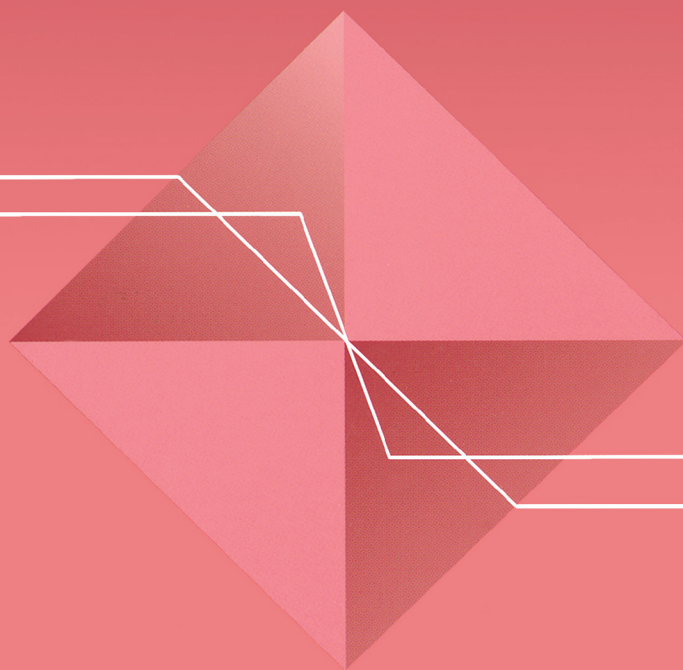


BUSINESS AND HEALTH PLANNING FOR GENERAL PRACTICE



Peter Edwards
Stephen Jones
Stephanie Williams

BUSINESS AND HEALTH PLANNING

FOR GENERAL PRACTICE

Peter Edwards

General Practitioner, Cardiff, and Senior Research Fellow,
University of Wales College of Medicine

Stephen Jones

Service Development Manager,
Cardiff Fundholding Group

Stephanie Williams

Primary Care Facilitator,
Valleys Health Group,
Honorary Lecturer,
University of Wales College of Medicine



CRC Press

Taylor & Francis Group
Boca Raton London New York

CRC Press is an imprint of the
Taylor & Francis Group, an **informa** business

First published 1994 Radcliffe Publishing

Published 2016 by CRC Press

Taylor & Francis Group

6000 Broken Sound Parkway NW, Suite 300

Boca Raton, FL 33487-2742

©1994 by Taylor & Francis Group, LLC

CRC Press is an imprint of Taylor & Francis Group, an Informa business

No claim to original U.S. Government works

ISBN-13: 978-1-85775-056-0 (pbk)

This book contains information obtained from authentic and highly regarded sources. While all reasonable efforts have been made to publish reliable data and information, neither the author[s] nor the publisher can accept any legal responsibility or liability for any errors or omissions that may be made. The publishers wish to make clear that any views or opinions expressed in this book by individual editors, authors or contributors are personal to them and do not necessarily reflect the views/opinions of the publishers. The information or guidance contained in this book is intended for use by medical, scientific or health-care professionals and is provided strictly as a supplement to the medical or other professional's own judgement, their knowledge of the patient's medical history, relevant manufacturer's instructions and the appropriate best practice guidelines. Because of the rapid advances in medical science, any information or advice on dosages, procedures or diagnoses should be independently verified. The reader is strongly urged to consult the relevant national drug formulary and the drug companies' and device or material manufacturers' printed instructions, and their websites, before administering or utilizing any of the drugs, devices or materials mentioned in this book. This book does not indicate whether a particular treatment is appropriate or suitable for a particular individual. Ultimately it is the sole responsibility of the medical professional to make his or her own professional judgements, so as to advise and treat patients appropriately. The authors and publishers have also attempted to trace the copyright holders of all material reproduced in this publication and apologize to copyright holders if permission to publish in this form has not been obtained. If any copyright material has not been acknowledged please write and let us know so we may rectify in any future reprint.

