The second edition of this book has been written for those interested in acquiring an updated, comprehensive, systematic understanding of strategy and strategic management of healthcare organizations. Although based on contemporary strategic theories, the text emphasizes the application of strategic principles to our rapidly changing healthcare environment. The target audience is graduate students in health services management and nursing programs. However, undergraduates, practicing healthcare executives, and healthcare providers also will find the content and structure useful for learning about strategic management and improving their strategy skills. The material is presented in a structured format that informs the reader of background strategy theories and options, teaches methods of crafting strategic plans, and provides methods for implementing strategies and monitoring strategic efforts.

This edition emphasizes learning through topical and timely case studies. It includes 13 long case studies that highlight strategic challenges healthcare leaders commonly face. These range from capitation and accountable care relationships to competitive positioning, dissolution of alliances, and vertical integration, among others. Each may be used to focus discussion and learning on relevant strategic topics. In addition, each chapter contains smaller cases and current healthcare examples. The reader will better understand strategic principles in the context of the contemporary healthcare industry.

Given the rapid and seemingly constant change in healthcare, skillful strategic planning and its implementation are essential to achieving organizational success. Developing and implementing strategy remains one of the most complicated and demanding jobs that leaders face because it integrates many competencies and skills, including communication, decision making, positioning, goal setting, and finance. Today, formulating and enacting strategies in a healthcare organization have become even more difficult because the changing, complicated, and diverse environment poses extreme challenges. This book provides a comprehensive overview to prepare future and current healthcare leaders for applying the strategic concepts that are critical to success today.

My background and experience lend this book a unique perspective. I have personally created and implemented strategies as a CEO at multiple hospitals; taught strategy to undergraduate and graduate students; and consulted nationally and internationally, formulating strategies for prominent healthcare
organizations. The content, format, and sequence of the book and many of its featured examples and cases were informed by my experiences in these roles. I believe my perspective provides readers with unusual insight and a thorough understanding of strategic theory, as well as practical tools for the application of its principles.

*Strategic Healthcare Management* also differs from other strategy texts in that it promotes “mission advantage,” which examines healthcare strategy from the premise that an organization’s mission should direct its strategies. Much of the strategy literature has been focused on “competitive advantage,” which is not always applicable to many sectors in healthcare. Although for-profit organizations exist in healthcare and are dominant in some healthcare fields (e.g., pharmaceuticals, insurance, medical devices), the strategy of many healthcare providers is not explicitly to gain advantage over competitors but to better fulfill their missions. Thus, this book focuses on gaining strategic “mission advantage,” or the ability to better achieve an organization’s mission—a concept applicable to both for-profit and not-for-profit healthcare organizations. Leaders seeking mission advantage will craft better strategies and make decisions that further their mission rather than seeking to best their competitors. I take a balanced, practical approach and highlights the need for both competitive and collaborative strategies that can maximize the achievement of one’s mission.

The book is structured to provide readers necessary theoretical concepts and practical means of understanding, implementing, and monitoring strategies. It contains traditional strategic theories and common strategic methods along with tools for analyzing healthcare markets. Noteworthy features include chapters that highlight financial decision making, marketing, managing strategic change, and monitoring strategic actions. For evaluation of readers’ learning, each chapter includes a thought-provoking introductory quotation, review questions, cases, and a suggested assignment. A list of competencies covered can be found at the conclusion of this preface. The end of the book features relevant case studies and an appendix. Upon completion of the text, readers will understand strategic principles and be able to apply them to make better decisions.

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Competencies

Healthcare administration administrators’ educational and professional environment, along with accrediting bodies, now strongly encourage—indeed, mandate—the use of competency-based learning models that seek to identify performance needs and demonstrate the value of learning. From an educational perspective, course curricula should provide students with the knowledge and skills required for future careers. Recognizing the wide variation of healthcare administration roles and professional settings, accrediting bodies such as the Commission on Accreditation of Healthcare Management Education allow individual programs to develop their own unique competencies.

Likewise, various professional organizations propose different sets of competencies for healthcare leaders. For example, the American College of Healthcare Executives (ACHE), the leading healthcare management professional organization, has adapted the competencies developed by the Healthcare Leadership Alliance (of which it is a part) to offer its members the ACHE Healthcare Executive 2017 Competencies Assessment Tool. This tool assists healthcare administrators in self-assessing their areas of strength and areas needing improvement (ACHE 2016). The assessment tool focuses on five areas of competence:

1. Communication and relationship management
2. Professionalism
3. Leadership
4. Knowledge of the healthcare environment
5. Business skills and knowledge

Given the wide variation of possible competencies, the author used the ACHE Healthcare Executive 2017 Competencies Assessment Tool to identify and develop competencies for inclusion in this book. The competencies found in each chapter are found in the following list. Instructors can quickly ascertain which competencies are covered in each chapter to develop their courses and syllabi appropriately, according to their competency-based curricula.

