Scenario Planning Workshop Guide

Lead your own workshop to prepare for market uncertainties

IMPLEMENTATION RESOURCE

Look inside to:

- Facilitate a scenario planning workshop
- · Anticipate key stakeholder responses to potential changes
- · Brainstorm proactive and reactive strategies to mitigate or expound stakeholder responses







TOPIC

WORKSHOP TIME

1 hr.



Strategic planning

BEST FOR

Growth strategists

RECOMMENDED PREP

- Brainstorm most likely market changes across the next five years
- Use our Retreat Planning Guide (available on advisory.com/mic/retreatplanning) to prepare for your workshop session

SUGGESTED NEXT STEPS

- · Incorporate your scenario planning outcomes into our
- Strategic Plan Template (available on advisory.com/mic)
- Use out Market Shock Reports (available on advisory.com/mic) to further plan for potential market changes

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Lead your own workshop to prepare for market uncertainties

IMPLEMENTATION RESOURCE



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Executive Summary

Uncertainty abounds in health care today. From major national policy changes to local competitive plays, disruptions punctuate and complicate the planning process. Managing this uncertainty requires a new approach: strategists need to scenario plan to prepare for a range of potential futures. Many organizations bring in outside consultants to lead these planning activities, but we suggest strategic planners use this guide to tap into the creative thinking of their own staff or board.

This guide will help strategists lead a session in which teams evaluate their organization's planned initiatives, investments, or programs or other market changes in regards to how specific market players might respond. By anticipating the potential actions and responses of key stakeholders, strategists can build flexibility into their strategic plan to mitigate adverse outcomes and magnify positive ones.

Scenario Planning Workshop Guide

Workshop Preparation
Identify key competitors, patient groups, payers, and physicians, and assign team members to assume the roles of those stakeholders. Then, familiarize yourself with the reaction matrices your team will use in their breakouts as well as the points to discuss as a full group.
Scenario Planning Workshop Template11
Use these worksheets to guide teams through a role playing exercise for the following four stakeholder groups. Each worksheet helps participants anticipate the positive, negative, and neutral potential courses of action their stakeholder could take and identify which direction is most likely, as well as what the impact of that action could be.
Stakeholder Perspective: Competitors
Stakeholder Perspective: Patients 15
Stakeholder Perspective: Payers
Stakeholder Perspective: Physician

Section

1

▶ Workshop Preparation

Introduction: The What, Why, and When of Scenario Planning

What Is Scenario Planning?

Scenario planning is the exercise of constructing multiple potential futures based on current trends and assumptions of how various market players will act in order to develop your strategic plan. The exercise can be conducted in a variety of ways, and many organizations bring in outside consultants to lead these planning activities. However, we suggest strategic planners use this guide to tap into the creative thinking of their own staff or board.

Using this guide, strategic planners can lead a session where teams evaluate their organization's planned initiatives, investments, or programs or other market changes in regards to how specific market players might respond to them. By anticipating the potential actions and responses of competitors, payers, physicians, employers, and patients, the planning team can adjust the initiatives or build in contingency plans to handle negative outcomes. This activity goes a step beyond the traditional SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis because it isolates finite and specific actions by key market stakeholders and maps to action steps, rather than producing a broad understanding of an organization's environment.

Why Engage in Scenario Planning?

Strategic planners must understand not only what the market looks like today, but also what it will look like in the next five to 10 years. All hospitals and health systems work with near-term analytics (for example, looking at expected inpatient volumes for the following calendar year) and many organizations engage in vision setting for what health care will look like in 20 years. However, planners who consider their environment in the mid-term future have a strategic advantage in today's volatile market.

For example, when strategic planners are prioritizing new investments and initiatives, they may overlook unforeseen consequences of a market move that could threaten the long-term success of an organization. Patients might be driven away from the organization due to displeasure with the initiative, for instance, or competing providers might launch an aggressive campaign to counter the initiative and capture market share.

