

Indiana University Purdue University Indianapolis
School of Public and Environmental Affairs

**H502: Developing Strategic Capability
Fall 2006**

Instructor: David Handel
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Dates: Saturdays on September 9,
September 30, October 21,
November 11, December 2.
Time: 9:00 AM to 4:00 PM
Location: BS 4087

Course objectives and description

The key objectives for the course are as follows:

1. Identify key success factors of organizations.
2. Understand how to develop and implement a strategic plan.
3. Understand the varying strategic issues that face different types of health care organizations.
4. Comprehend how planning and strategy evolves and the dimensions of strategic thinking.
5. Understand and apply various analytical methods to evaluate organizational and industry situations and develop appropriate recommendations.
6. Improve oral and written communication skills.

There will be specific focus on the following:

1. Structuring, positioning, and governing health care organizations to achieve optimum performance.
2. Leadership and change management.
3. Utilization of information for decision making.
4. Understanding the external environment and its impact on strategy.

These objectives will be achieved by: (a) lectures, (b) special presentations by health care practitioners, (c) in-class participation and discussion, (d) formal case write-ups, and (e) a major strategy case project requiring both written and oral presentations.

Required text and other materials

Swayne, Linda E., Duncan, W. Jack, Ginter, Peter M. 2006. Strategic Management of Health Care Organizations. Fifth edition. Blackwell Publishing.

This text is required. This text is available at the IUPUI bookstore, at amazon.com or barnesandnoble.com.

The strategy case project will use a case titled “Middleboro 2005” which will be distributed during the first class. Other cases not in the text will also be distributed at the first class.

Grading

Grades will be computed as follows:	Percent	Points
Class participation and contribution	10%	100
Case write ups (4)	32%	320
Indianapolis area case write-up	15%	150
Individual case presentation	5%	50
Strategy case written report	30%	300
Strategy case presentation	<u>8%</u>	<u>80</u>
Total	100%	1000

Case write-ups and the Middleboro 2005 project are expected on the day they are due. Assignments may be submitted via e-mail prior to class or submitted at class. Late assignments will not be accepted.

Grades will be awarded on the following scale:

93-100% = A	90-92% = A-
87-89% = B+	83-86% = B
80-82% = B-	77-79% = C+
73-76% = C	70-72% = C-
Below 73% - Does not meet degree requirements	

All students are expected to observe the Indiana university honor code in all portions of this class. Plagiarism or any other form of cheating or deception will not be tolerated. Policies regarding P/F, W marks and I are provided in the **SPEA Graduate Programs Bulletin**. Policies regarding academic dishonesty are described in the **IUPUI Code of Student rights, Responsibilities, and Conduct** available electronically at www.hoosiers.iupui.edu/studcode/stucode.htm.

Attendance policy

Since this is an intensive course, all students are expected to attend all five class sessions. If you miss a class, your class participation grade will be lowered.

Description of assignments

1. **Class participation** – Class participation and contributions are very important. Students should read all assigned materials and prepare each assignment to be able to comfortably participate in class discussion. Students will be expected to contribute their ideas in class and to be able to communicate them clearly and concisely. There will be several group class exercises and students will be expected to participate actively and effectively in these group projects.
2. **Individual case write-ups** – Case discussions and write-ups will be an important component of the class. Students will be expected to turn in 5 case write-ups (the first one will not be graded) over the semester. The cases write-ups should include the following three sections:
 - a. A discussion of the problem and the key issues that need to be evaluated in determining the best strategy. Please explicitly identify the stakeholders whose views need to be considered.
 - b. A delineation of the alternative strategies available.
 - c. Your conclusion including your rationale and logic for selecting the conclusion. Cases are to be typed in a legible font (prefer Times New Roman 12 font) and single spaced. **Case write-ups should not exceed 2 single spaced pages.**
3. **Indianapolis area case write-up** – This case will entail selecting an Indianapolis area health care provider and writing a paper about that provider in the context of the Indianapolis health care market. A separate document will be distributed at the first class discussing this case and write-up in detail.
4. **Individual case presentation** – The ability to give verbal presentations clearly and concisely is an important skill required of managers and executives. Each student will present one of the cases to the class. Students will have 5 to 7 minutes to present the case and their recommendations and to answer questions.
5. **Strategy case written report and verbal presentation** – The Middleboro case provides a wealth of information to apply the course skills and concepts to different types of health care organizations. A separate document will be distributed in class discussing this project in detail and outlining the format and expectations for this project.