Except as permitted under U.S. Copyright Law, no part of this book may be reprinted, reproduced, transmitted, or utilized in any form by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying, microfilming, and recording, or in any information storage or retrieval system, without written permission from the publishers.

For permission to photocopy or use material electronically from this work, please access www.copyright.com ([http:// www.copyright.com/](http://www.copyright.com/)) or contact the Copyright Clearance Center, Inc. (CCC), 222 Rosewood Drive, Danvers, MA 01923, 978-750-8400. CCC is a not-for-profit organization that provides licenses and registration for a variety of users. For organizations that have been granted a photocopy license by the CCC, a separate system of payment has been arranged.

Trademark Notice: Product or corporate names may be trademarks or registered trademarks, and are used only for identification and explanation without intent to infringe.

Visit the Taylor & Francis Web site at

<http://www.taylorandfrancis.com>

and the CRC Press Web site at

<http://www.crcpress.com>

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library.

Typeset by AMA Graphics Ltd., Preston

Contents

Preface	iv
Introduction	v
1 A Strategic Approach to Planning for General Practice	1
2 Action Planning and the Management of Change	22
3 Information for Planning	29
4 Business Planning and Human Resource Management	39
5 Audit as a Component of Planning	47
6 Planning for a Patient-centred Practice	60
7 Planning for Service Developments	72
8 Planning for Fundholding Status	91
9 Health Planning	118
10 A Structure for Business and Health Plans	136
Appendices	
A Proforma SWOT analysis	144
B Information for the annual report	146
C Information technology considerations	150
D Model suggestions and complaints scheme	155
E Patients' charter – an example	157
F Sample job descriptions and person specifications	161
G Some interview questions	169
H Model GP fundholder health plan	170
I Model health and safety policy	200
J Staff Handbook – an example	213
K Assistance with business planning	225
Index	229

Preface

This book has been written as a result of the experiences which we have accumulated both from Ely Bridge Surgery and the Department of Postgraduate Studies at the University of Wales College of Medicine.

We describe and explain the everyday problems which face those working in general practice, based upon the solutions which have been implemented in the surgery and also observed by us locally.

Many individuals have helped us. We would particularly like to acknowledge the support of our families, the partners and staff of Ely Bridge Surgery (especially Geoff Morgan for his reading of our early drafts), our colleagues at the Department of Postgraduate Studies, and all those involved in healthcare in South Wales with whom we have had contact.

Peter Edwards
Stephen Jones
Stephanie Williams

Cardiff, 1994

Introduction

General practice has much in common with other small-to-medium-sized businesses. In this context, it is perhaps instructive to consider the following extract from *A business plan* by Alan West¹.

Management will lack skills in a number of areas. A company may be founded by an engineer who rapidly becomes faced with problems of finance, selling and promotion, which may easily lead the company into difficulties if not properly understood. The knowledge possessed by management of any of the key problems facing the company may be limited. Management will lack the time to carry out many of the complex tasks that the growing business will demand, and because of the limited financial resources will not be able to recruit the staff to handle these problems. This is a common experience of many businesses, that management spend all their time 'fire-fighting' and do not pay sufficient attention to the developmental aspects of their business.

Management will react to problems rather than trying to foresee them and plan to cope with them. In common with larger organizations, the employees of the company are unlikely to be fully informed of the likely prospects for the firm, which may make rapid change of direction difficult. These are the features which characterize the small business as one which muddles along from day to day. Rather than controlling its destiny, it allows itself to be controlled.

If the above comments bring a wry smile to the face of the reader, the next extract should encourage taking the concepts of business and health planning seriously.

. . . research in the United States on a large number of small companies shows that the stability of growth measured over 5 to 10 years is closely correlated with the amount of planning that has taken place. Short-term success does not appear to be greatly affected by the amount of planning that the business carries out, but planning is fundamental to long-term profitable survival.