To avoid leaving these outcomes to chance, strategic planners can anticipate these consequences through scenario planning. This guide will lead planners through a session to use their staff to "war game" the possible direct and indirect effects of an initiative and create a preemptive action plan.



Physicians

Will physicians support the new program or shift their time to a competing facility?



Pavers

Will payers encourage their beneficiaries to come to us or cut us out of their network because of the program?



Patients

Will patients be more attracted to our services or actively seek care elsewhere?



Competitors

Will competitors compete with us directly by investing in the same program or will they try to capture market share another way?

When Should We Do Scenario Planning?

Strategic planners don't have time to add a new process to their agenda, which is why we suggest incorporating scenario planning into the ongoing activities planners already do. This guide should be used to consider the potential reactions market stakeholders might have in the following situations:

- Annual planning retreats when considering how market stakeholders might react to the overall strategic plan
- Any time a new initiative, program, investment, or partnership is on the table
- When thinking about how the organization will respond to major trends in the market (like virtual care, bundled payments, or price transparency)

Instructions: How to Use the Guide

Overview of Guide

Purpose: Use this guide to lead a scenario planning workshop to anticipate how market stakeholders might react to your planned investments or initiatives or to other market changes (e.g., new market entrant, regulatory change, shift in employer landscape).

Suggested Users: Strategic planners, analysts, business developers, and market analysts.

Time to Complete: 25 minutes to 1.5 hours, depending on the number of market players evaluated.

Outcomes: A list of top relevant stakeholders and most likely reactions to new investments, initiatives, or market changes; an action plan to anticipate and preempt any negative or adverse reactions.

Contents: This guide includes the following items:

- Worksheets for breakout groups to complete; there are worksheets specific to the following market stakeholders:
 - Competitors
 - Patients
 - Payers
 - Physicians
- Discussion questions for the whole team; each of the stakeholder groups listed above has its own discussion questions.
- Instructions on how to use each item and examples of completed items for guidance.

Instructions: This activity has the following steps:

- 1. Determine Stakeholders and Assign Roles: As a team, decide which stakeholders are most relevant to your planned initiative or program or to the market change under analysis. Assign team members to represent those stakeholders in order to consider all possible reactions that stakeholders might have to the investment or change.
- 2. Complete the Scenario Planning Decision Matrix: Each team member representing a stakeholder will use the decision matrix worksheet to guide their thinking around the possible reactions the stakeholder might have to the investment or change, as well as the most likely reaction that stakeholder might have.
- 3. Guide Team Discussion: After completing the worksheets independently, the team will come together to discuss each stakeholder representative's conclusions and use the discussion guide questions to develop a plan to effectively preempt or respond to these stakeholder reactions.

Please review more detailed instructions for each of these steps on the following pages.

1. Determine Stakeholders and Assign Roles

Who Are the Major Stakeholders Whose Reactions Will Impact Your Organization?

Instructions: With your team, determine which specific market players you'll need to evaluate in this exercise. Answer the questions below to determine the most relevant stakeholders. Then, assign a team member or pairs of team members to represent that stakeholder for the next step in the exercise. (*Timing: 5-10 minutes*)

Competitors	
Who are our major competitors?	
Which of these competitors will be most threatened by our new investment or the market change?	
Are there any potential new market entrants that could threaten our success?	
	_
Team Member(s) Assigned to Role:	_
Patients	
Which patient groups will be most affected by the new investment or market change?	
Are there any service-line or disease category patient groups with particularly large stakes in this situation?	
• Are there any demographic or geographic groups who will be especially interested in this program or change?	
	_
	_
Team Member(s) Assigned to Role:	_
Pavore	
Payers Which payers contribute the most to our revenue?	
Which payers contribute the most to our revenue?	
Which payers contribute the most to our revenue?Which payers have partnerships with us that could be affected by this investment or this market change?	
 Which payers contribute the most to our revenue? Which payers have partnerships with us that could be affected by this investment or this market change? Which payers have we traditionally NOT worked with that might be interested in this investment or affected by the 	
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2. Complete the Scenario Planning Decision Matrix

Each Stakeholder Representative Fills Out a Matrix

Each individual or team representing a stakeholder will now ask themselves: "If I were [stakeholder], how would I react to this investment/initiative/market change?"