Class schedule

1. **September 9** – This first class will focus on the nature of strategic management, understanding and analyzing the external environment, and service area competitor analysis. **Prior to attending the first class, students should read Chapters 1-3 (pages 1- 148), Appendix A, and cases 1 and 4 in Strategic Management of Health Care Organization and be prepared to actively discuss this material in class. Students should do a case write up for Case 14, Cooper Green Hospital and the Community Care Plan.** Please follow the case write-up outline delineated above and specifically focus on the question raised at the very end of the case on page 770 as to what strategic option they should pursue for the Community Care Plan. This first case is to get everyone

comfortable with the format and doing this type of case analysis. While it will be turned in, it will not be graded.

At 10:00 AM, Kyle Allen, Chief Operating Officer of the Methodist Medical Group, will discuss strategy for physician practices. The Methodist Medical Group is a very large physician group practice with offices throughout the metropolitan area.

At 1:00 PM., Jack Bebiak, Senior Vice President for Statewide Operations at Clarian Health, will give a presentation on the components of a strategic plan and how one develops such a plan. Mr. Bebiak has had extensive experience working as a consultant and assisting a very large number of health care organizations in the development of strategic plans.

Specific objectives for this class including the reading and class discussion and materials are as follows:

- a. To understand the importance of strategic management
 - b. Understanding the importance of systems approaches and strategic thinking.
 - c. Being able to describe the various leadership roles within strategic management.
 - d. Appreciating the impact of the external environment on health care organizations.
 - e. Understanding the techniques used in environmental analysis.
 - f. Understanding the importance and purpose of service area competitor analysis.
 - g. Recognizing the importance of assessing likely competitor strategic responses.
 - h. Being able to aggregate and synthesize general environmental trends and issues and service area competitor issues into specific strategy implications.
 - i. Understanding the development and components of a strategic plan.
 - j. Being able to describe the specific strategic issues faced by physician practices.
- 2. September 30** – This class will focus on internal environmental analysis and competitive advantage, and directional strategies. There will be a specific focus on the importance of mission, vision, and values to an organization and in developing strategy for an organization. There will also be discussion on the use of some of the analytic techniques used in strategy formulation and analysis.

Prior to class, please read Chapters 4-5 and Appendix B in the text. Please do case analyses and write-ups for Case 19 (The Case for Open Heart Surgery at Cabarrus Memorial Hospital) in the text, and the case titled “Hospital

Consolidation: Optimal Strategy for a Two-Hospital Town” which will be distributed at the first class. For the Cabarrus Open Heart Surgery case, please focus your case write-up on whether they should proceed to try to establish an open heart surgery program. For the hospital consolidation case, please focus your case write-up on what you would recommend if you were the consultants.

We are going to have two guest speakers at this class. In the morning, Robert Keen, PhD, President and CEO of Hancock Memorial Hospital and Health Services, will discuss the importance and role of mission, vision, and values to an organization and to the development of strategy. **Please visit Hancock Memorial Hospital’s website before class at www.hmhhs.org and look specifically at their philosophy, mission statement, and range of services.** In the afternoon, Tom Brink, President of Methodist Occupational Health Centers, will discuss strategy for occupational health programs.

