce que vous considérez que le "strategic management" est vraiment applicable aux hôpitaux?

1-Pas du tout d' accord   3-Pas certain   5-Très d' accord
2-Pas d' accord   4-D' accord

71- Si oui, jusqu'à quel degré vous considérez votre hôpital réussissant à exécuter le processus du "strategic planning" dans toutes ses étapes?

    1/ 0- 50%   3/ 61-70%   5/ 81-90%
    2/ 51-60%   4/ 71-80%   6/ 91-100%

72- Comment vous décrivez l' état des hôpitaux en général ces temps-ci? et dans le future?...

....

73- Est ce que vous considérez que tous les hôpitaux privés non pour le profit   doivent suivre la même stratégie?.....................................

....

74- Voudriez vous ajouter quelque chose que vous considérez important pour cette étude et qui n'a pas été discuté?...............................

....

Je vous remercie bien pour votre précieux temps et assistance.

APPENDIX IV

Interviewee List

Sister Abou Abdallah, Jeanette: Director of St. Joseph Hospital.

Dr. Abou Chacra, Marwan: Director of Ain Wa Zein Hospital.

Sister Abou Jaoude, Josepha: Director of Lebanese Hospital Jiitawi.

Sister Abi Dibb, Simone: Director of Sacre Coeur Hospital.

Dr. Ammar, Walid: General Director of the Lebanese Ministry of Health.

Mr. Cheaito, Mohamad: Director of Zahra' Hospital.

Dr. El-Firkh, Mohamad: Director of Makassed Hospital.

Dr. El-Hajj, Marina: Assistant Director at American University Hospital.

Dr. Mouroueh, Adnan.

Mr. Ottayek, Joseph: Director of Hotel Dieu de France Hospital.

Mr. Rayess, Salam: Director of St. George Orthodox Hospital.

Sister Slaybi, Renee: Director of Physical Therapy Cortbawi Hospital.

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172

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