In general, stakeholder reactions can go in three separate directions:

- Growth: Competing directly to increase share or increasing their partnerships or interactions with your organization
- Maintenance: Shifting investments to maintain the financial status quo
- · Protection: Making cuts to defend against financial loss

Each stakeholder representative will consider the actions they, as the stakeholder, could take in each of these directions. Doing this ensures that all potential reactions—not just the most obvious—have been considered. After weighing these alternatives, the stakeholder will choose which actions their competitors are most likely to take based on their knowledge of the market. (*Timing: 10-15 minutes*)

Below is a sample of what the decision matrix looks like. Each stakeholder matrix has an example matrix to give you an idea of what the final product should look like when evaluating a specific investment.



2.

1.

What alternative actions could our competitors take to maintain share?

1.

What actions could our competitors take to protect against losing share?



1.

2.

What is the most likely direction (grow, maintain, protect) competitors will take?



1.

2.

3. Guide Team Discussion

After Decision Matrix Activity, Discuss Questions as a Team

After completing the decision matrices, the group will come together. Take a few minutes to review each stakeholder representative's assumptions and conclusions about the reactions their stakeholder could take. Use the discussion guide questions for each stakeholder to isolate the drivers of these potential reactions. These questions will lead the group to understand:

- 1. What specific aspects of our relationships with patients, payers, employers, and competitors will be positively affected by this investment/market change?
- 2. What specific aspects of these relationships will be at risk due to this investment/market change?
- 3. What type of stakeholder response will result in the most success for us? Will this response help, hurt, or not impact our strategy? Which response is the least likely?

Each stakeholder has its own discussion questions. (Timing: 5-7 minutes per stakeholder)

Construct Your Pre-action Plan

The discussion questions should lead to a nuanced understanding of the drivers of stakeholder decisions as well as the most likely reactions your organization will face after implementing a new investment or initiative or experiencing a market change. With all of this information, your group can now develop a preemptive action plan to deploy when/if the stakeholders actually react in the ways you have predicted.

For each stakeholder's potential decisions, plan as a team how you would, in turn, respond to their reactions. By considering each direction a stakeholder could react, you will be able to determine:

- 1. What additional efforts you would make to mitigate negative responses
- 2. How you would further capitalize on positive responses
- 3. What changes to the initiative you would make if it did not have the impact you planned

Each stakeholder has its own pre-action plan questions. (Timing: 5-7 minutes per stakeholder)

Outcomes of the Guide

Using this guide will encourage thoughtful, creative brainstorming and discussion with your team without hiring an outside consultant. In addition, you will be more prepared to handle the aftermath of your planned initiatives. This will help you gain buy-in from other parts of the organization. At the end of this activity, you will have created:

- A list of the most relevant stakeholders for the initiative, investment, or program you are considering or the market change you are anticipating
- A collection of potential responses to that investment/market change from your most relevant stakeholders as well as an idea of the most likely reactions
- A plan to preempt negative responses or play up positive stakeholder responses
- A plan to respond to stakeholder reactions, whatever direction they might be

In addition to these useful deliverables, you will also leave the session with a deeper understanding of what drives the stakeholders in your market and what the future could—and likely will—look like for your market.

