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## NEW REVENUE GROWTH

Alan M. Zuckerman

### progress review: essential to keeping your plan on track

Many healthcare organizations report great success in developing sound growth plans. And some are even quite effective at following through with their plans.

Yet one of the most frequent concerns cited by healthcare managers is that after a good start, their growth plans somehow veer off course. Many explanations are offered, but it usually comes down to one basic flaw: failure to manage growth in a structured manner—specifically, the lack of ongoing monitoring of growth, evaluation of progress, and adjustment as required.

#### The Importance of Structured Review

In his 1994 book, *Team-Based Strategic Planning: A Complete Guide to Structuring, Facilitating, and Implementing the Process*, C. Davis Fogg notes that regular, structured review of growth plans “help(s) you keep the plan on track once implementation is under way, reallocate resources as you accomplish goals or your strategic situation changes, imbed accountability for program accomplishment with every implementer, and reward results to ensure commitment and continued top level performance.”

Fogg advises organizations to:

“Review, review, review.  
Revise, revise, revise.  
Reward, reward, reward.”

For organizations first embarking on implementing growth plans, frequent progress reviews are probably a good idea, at least monthly for a while. If activities are progressing well, review frequency may be reduced to quarterly at some point. Various formats

can be used to monitor progress, as shown in the exhibit on page 2, but the key elements are comparison of plans with actual progress and highlighting of variances.

A structured growth management process, featuring regular review comparing plans with actual progress, is critical to realizing the potential of growth opportunities.

Review of variances should include the degree to which:

- > Goals have been accomplished
- > Other specified targets have been achieved
- > Specific tasks have been carried out as envisioned
- > Schedules have been met
- > Budgets have been adhered to

Significant variances may call for modifying plans and, in some instances, abandoning the growth initiative entirely. Some examples: A hospital recently was in the process of establishing a new long-term acute care hospital, but Medicare reimbursement changed substantially, leaving the hospital no choice but to abandon the project. In another instance, a health system was developing a new ambulatory care center that involved a few joint

**SAMPLE PROGRESS TRACKING FORMAT**

	Resource Requirements	Target Completion	Responsibility	Progress Review				Etc.	Comments/Changes/Adjustments
				2005					
				Q1	Q2	Q3	Q4		
Growth Initiative #1:	Magnitude of Resources Required (\$ and/or effort)	Month/Year:	Individual Leading Effort and Support Staff/Team						
Actions/Tasks									
a.									
b.									
c.									
Growth Initiative #2:									
Actions/Tasks									
a.									
b.									
c.									

Key elements in progress review are comparison of plans with actual progress and highlighting of variances.

ventures with physician groups. When discussions with one of the groups broke down and the physicians began planning a competing venture with a for-profit partner, plans for some of the ambulatory care center programs had to be recast. Another ambulatory care project experienced construction cost overruns, which led the hospitals to purchase used rather than new diagnostic equipment to keep the budget in line.

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As the organization continues with this process, four major objectives of regular progress reviews should be kept in mind:

- > To make sure that appropriate progress is being made and that priorities stay on track
- > To encourage and motivate individuals and teams involved in implementing action plans through visibility, recognition, and praise
- > To discuss and resolve problems and internal obstacles to progress, particularly those that require interdisciplinary action
- > To allow reallocation of valuable resources to the areas that most matter

**5 Additional Tips for Successful, Profitable Growth**

A structured growth management process, featuring regular review comparing plans with actual progress, is critical to realizing the potential of growth opportunities. But organizations should keep in mind that other management efforts, such as the following, are

also needed to maintain a strong track record of profitable growth:

- > Start with a clear business plan and update it as implementation progresses.
- > Take an entrepreneurial approach to growth, including recruiting people with entrepreneurial skills to assist in developing new or expanded business, rather than relying exclusively on traditional healthcare functional managers.
- > Adequately fund initiatives you undertake; it is far better to support a few selected initiatives well than many initiatives poorly.
- > Provide appropriate incentives, both individual as well as group, to those involved in the growth ventures.
- > It's mostly about people; make sure you have the right people with the right skills involved in all aspects of development, implementation, and ongoing management.

Successful, profitable growth brings together the right combination of sound management, entrepreneurship, and strategic investment. Any one of the three alone is not enough to sustain financially beneficial growth. Two of the three may carry your organization for a while, but if all three are in place, the foundation is there for a long, rewarding run. ●

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