**Competencies by Chapter**

**Chapter 1 Strategy and Strategic Management**

Competencies

- Business skills and knowledge
  - General management
    - Ability to analyze and evaluate information to support a decision or recommendation
  - Strategic planning and marketing
    - Business planning, including case and exit-strategy development
Chapter 2 Understanding Market Structure and Strategy

Competencies
- Knowledge of the healthcare environment
  - Healthcare systems and organization
    - Managed care models, structures, and environment
    - Healthcare personnel
    - Healthcare sectors

Chapter 3 Business Models and Common Strategies

Competencies
- Knowledge of the healthcare environment
  - Community and environment
    - Organization and delivery of healthcare
- Business skills and knowledge
  - General management
    - Techniques for business plan development, implementation, and assessment
    - Justifying a new business model or business plan

Chapter 4 Growth and Integration Strategies

Competencies
- Knowledge of the healthcare environment
  - Healthcare systems and organization
    - Interdependency, integration, and competition among healthcare sectors

Chapter 5 Strategic Alliances

- Business skills and knowledge
  - Organizational dynamics and governance
    - Building trust and cooperation among stakeholders
  - Strategic planning and marketing
    - Pursuing and establishing partnerships and strategic alliances

Chapter 6 – Stakeholders, Values, Mission, and Vision

Competencies
- Communication and relationship management
  - Communication
    - Communicate organizational mission, vision, objectives, and priorities
– Relationship management
  ▪ Identifying stakeholder needs and expectations

• Leadership
  – Communicating vision
    ▪ Establishing compelling organizational vision and goals
    ▪ Encouraging a high level of commitment to the purpose and values of the organization

• Professionalism
  – Personal and professional accountability
    ▪ Understanding consequences of unethical actions
    ▪ Adhering to ethical business principles

• Business skills and knowledge
  – Strategic planning and marketing
    ▪ Organizational mission, vision, objectives, and priorities

Chapter 7 The External Environment and Strategy

Competencies
• Knowledge of the healthcare environment
  – Healthcare systems and organization
    ▪ Managed care models, structures, and environment
  – Healthcare personnel
    ▪ Healthcare sectors
  – Community and Environment
    ▪ Healthcare trends
    ▪ Healthcare technological research and advancements

• Business skills and knowledge
  – General management
    ▪ Collecting and analyzing data from internal and external sources relevant to each situation
    ▪ Anticipating cause-and-effect relationships
    ▪ Conducting needs analysis, identifying and prioritizing requirements
    ▪ Defining problems or opportunities
    ▪ Seeking information from a variety of sources
  – Risk management
    ▪ Contingency planning

Chapter 8 The Internal Environment and Strategy

Competencies
• Business skills and knowledge
– General management
  ▪ Collecting and analyzing data from internal and external sources relevant to each situation
  ▪ Conducting needs analysis, identifying and prioritizing requirements
  ▪ Seeking information from a variety of sources
– Organizational dynamics and governance
  ▪ How an organization’s culture influences its effectiveness

Chapter 9 Strategic Financial Analysis

• Business skills and knowledge
  – General management
    ▪ Measuring quantitative dimensions of systems and departmental effectiveness
  – Financial management
    ▪ Financial management and analysis principles
    ▪ Financial statements
    ▪ Outcome measures and management
    ▪ Principles of operating, project, and capital budgeting
    ▪ Fundamental productivity measures

Chapter 10 Development and Execution of a Strategic Plan

Competencies

• Leadership
  – Managing change
    ▪ Anticipating and planning strategies for overcoming obstacles
    ▪ Anticipating the need for resources to carry out initiatives

• Business skills and knowledge
  – General management
    ▪ Techniques for business plan development, implementation, and assessment
    ▪ Defining problems or opportunities
  – Strategic planning and marketing
    ▪ Business plan development and implementation process
    ▪ Marketing principles and tools
    ▪ Marketing plan development
    ▪ Strategic planning processes development and implementation
Chapter 11 – Business Plans and Strategic Management

Competencies

• Communication and relationship management
  – Communication skills
    ▪ Prepare and deliver business communications, including meeting agendas, presentations, business reports, and project communication plans

• Business Skills and Knowledge
  – General management
    ▪ Techniques for business plan development, implementation, and assessment
    ▪ Justify a new business model or business plan
  – Strategic Planning and Marketing
    ▪ Business plan development and implementation process

Chapter 12 Organizational Structure and Strategy

Competencies

• Communication and relationship management
  – Relationship management
    ▪ Organizational structure and relationships

• Business skills and knowledge
  – Organizational dynamics and governance
    ▪ Governance structure
    ▪ Organizational dynamics, political realities, and culture
    ▪ Constructing and maintaining governance systems

Chapter 13 Strategic Change Management

Competencies

• Leadership
  – Organizational climate and culture
    ▪ Creating an organizational climate that encourages teamwork
  – Managing change
    ▪ Promoting and managing change

Chapter 14 Strategic Leadership

Competencies

• Leadership
  – Leadership skills and behaviors
Potential impacts and consequences of decision making in situations both internal and external

Chapter 15 Implementing, Monitoring, and Evaluating Strategy

Competencies

- Leadership
  - Communicating vision
    - Holding self and others accountable for organizational goal attainment

- Business skills and knowledge
  - General management
    - Project management
    - Developing work plans
    - Performing audits of systems and operations
  - Financial management
    - Outcome measures and management
    - Developing and using performance monitoring metrics
  - Strategic planning and marketing
    - Managing projects and resources
    - Implementation planning
    - Strategic planning processes: development and implementation
Instructor Resources

This book’s Instructor Resources include a test bank, PowerPoint slides for each chapter, answers to the chapter questions, and suggestions for presenting and discussing the cases.

For the most up-to-date information about this book and its Instructor Resources, go to ache.org/HAP and browse for the book's title or author name.

This book's Instructor Resources are available to instructors who adopt this book for use in their course. For access information, please e-mail hapbooks@ache.org.