The aim of this book is to develop the rationale behind the need for a strategic approach to planning in general practice, and then provide the reader with a step-by-step approach to the practical aspects of constructing a business or health plan. The comprehensive appendices give examples from the authors' own practice to illustrate the concepts discussed in the main text.

In stark terms, the choice confronting general practice is to develop a planned and measured response that anticipates the challenges of tomorrow, or to face the prospect of potentially disruptive, externally imposed solutions.

This is equally true whether the practice is fundholding or non-fundholding, and this book addresses both types of practice.

Reference

1. West A (1988) *A business plan*. Pitman, London.

The following abbreviations are used without further explanation in the text, as they are thought to be familiar to potential readers working in primary health care.

DoH	Department of Health
FHSA	Family Health Services Authority
LMC	Local Medical Committee
NHS	National Health Service
RCGP	Royal College of General Practitioners
RHA	Regional Health Authority
SFA	Statement of Fees and Allowances



Taylor & Francis

Taylor & Francis Group

<http://taylorandfrancis.com>

1

A Strategic Approach to Planning for General Practice

Strategic planning is often dismissed in general practice because resources (skills, time and money) are not available, and it is considered as an activity that only very large companies can afford. This reveals a lack of awareness of its relevance to general practice. The purpose behind strategic planning is to change the management dimensions from short-term reactive to medium/long-term proactive, ie so that the practice anticipates future events rather than simply reacting to events as they happen. Strategic planning should be a continuing programme and not a one-off exercise, so that a flexible approach can be taken to changing circumstances.

The process and the benefits of strategic planning are summarized in Box 1.1. The aim of this chapter is to develop the concepts embodied in this summary from first principles, as a thorough understanding of the principles is essential to a successful planning outcome.

Why your practice needs a plan

- To achieve success.
- To avoid failure.
- To focus on the next year's activities.
- To gain commitment to goals.
- To prepare for change.

For medical practices the principles remain the same whether the issue at hand is the current and long-term financial position of the practice or the operation of fundholding within the practice. Essentially, four questions are being asked.

Box 1.1 Process and benefits of strategic planning

Strategic planning at the practice level should:

- evaluate the current strategic position
- identify all possible opportunities/threats
- identify available resources and skills
- examine the practice environment
- analyse the gap between where the practice wants to be and where it is
- develop competitive strategies for change and growth.

Benefits of a strategic plan include:

- integration and structure
- organization
- improved performance
- better use of resources
- development of new products and resources.

Benefits of the planning process include:

- teamwork and ownership
- continuous review
- learning of planning skills
- better articulation of information needs
- uprooting of dogma
- strategic understanding
- more confidence about the future.

- How did we get to where we are?
- Where do we wish to go in the future?
- How do we get there?
- What do we do to ensure it happens?

Each of these questions will be addressed in turn as this chapter unfolds.

The strategic approach for medical practices is an attempt to evaluate the present position of the business of medical practice, with reference to the business as it has evolved over previous years, its current competitors and its consumers. This cannot be done without taking note of the environment in which the business currently operates, ie the 'market'. This may simply consist of other local practices or encompass the wider NHS internal market for health care services.

The business can be reviewed in terms of the opportunities and threats that exist, both inside and outside the practice, compared to the skills and resources possessed by the business. This will allow some measure to be made of the 'gap' between where the business is and where it should be. Having done this, a strategy can be developed to minimize the shortfall. These points are illustrated in Figure 1.1, which shows the decline of a practice that has no strategic business plan, how practice goals can be set to prevent that decline, and action planned to reach the required goal.

How did we get to where we are now?

Relevant information

In order to answer this question, certain key activities are required:

- a review of the current activities and services provided by the practice; this will include as a minimum a review of the practice structure (number of partners, support and attached staff, together with an assessment of individual skills), of current practice activities (eg surgery hours, health promotion, minor surgery and non-NHS services), of the patient profile (demography and socioeconomic status) and of referral patterns (where patients are referred and why).
- an analysis of the strengths and weaknesses of the internal organization of the practice and its services, together with the opportunities and threats posed by the external environment in which the practice is operating.