Section

2

Scenario Planning Workshop Template

- Stakeholder Perspective: Competitors
- Stakeholder Perspective: Patients
- Stakeholder Perspective: Payers
- Stakeholder Perspective: Physicians

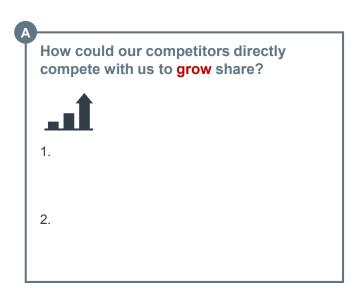
Competitor Scenario Planning Decision Matrix

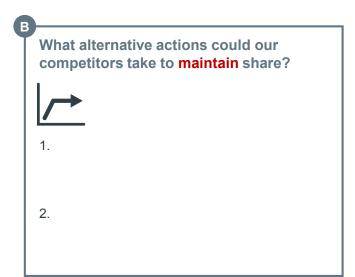
Investment/Market Change: ___

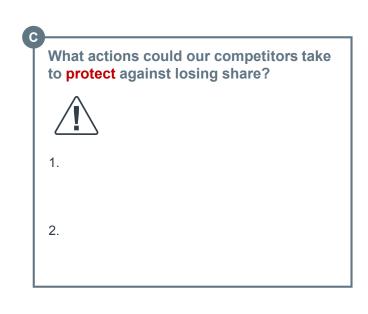
Put yourself in the shoes of your competitors. If you were a competitor in this market and an organization made this investment or this market change occurred, what would your reaction be, in terms of "direction"?

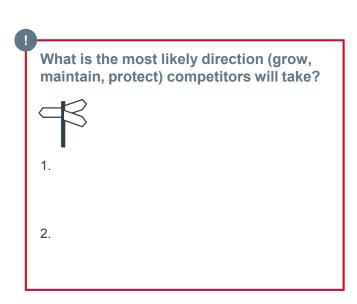
- · Would you compete for the same patients to grow share? How?
- Would you try to maintain your positioning by growing share of other patients? How?
- · Would you protect your share from leakage? How?

After you consider each "direction" of decisions, choose which you think is/are most likely to occur. See the Example Competitor Reaction Matrix on page 14 to see how an organization might consider these potential competitor reactions.









After you have completed this matrix, regroup with the rest of the team and discuss your considerations. These are the competitor moves you can anticipate with a preemptive action plan.

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Competitor Scenario Planning Discussion Guide

After Decision Matrix Activity, Discuss These Questions as a Team
1. What part of our competitors' business would be most threatened by the investment/initiative/market change? For example, patient volume, reputation/brand, physician relations, or payer relations.
2. If we went ahead with this investment/initiative or if this market change occurs, what parts of our business might be left vulnerable to competitors?
3. What type of competitor response is most likely? Will this response help, hurt, or not impact our strategy? Which response is the least likely?
Pre-action Plan
What steps can we take today and as we roll out the new investment/initiative or prepare for this market change to mitigate the impact of our competitors' responses?
1. If a competitor takes actions to grow share through direct competition, we can:
2. If a competitor takes actions to maintain position through alternate investments, we can:
3. If a competitor takes actions to protect share through defensive actions, we can:

Example: Competitor Reaction Matrix

Investment/Market Change: Tomosynthesis 3D mammography investment

Put yourself in the shoes of your competitors. If you were a competitor in this market and an organization made this investment or this market change occurred, what would your reaction be, in terms of "direction"?

- Would you compete for the same patients to **grow** share? How?
- Would you try to maintain your positioning by growing share of other patients? How?
- Would you **protect** your share from leakage? How?

After you consider each "direction" of decisions, choose which you think is/are most likely to occur.



How could our competitors directly compete with us to grow share?



- Invest in same new technology to grow volumes in parallel
- 2. Launch new marketing campaign on strength/accolades of neurology program



What alternative actions could our competitors take to maintain share?



- Recruit new physicians to maintain neuro referral stream
- 2. Consolidate market share in other related service lines (PT, inpatient rehab)



What actions could our competitors take to protect against losing share?



- Partner with other competitor to counter leakage
- Change neuro service line policies to make practice more attractive, shore up splitter physicians



What is the most likely direction (grow, maintain, protect) competitors will take?