Specific objectives for this class including the readings and class discussion include the following:

- a. Understanding the role of internal environmental analysis in identifying the basis for sustained competitive advantage.
 - b. Appreciating the importance of long and short term perspectives.
 - c. Being able to describe how relevant strengths and weaknesses can be used in the development of strategic actions.
 - d. Understanding the relationship between mission, vision, and values and strategic goals and directions.
 - e. Recognizing the key components of mission and vision statements.
 - f. Understanding the role of the governing body in strategic planning.
 - g. Having an understanding of strategic issues in the hospital and occupational health fields.
- 3. October 21 – This class will focus on strategy formulation. It will examine the development of strategic alternatives, the evaluation of the alternatives, and strategic choice and positioning. Prior to class, please ready Chapters 6-7 and Cases 9 and 18 in the text. Please also read and be prepared to discuss the articles “What is Strategy?” by Michael Porter and “Specialty-Service Lines: Salvos in the New Medical Arms Race” by Robert Berenson, Thomas Bodenheimer, and Hoangmal Pham. Please do the write-up for the Indianapolis area case.**

There will be one guest speakers at this class. Denny Armington, President and CEO of the Rehabilitation Hospital of Indiana, will discuss strategy for rehabilitation service providers.

Specific objectives for this class including the readings and class discussion are as follows:

- a. Understanding different types of strategies.
 - b. Being able to identify strategic alternatives and their respective advantages and disadvantages.
 - c. Understanding that strategies may have to be used in combination to accomplish organizational goals.
 - d. Understanding adaptive strategies.
 - e. Being able to identify and describe market entry strategies.
 - f. Understanding the role of service delivery and support strategies.
 - g. Being able to use different techniques to evaluate organizational strengths, weaknesses, opportunities and threats.
 - h. Being able to describe the specific strategic issues faced in the rehabilitation field.
- 4. November 11** – This class will focus on the different aspects of strategy implementation. **Prior to class, please read Chapters 8-10 and Case 7. Please do case analyses and write-ups for Case 5 (The Midwestern Medical Group's Integration Journey) and Case 16 (C. W. Williams Health Center: A Community Asset). For the Midwestern case, please focus your write-up on what you would identify as the key issues facing MMG at the time of Judith Olsen's departure and what actions you would recommend to address these issues (pp. 605).**

For the C. W. Williams Health Center case, please focus your write-up on whether they should acquire another building and create a satellite clinic.

There will be two guest speakers at this class. Alex Slabosky, President and CEO of The Health Care Group, will talk about strategy for managed care and insurance organizations. The Health Care Group operates a number of HMO and PPO products. Jeff Radabaugh, Director of Clarian home health programs, will discuss strategy for home health providers.

Specific objectives for this class including the readings and class discussion are as follows:

- a. Understanding that service delivery is key in the implementation of strategy.
- b. Understanding the importance of pre-service, point-of –service, and after service strategies to achieve organizational strategies.
- c. Recognizing that through service delivery strategies the organization itself is changed strengthening competitive advantages and improving competitive disadvantages.
- d. Recognizing the important role played by value adding support strategies.

- e. How to utilize the internal environmental analysis to identify value adding support strategies.
 - f. Understanding how to implement strategies within an organization.
 - g. Understanding the importance of creating unit specific objectives and action plans.
 - h. Understanding the need to match structure and strategy as well as finances and strategy.
 - i. Having an understanding of strategic issues in the managed care and insurance field and in the home health field.
- 5. December 2** – This class will focus on two things. First, it will focus on major contemporary health care issues and their implications and impact on health care strategy. This will include a discussion of articles by Dan Beckham, Alain Enthoven and Laura Tollen, Robert Galvin, and Michael Porter and Elizabeth Teisberg. These four articles will be distributed at the first class. Then a significant portion of the class will be devoted to student presentations of their major strategy case.

Specific objectives for this class including the readings and class discussion are as follows:

- a. To be able to make cohesive effective oral presentations.
- b. Appreciating the importance of strategic thinking in proactively influencing an organization's future.
- c. Be able to apply all of the course concepts in the development of a strategic plan.
- d. Understanding the dynamics of strategy in communities with multiple health care providers.
- e. Understanding the impact of the emphasis on quality, pay for performance, new types of insurance, and other contemporary issues on health care strategies.