Information that is useful in these processes is shown in Box 1.2.

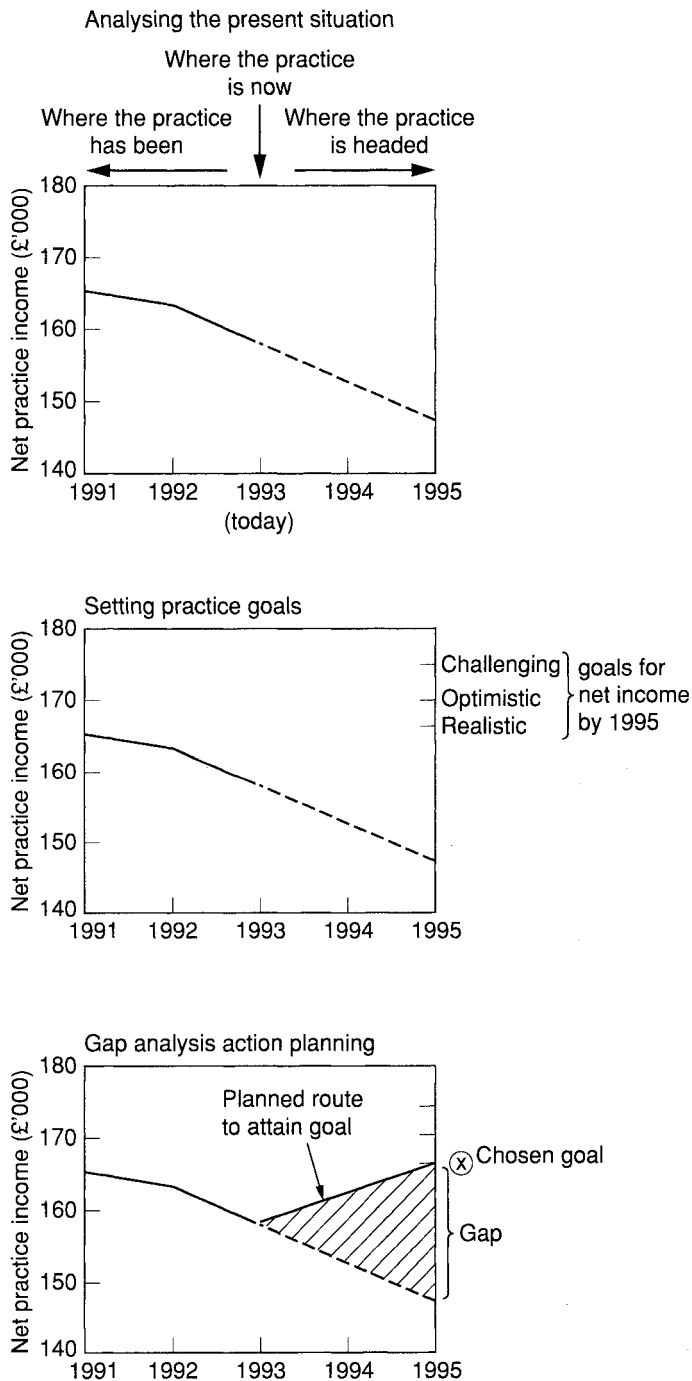


Figure 1.1 Progress of a practice with and without strategic planning.

Box 1.2 Relevant information for assessing current position

- Practice demography, trends in list size, local housing developments
- General medical service activity levels (night calls, consultation rates)
- Social factors of practice
- Population/locality
- Referral rates
- Number and type of employed/attached staff
- Profitability (compared with target)
- Comparative performance with other practices
- Impending service changes (FHSA or DoH)
- Available internal and external resources

The planning process

The process of planning should be:

- structured (with appropriate purpose, process, outcome and audit components)
- synergistic (so that the product is greater than the sum of all the components)
- participatory (as ultimate success will depend on everyone having ownership of the product).