- Invest in same new technology: competitor has a lot of money invested in neuro service line, history of being at vanguard of tech trends
- 2. Partner with other competitor: already has partnership in other service lines

After you have completed this matrix, regroup with the rest of the team and discuss your considerations. These are the competitor moves you can anticipate with a preemptive action plan.

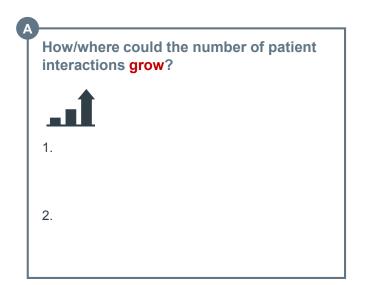
Patient Scenario Planning Decision Matrix

Investment/Market Change: _____

Put yourself in the shoes of your patients. If you were a patient in this market and an organization made this investment or this market change occurred, what would your reaction be, in terms of "direction"?

- Would you grow your involvement with the organization by increasing your interactions there? How/why?
- · Would you maintain your involvement with the organization by making no change? How/why?
- · Would you leave the organization and/or seek care with other organizations? How/why?

After you consider each "direction" of decisions, choose which you think is/are most likely to occur. See the Example Patient Reaction Matrix on page 17 to see how an organization might consider these potential patient reactions.



Which patients will maintain their current involvement with us?

1.

Which patients will leave us because of this new initiative/change?

1.

What is the most likely direction (grow, maintain, leave) patients will take?

1.

After you have completed this matrix, regroup with the rest of the team and discuss your considerations. These are the patient moves you can anticipate with a preemptive action plan.

Patient Scenario Planning Discussion Guide

After Decision Matrix Activity, Discuss These Questions as a Team
 What part of our patient-facing business would be most threatened by the investment/initiative/market change? For example, patient volume or reputation/brand.
2. If we went ahead with this investment/initiative or if this market change occurs, what parts of our patient-facing business might benefit?
3. What type of patient response is most likely? Will this response help, hurt, or not impact our
strategy? Which response is the least likely?
Pre-action Plan
What steps can we take today and as we roll out the new investment/initiative or prepare for this market change to mitigate the impact of our patients' responses?
1. If patients take actions to grow involvement through increased interactions with us, we can:
2. If patients take actions to maintain involvement through making no changes in involvement with us, we can:
3. If patients take actions to leave our organization, we can:

Example: Patient Reaction Matrix

Investment/Market Change: Tomosynthesis 3D mammography investment

Put yourself in the shoes of your patients. If you were a patient in this market and an organization made this investment or this market change occurred, what would your reaction be, in terms of "direction"?

- Would you grow your involvement with the organization by increasing your interactions there? How/why?
- · Would you maintain your involvement with the organization by making no change? How/why?
- · Would you leave the organization and/or seek care with other organizations? How/why?

After you consider each "direction" of decisions, choose which you think is/are most likely to occur.



How/where could the number of patient interactions grow?



- Investment will draw patients not only into oncology service line, but also into other aspects of the business due to improved brand
- 2. Increase in 65+ women's services



Which patients will maintain their current involvement with us?



- Current patients who are averse to change they will avoid new services but continue with current volume trends
- 2. Current patients whose insurers do not cover new services—they will avoid new services but continue with current volume trends



Which patients will leave us because of this new initiative/change?



- Those offended by investment—small group of patients may be offended due to controversy surrounding mammography and will actively seek care elsewhere
- 2. Male patients—reputation for women's services could turn off male patients

P

What is the most likely direction (grow, maintain, leave) patients will take?



- 1. Draw patients in older women's demographic
- 2. No change—target population not interested in new services

After you have completed this matrix, regroup with the rest of the team and discuss your considerations. These are the patient moves you can anticipate with a preemptive action plan.

