

Health care

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# How health care organizations can rewire strategic planning and execution to thrive amid change

The COVID-19 pandemic has underscored several changes in how organizations will develop long-term strategy. The health care industry has already adopted many of these tenets, including working directly with competitors, embracing technology and focusing on the needs of a wide group of stakeholders across the health and consumer ecosystem.

But C-suite executives in the industry now face the need to adjust strategies more frequently, as the pandemic

has increased the pace of change for how health care will be delivered. The pandemic has also changed how capital should be allocated to meet the revised needs of health.

The new EY "Realizing Strategy" survey of CEOs, CFOs and other C-suite executives shows us how strategy formulation will change.

Among the key findings from the health care executives surveyed:



say that COVID-19 will impact, or even cause them to pivot, their organizations' medium- to long-term strategy, and 12% say it will cause them to look to new sectors to succeed.



say that customers are as important as, or more important than, shareholders when formulating strategy, and 76% say the same of environmental and social issues.



believe that the biggest competitive threat in the next three years will come from a company outside their current sector.



who added the roles of chief growth officer, chief sustainability officer or chief information security officer in the last five years say that those positions substantially influence strategy.

Going forward, health care executives will need to expand their focus on all stakeholders, deepen investments in digital solutions that improve reach and the patient experience, and look to partnerships to fill capability gaps.



## 01 Formulating strategy with more stakeholders in mind

Health care executives were more likely than other executives to consider consumers (86% vs 82%), environmental and social stakeholders (76% vs 55%) and regulatory requirements (70% vs 65%) to be as or more important than shareholders.

Health care has always been ingrained in the social fabric of our communities. The pandemic and social unrest of recent months have raised greater awareness of health disparities and the social determinants of health.

At the same time, while regulatory requirements have always been top-of-mind for health care organizations, some US regulations have been relaxed to facilitate efficient care during the pandemic, such as those around telehealth use, availability and reimbursement. Executives will be watching closely to see whether any of these changes become permanent.

The focus on the patient is also increasing, particularly as competition from disruptive, more consumer-focused industries such as retail and tech emerges.

**What health care executives may need to do:** The focus on all stakeholders may need to deepen. Strategy needs to incorporate a deep understanding of the patient journey and how it is changing. Executives also should evaluate which regulatory changes that emerged in response to the pandemic are likely to become permanent, such as making telehealth more available, and then adapt to these changes.



## 03 Revamp the C-suite to execute strategy flawlessly

Within the past five years, about 25% of the health care organizations surveyed had established new roles: Chief Sustainability Officer, Chief Growth Officer, and Chief Information Security Officer. At least 80% of those executives surveyed cited that these roles have had moderate to significant impact. CISOs, CDOs, CTOs and

CIOs continue to be strategically important in a changing regulatory landscape and increasingly interoperable data environment. C-suite investments in transformation and growth roles signal heightened attention to an active strategic focus.

**What health care executives may need to do:** Expand the C-suite to change to bring in a wider set of viewpoints and empower those new roles to have a tangible impact on strategy.

## 02 Embrace the expanding health care ecosystem

The health sector has enlarged in recent years to include players from other industries, now entrenched in the health care “ecosystem.” This could be why fewer health care executives think their greatest threat will come from outside the sector (58% vs 67%). However, the influence of those who were once “outsiders” cannot be overlooked. From health insurers with lean, AI-fueled models for downstream care delivery to online retail giants that have disrupted how medications

are distributed, the expanded universe of health care must be considered in strategy development.

Health care organizations are becoming more open to “co-opetition” to thrive amid industry dynamism. More large health systems are growing their own investment functions to look for both potential threats and potential partners (69% of large health care organizations are likely to partner with competitors).

**What health care executives may need to do:** Determine what key capabilities may be lacking in the organization and consider potential partners for a joint venture, alliance, partnership or even a merger to help fill in those strategic gaps.



# 04 Continue efforts to rewire the organization

More than 40% of higher-performing health care organizations plan to further digitize operations in the short term. This commitment [can enhance operational performance](#) across the care continuum, from automating back office processes to designing and

deploying simple apps to communicate with and triage patients, as some leading health systems did during the pandemic. (For more information on the impact of telehealth during the pandemic, [see this case study](#).)

**What health care executives may need to do:** A disruption caused by the pandemic can lead companies to hold off on spending for the future. But such delays can put health care organizations at a disadvantage. Use the pandemic to be opportunistic in strategically acquiring the capabilities needed for the future.

## Eight key actions for reimagining and realizing your long-term strategy

- 1 Understand the totality of your ecosystem to effectively compete and innovate
- 2 Focus on total stakeholder return to enhance enterprise value
- 3 Build real-time, dynamic analytics for strategic planning that better preempts disruption
- 4 Inject agility in your organization's DNA to increase adaptability
- 5 Create a repertoire of playbooks to boost ROI from all types of partnerships and transactions
- 6 Rework key processes, such as risk management, internal controls, legal and compliance, to enhance the value from your ecosystem
- 7 Align the digital strategy with the enterprise strategy to unlock the full potential
- 8 Redesign the capital allocation process to augment swifter capital redeployment



## Conclusion

To maintain a competitive advantage, health care organizations may need to continue to focus on a broader group of stakeholders and collaborate – even with competitors or those in adjacent sub-sectors (e.g., payers and providers with one another; retailers; physician groups; tech companies; etc.) – to develop an optimal ecosystem that spans the care continuum and is laser-focused on the patient. They also may need to adjust core internal processes properly and efficiently to scale the emerging, changed landscape and bring together a wider set of executives (and the board) to develop strategy and see that it is executed.

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