Such a strategy will accrue the benefits of better use of resources, improved performance and integration of activities. Even greater than these are the benefits that accrue from the participants being actively involved in the *process* of planning. These include:

- improving teamwork
- ownership of outcomes
- articulation of business needs
- continuous development
- confidence in the future.

Inevitably, there are costs to such an exercise, as meaningful planning does take time.

Care must be taken to avoid the traps in planning. There may be considerable resistance to change due to participants having explicit or hidden vested interests or the group developing collective 'mind-set'. In any group of individuals, and particularly in one that has evolved over a period of time, group members accumulate emotional baggage, develop internal power structures and determine operational preferences, all of which are aimed at preserving the status quo. Vested interests are easily identified, whereas collective mind-set only becomes apparent when the group is no longer prepared to consider new ideas/alternatives or to think laterally. Clear vision and perseverance, combined with good team management, determine the route to success.

Where to start?

Evaluation of the relative business position of an organization can be achieved by a number of methods. One method commonly used is SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, which has the particular advantage of providing information in a format that is fairly rigorous, yet easy to understand. It aims to take the information gleaned and present this in a format applicable to the practice. Producing a SWOT analysis goes some way to answering the first of the four questions posed earlier.

The method is sufficiently straightforward in concept to be immediately and readily applied to general practice, as it can be used without resort to extensive information systems. SWOT analysis is highly subjective, however, in determining which practice attributes are assessed under the different categories. As none of these attributes is absolute, care must be taken to exclude bias wherever possible.

The following sections illustrate how key strengths, weaknesses, opportunities and threats could be assessed in a practice of today.

Strengths

- Experienced partnership team made up of (number) partners who bring a wide range of relevant skills to the management of the practice.
- Operating from a purpose-built surgery constructed in (date) with a full complement of ancillary and attached staff.
- High degree of commitment among the partners and staff to develop a set of shared objectives.

- Willingness on the part of the partners and staff to make use of professional management support to address recognized weaknesses in the organization.
- Open internal communications that involve all the partners in discussion on the development of the practice.
- High quality of service that is recognized by the FHSA and peers.
- High level of computerization and data recording.

Weaknesses

- Ill-defined internal organization that has resulted in confusion in the management process.
- Lack of experience in management techniques among the partners and no management-grade staff.
- Absence of formal planning and review processes.
- Consensus management and joint decision-making have inhibited action in key areas and resulted in some confusion in communications with staff, patients and external agencies.
- Inadequate management information systems for the complex task of operating fundholding.
- Lack of experience in fundholding issues and involvement in health care planning.
- Lack of effective communication of the practice vision, values and culture to all staff.
- Lack of management skills and resources to assess the efficiency, effectiveness and quality of non-clinical aspects of the practice.
- No detailed cost-benefit analyses performed for services provided and planned.

Opportunities

- The government is now offering GPs the option to hold and operate their own budgets. This development is being promoted as a means by which GPs can improve benefits to patients through improvements in operating efficiency.
- Further computerization presents an opportunity for the practice to make improvements in operational efficiency while maintaining or improving standards of service.

- By embracing modern management techniques and developing internal management skills, the partners should be able to achieve improvements in working conditions.

Threats

- The pressure of patient demand is expected to increase, as a result of both the promotion of new services under the new contract for GPs and an ageing patient population.
- The increasing demands for the partners to become involved in the management of the practice could ultimately lead to a reduction in the standards of patient care and/or increase time pressures on the partners.
- The introduction of fundholding may start a trend towards a two-tier GP service. The decision to accept/reject fundholding for emotional reasons alone could disadvantage the practice/patients in the medium term.

SWOT – so what?

It is important that strengths and weaknesses are evaluated from an external perspective, ie from the point of view of someone outside the practice. Too often an internal perspective generates what are known as ‘motherhood’ statements, eg ‘high-quality care’ and ‘an established practice’. A practice attribute is only a strength if it is perceived as such by an external party, eg the patient.