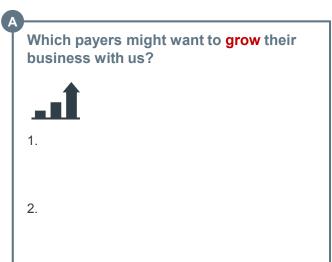
Payer Scenario Planning Decision Matrix

Investment/Market Change: ___

Put yourself in the shoes of your payers. If you were a payer in this market an organization made this investment or this market change occurred, what would your reaction be, in terms of "direction"?

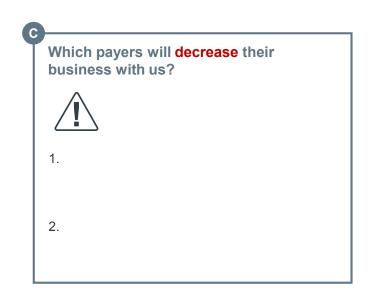
- Would you grow your involvement with the organization by increasing your interactions there? How/why?
- · Would you maintain your involvement with the organization by making no change? How/why?
- Would you decrease your involvement with the organization by cutting back interactions with the organization?
 How/why?

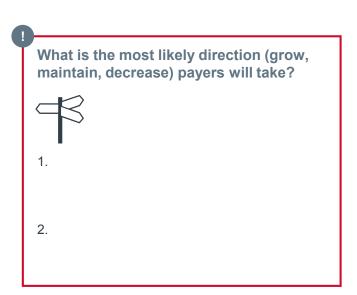
After you consider each "direction" of decisions, choose which you think is/are most likely to occur. See the Example Payer Reaction Matrix on page 20 to see how an organization might consider these potential payer reactions.



How will payers adjust their business to maintain our relationship as is?

1.





After you have completed this matrix, regroup with the rest of the team and discuss your considerations. These are the payer moves you can anticipate with a preemptive action plan.

Payer Scenario Planning Discussion Guide

After Decision Matrix Activity, Discuss These Questions as a Team
 What part of our payer relationships would be most threatened by the investment/initiative/market change? For example, network inclusion, rates, and patient volume.
2. If we went ahead with this investment/initiative or if this market change occurs, what parts of our
payer relationships might benefit?
3. What type of payer response is most likely? Will this response help, hurt, or not impact our strategy? Which response is the least likely?
Pre-action Plan
What steps can we take today and as we roll out the new investment/initiative or prepare for this market change to mitigate the impact of our payers' responses?
1. If payers take actions to grow involvement through increased interactions with us, we can:
 If payers take actions to maintain involvement in their current relationship with us, we can:
2. If payors take actions to maintain involvement in their current relationship with us, we can.
 If payers take actions to decrease involvement through cutting back in their relationship with us, we can:

Example: Payer Reaction Matrix

Investment/Market Change: Tomosynthesis 3D mammography investment

Put yourself in the shoes of your payers. If you were a payer in this market an organization made this investment or this market change occurred, what would your reaction be, in terms of "direction"?

- Would you grow your involvement with the organization by increasing your interactions there? How/why?
- · Would you maintain your involvement with the organization by making no change? How/why?
- Would you decrease your involvement with the organization by cutting back interactions with the organization?
 How/why?

After you consider each "direction" of decisions, choose which you think is/are most likely to occur.



Which payers might want to grow their business with us?



- 1. Payer W might include us in their new network arrangement for HMO patients
- 2. Payer X might list us as their preferred provider for women's services

В

How will payers adjust their business to maintain our relationship as is?



- Payers will adjust rates to take new investment into account
- 2. Payers may purposely not mention the service to their beneficiaries

C

Which payers will decrease their business with us?



- Payer Y will see the investment as an increase in the cost of care and cut us out of their network
- Payer Z will steer patients to lowercost care sites for mammography

0

What is the most likely direction (grow, maintain, decrease) payers will take?



- Payers will adjust rates to take new investment into account
- Payers will steer patients to lowercost care sites for mammography

After you have completed this matrix, regroup with the rest of the team and discuss your considerations. These are the payer moves you can anticipate with a preemptive action plan.

Physician Scenario Planning Decision Matrix

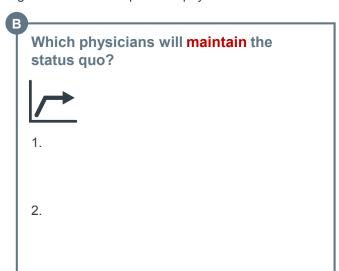
Investment/Market Change:

Put yourself in the shoes of your physicians. If you were a physician in this market and an organization made this investment or this market change occurred, what would your reaction be, in terms of "direction"?

- Would you grow your involvement with the organization by increasing your interactions there? How/why?
- · Would you maintain your involvement with the organization by making no change? How/why?
- Would you decrease your involvement with the organization by cutting back interactions with the organization?
 How/why?

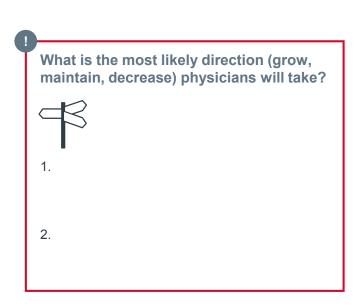
After you consider each "direction" of decisions, choose which you think is/are most likely to occur. See the Example Physician Reaction Matrix on page 23 to see how an organization might consider these potential physician reactions.





What about the initiative/change might make physicians decrease their involvement with us?

1.



After you have completed this matrix, regroup with the rest of the team and discuss your considerations. These are the physician moves you can anticipate with a preemptive action plan.

Physician Scenario Planning Discussion Guide

After Decision Matrix Activity, Discuss These Questions as a Team
 What part of our physician relationships would be most threatened by the investment/initiative/market change? For example, referrals and reputation/brand.
2. If we went ahead with this investment/initiative or if this market change occurs, what parts of our physician relationships might benefit?
3. What type of physician response is most likely? Will this response help, hurt, or not impact our strategy? Which response is the least likely?
Pre-action Plan
What steps can we take today and as we roll out the new investment/initiative or prepare for this market change to mitigate the impact of our physicians' responses?
1. If physicians take actions to grow involvement through increased interactions with us, we can:
2. If physicians take actions to maintain involvement through making no changes in involvement with us, we can:
3. If physicians take actions to decrease involvement through cutting back in their relationship with

us, we can:

Example: Physician Reaction Matrix

Investment/Market Change: Tomosynthesis 3D mammography investment

Put yourself in the shoes of your physicians. If you were a physician in this market and an organization made this investment or this market change occurred, what would your reaction be, in terms of "direction"?

- Would you grow your involvement with the organization by increasing your interactions there? How/why?
- · Would you maintain your involvement with the organization by making no change? How/why?
- Would you decrease your involvement with the organization by cutting back interactions with the organization?
 How/why?

After you consider each "direction" of decisions, choose which you think is/are most likely to occur.



How will physicians grow their involvement with our organization?



- Physicians will increase referrals to our network now that we have this new service
- 2. Oncology groups will reach out to partner with us to use the equipment



Which physicians will maintain the status quo?



- Physicians won't notice or care about the new technology
- 2. Physicians won't use the new technology as they prefer their current workflow



What about the initiative/change might make physicians decrease their involvement with us?



- Physicians will find the new technology too burdensome and start doing the bulk of their procedures elsewhere
- Oncology groups will see this as direct competition and cut back on partnerships



What is the most likely direction (grow, maintain, decrease) physicians will take?



- 1. Physicians won't use the new technology as they prefer their current workflow
- 2. Oncology groups will reach out to partner with us to use the equipment

After you have completed this matrix, regroup with the rest of the team and discuss your considerations. These are the physician moves you can anticipate with a preemptive action plan.

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