This external perspective is very important to the use of SWOT analysis, as there is a critical distinction between what the partners think is important in the practice and what the patient considers important. However difficult the partners may sometimes find patients (or other external parties) to be, it is they who ultimately ‘consume’ the service.

It is likely that a practice will have more items in each SWOT category than in the example above. Quite often it is difficult to decide in which category (or categories) a practice attribute should be placed. For example, the retirement of a partner may provide the opportunity for change, growth and development, while it poses a threat from the departure of an experienced team member and the need to find a replacement. From the list of entries in each of the SWOT categories, it is possible to develop an action strategy. In essence, these strategies should be to:

- effectively match strengths to opportunities
- convert (or neutralize) weaknesses and threats
- enhance creativity and develop innovation.

This is achieved in practice by a process of action planning, ie breaking down the strategy into a series of measurable, manageable and distributable steps, and implementation.

Opportunities and threats need to be assessed in terms of both the likelihood of their actually happening (probability) and their significance to the practice if they do happen (impact). Each item recorded as an opportunity or threat can be scored on a scale of 0–10 for both probability and impact. It is then possible to plot these variables separately for opportunities and threats, as shown in Figure 1.2. Items that are located in the 'red zone' require urgent response by the practice as they are very likely to happen and will have a significant effect when they do. The practice must have a response strategy ready to deal with these factors. 'Green zone' items are less immediate and can be dealt with over a longer time frame. The 'amber zone' factors are more difficult to assess, as they could move in either direction over a period of time. It can be seen, however, that an item with medium probability and low impact can be compared with one of medium probability and high impact, and implications drawn.

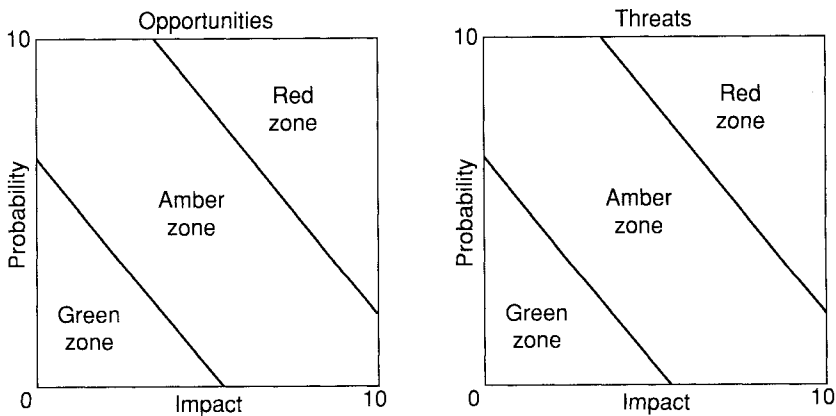


Figure 1.2 Assessment of the probability and impact of opportunities and threats.

As an example, consider the plotting of two possibilities in a three-partner practice: a new development of 300 houses inside the practice area and one of the partners being on long-term sick leave. The housing development, plotted as an opportunity, would have a moderate impact (5) due to list size effects but a low probability (2) as planning permission has only just been granted. In this planning year, the event thus falls into the amber zone close to the green; however, a re-evaluation next year may show no change in impact, but a change in probability (to 8) as the building starts. This now becomes an amber item approaching red and requires more attention.

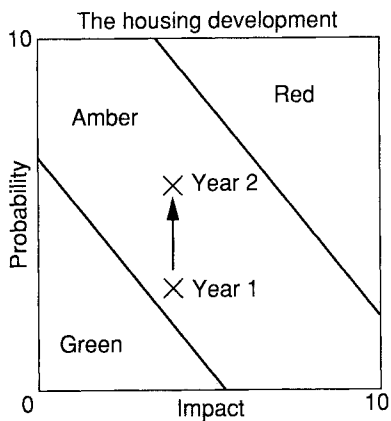


Figure 1.3 Assessment of the probability and impact of the housing development.

The partners in the practice may be fit and well, so while the prolonged absence of one would have a high impact as a threat (9) due to the extra workload, there is no reason to suspect anything other than a low probability (2), which places such an event safely in the amber zone. Were a partner to take up hang-gliding at the age of 46 years, however, it would be prudent to revise the probability of the event to 6, which places it in the red zone requiring an immediate response.

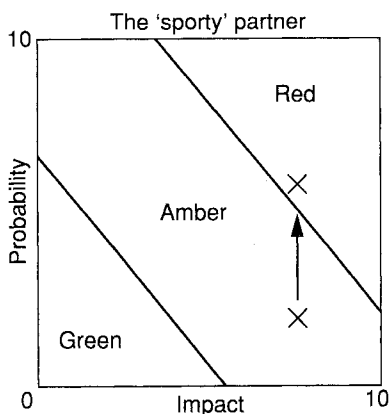


Figure 1.4 Assessment of the probability and impact of the 'sporty' partner.

Importantly, when this exercise is repeated annually, it is possible to measure the impact of the practice response strategy; for example, has item X now moved from the red zone to the amber zone or vice versa? It also allows both new and redundant opportunities and threats to be added to or removed from the plot as appropriate.

A proforma SWOT analysis and opportunities/threats matrices for individual completion are included in Appendix A.

Where do we wish to go in the future?

The mission statement

The analysis of why the practice needs a strategic plan has so far determined the present position of the practice in relation to its external environment and has also reviewed how it arrived there. The second item to determine is where the practice wishes to go, and this can often be summarized by a statement of values, which is often referred to as a *mission statement*. This is a statement of purpose for the practice, which enumerates:

- who the practice (team) is
- the boundaries to the practice (in both activity and geography)
- the 'business' of the practice
- how the business will be conducted
- the standards that apply.

The purpose of the mission statement is shown in Box 1.3. The mission statement should be the driving force of the practice, and all activity undertaken should be directed towards the achievement of the mission. SWOT analysis is a valuable aid in converting implicit assumptions about hopes, aspirations, fears and motivations into explicit statements that can be focused into a mission statement.

The process of producing the mission statement is at least as important as final agreed statement itself. The more focused the mission statement, the easier it will be to identify the practice objectives. To this end, the mission statement needs to be:

- roughly right
- enduring
- succinct

Box 1.3 Purpose of a mission statement in the planning process

- To provide a common thread
- To motivate employees
- To act as a focus for policies and objectives
- To provide a global framework for planning

- memorable
- believable
- energizing to all concerned with it¹.

The potential benefits of a good, workable, mission statement are:

- the key values of the practice are made explicit
- a strategic framework for practice planning is created
- motivation factors are incorporated into practice goals.

The factors associated with the creation of an unusable mission statement include the incorporation of unmeasurable qualities or unrealistic expectations, and failure to involve and communicate with all the team members, thereby being divisive.

Practice objectives

Having decided on the basic philosophy of the practice and its relative position, it is necessary to determine:

- where the practice is actually heading
- if this is not the destination sought, how the desired goal can be achieved by changing the strategic direction of the practice.

In other words, the mission statement has to be underpinned by a series of practice objectives to achieve the mission. These should incorporate:

- formal statement of vision, objectives and priorities
- agreed structure, roles and responsibilities
- statement of working profile (how, when, where)
- support systems required
- support staffing required
- resource implications.

Typical practice objectives identified (but not quantified or prioritized at this stage) as part of the outline business planning exercise could include:

- the need to provide the optimal level of patient care within the partnership and within available resources

- development of shared objectives from individual agendas and incorporation into the practice vision and strategy
- expressing the acceptable balance between the business and vocation of general practice
- optimizing the balance of personal and practice time, bearing in mind the effect on resources and objectives, particularly for non-core activities, eg acting as a factory medical officer, which will have effects on total practice income
- accepting the need for delegation of the management function.

These objectives should be discussed openly and specific agreement reached on each. For some objectives differences in opinion might only be accommodated by not taking a formal or definitive stance, and the tolerance of the practice as a whole must be decided in such instances.

Option appraisal

Practice objectives now need:

- prioritization where there are specific resource implications (most will fall into this category, even demands on particularly valuable but uncosted partnership time)
- time for individual reflection and structured, collective discussion to ensure that outcomes are reached without sacrificing any participation or team goodwill.

The next step is therefore to make some assessment of priority. *Option appraisal* is an aid to decision-making when allocating resources, as deciding where the practice wants to go will inevitably require a review of the resources available to get there. It assists by improving the quality and relevance of information supplied to the decision-making process, so that the final decision is based on rational, consistent criteria.

Option appraisal is based on the notion of scarcity of resources. Where there is competition for resources, the criterion of choice should be efficiency of resource consumption. There are two components of assessment:

- cost-benefit analysis, which attempts to resolve which options are viable and desirable
- cost-effectiveness analysis, which examines how the resources should be utilized.

It must be stressed that option appraisal is not a substitute for managerial judgement. Its use, however, does permit all relevant data on the various options to be considered in a consistent format. The availability of all relevant material pertinent to the decision is a significant aid to the efficient allocation of resources.

The major benefits of option appraisal are as follows.

- It is a disciplined approach that ensures that all relevant factors are considered in an explicit and systematic manner.
- It provides an opportunity to ensure that all valid alternative ways of meeting the objectives are considered.
- It is an effective means of marshalling the arguments for and against particular solutions.
- It is a recognized mechanism for obtaining the endorsement of those with authority to approve major expenditure.
- It acts as the basis for detailed planning, thus ensuring that policy can be followed through into detailed activity.

The major disadvantage of option appraisal is that it takes time, consuming a considerable amount of management and planning resources. Major issues deserve considerable attention, however, and when properly performed the process ensures effective use of resources and wiser decision-making. It is also important to realize that many managers approach option appraisal cynically, convinced that the outcome will merely be formalization of a decision already made. It is therefore fundamental that the constraints are quite clearly defined, and results should not be discarded for political motives.

Box 1.4 outlines the process of option appraisal in sequence, though in reality the stages may become blurred. Information obtained at a later stage may lead to a reassessment of action taken at an earlier stage. A flexible approach is therefore necessary to ensure that the most effective outcome is achieved.

Option appraisal has diverse potential applications in health care, for example:

- strategic planning – determining the relative priority to be accorded to the needs of different client groups
- service delivery – describing the full implications of policy choices and identifying those that represent the best value for money
- capital investment – particularly important because of the comparative irreversibility of choice for both buildings and equipment.

Box 1.4 Process of option appraisal

- 1 Define the issue/problem in the broadest terms, eg the practice appointments system is inefficient.
- 2 State the objectives, constraints and performance criteria.
Consider
 - (i) what and how much can be done to resolve the problem
 - (ii) what is the least-cost way of improving matters by a given amount
 - (iii) what is the most effective way to spend a given amount of resource to improve the situation.
- 3 Formulate possible options and reduce to a manageable number.

For an appointment system there are several options in respect of solutions. One of these is to do nothing – the ‘no change’ option – which permits the calculation of a benchmark by which the additional cost of gaining the extra benefit of doing *something* about the problem can be measured. In other words, if nothing is done the problem as it exists can be measured and current costs (time, money, stress etc) can be assigned. The costs associated with each of the options can then be assessed against this benchmark, rather than against zero cost.

- 4 Evaluate the derived options by:
 - (i) detailed description
 - (ii) assessment of benefits
 - (iii) assessment of recurring costs
 - (iv) assessment of one-off costs.

The advantages of including non-monetary values (time, stress, reputation etc) of costs and benefits into each option include:

- exploring areas of possible disagreement that are not limited to financial resources
- clarifying their magnitude in terms of personal values
- indicating whether they are significant in relation to financial costs and benefits

- 5 Select the preferred option from presented results.