



Strategic Planning

THE ASK:

The strategic plan of the provider is essential to provide direction, leadership, manage risks and respond to reforms. Insightful strategic planning considers the environment in which strategic objectives and organisational decisions are made in order to take advantage of emerging opportunities in aged care.

Covered in this Topic Guide

- Why strategy is important
- Thinking strategically
- Implementing strategy

Where are they now?



[Governing bodies] need to understand strategy, how an organisation is funded, the skillsets we need to deliver and where we are going... in order to meet the aged care needs of the future.

GOVERNING BODY MEMBER

Key concepts

The following high-level definitions are provided to assist in interpreting some of the key concepts discussed in this Topic Guide.

- **Continuous improvement** refers to a systematic, ongoing effort to raise a provider's performance in achieving outcomes for consumers under the Aged Care Quality Standards.
- **Stakeholders** of an aged care provider are those groups who affect and/or are affected by the organisation and its activities. This includes consumers, family members or the representatives of consumers. It also includes broader groups such as those who develop, pass and enforce laws and regulations that effect the function of the aged care provider, sector advocate groups, funding entities and the wider community.
- **A strategic plan** is a document that sets out an organisation's priorities, goal, objectives and overall vision. A strategic plan often has a time horizon of 3-5 years to enable a medium-long term view of the organisation's direction.

Strategic planning in aged care

Governing bodies of aged care providers are responsible for ensuring the provider can meet consumer needs, respond to changes in government policy, funding models, community needs and to understand the impact of these on the consumer. Providers have specific responsibilities relating to the governance and continuous improvement of the organisation. These include:

- Standard 8 Organisational governance (section 3(c)) – Part 5 — Aged Care Quality Standards in the Quality of Care Principles 2014.
- Aged Care Quality and Safety Commission Rules 2018 (section 62).

Beyond the specific requirements imposed on providers, there is a community expectation that providers will operate efficiently, effectively and ethically in meeting the care needs of older Australians. This requires governing bodies and executives to have a sense of what they don't know, ask questions and to have an eye to the future of their service in a changing landscape.

Story from the sector



The governing body must have a strategic plan in place that is evaluated and reviewed periodically

KEY TAKEAWAYS

- Strategic planning presents a vision for the future and a roadmap for how the aged care provider will get there while meeting the needs of consumers.
- Strategic planning should be an iterative process and the strategic plan should be periodically reviewed with continuous improvement in mind.

Acme Community Services has been looking for a replacement member for its governing body. Roxanne is an ex-clinician with experience in aged care who is a great candidate for the board. She is also being considered by a governing body of another aged care provider.

In order to make her decision about which governing body to be a part of, Roxanne asks the Acme Community Services governing body for a copy of their strategic plan and asked whether they had met their strategic objectives over the past year. An existing member of the Acme Community Services governing body provided Roxanne with a copy of a strategic plan which was created over 10 years ago, that referred to outdated models of care. When asked about how the provider has implemented the plan, the existing member was unable to explain how the plan has been translated into practice.

As a result, Roxanne decided not to join as a member of the governing body of Acme Community Services because she did not believe that the existing governing body had a clear roadmap for continuous evaluation and improvement of their services.

In its next meeting the governing body recognised the need to update and realign their strategic objectives to better consider the range of upcoming opportunities that will support the delivery of better care in line with contemporary and emerging practices.

Tips for strategic planning

Placing Older Australians at the Centre

- Engage with your stakeholders, including consumers, families, representatives and the community to gain their perspectives and insights as users of aged care services.

Obligations and Accountabilities

- Identify the roles and responsibilities of the governing body and the executive team and embed processes to work together.

Knowledge, Skills and Experience

- Understand the external environment, operational risks, and the drivers and pressures of delivering safe and high-quality care and reflect that in the strategic objectives.

Leadership and Culture

- Communicate the strategic objectives to the entire organisation.
- Encourage a culture of curiosity, learning and constructive challenge of the way things are traditionally done.

Reflecting on your practice



Think...

Below are the top things you need to be **thinking** about in strategic planning:

- Does the governing body have a working understanding of the provider so that it can set insightful strategic plans and make effective decisions?
- Have the vision and purpose of the aged care provider been clearly communicated with staff, consumers and stakeholders and set out in the organisation's constitution as a clear point of reference for setting strategic direction?
- Does the process for strategy development include the insights and challenge of the governing body members and other stakeholders?
- Are different strategic options considered prior to a final decision being made by the governing body?



Ask and say...

Below are the top **questions you need to be asking**:

- Does the governing body play an active role in challenging and stress-testing the strategic plan's development?

- How are the views and insights of stakeholders considered to ensure continuous improvement of services in the development of the strategic plan?
- How are external inputs such as the policy context, regulatory landscape, developments in models of care, technology disruptions and emerging risks incorporated into the development of strategy?
- How often is the strategic plan reviewed and updated? Does the time horizon align with a medium-longer term view of where the service needs to head?



Do...

These are the top **actions and behaviours** for setting strategic planning:

- Understand the key drivers of performance against the strategic priorities.
- Actively engage with stakeholders to stay informed about the challenges and reforms in aged care.
- Be willing to adapt strategic priorities to significant and unexpected changes that occur outside the service.
- Regularly review and reassess to ensure the strategic objectives align with operations of the provider.

Why strategy is important

Sustainable and viable aged care services

The financial performance and viability of each individual provider crucially depends on the management skills of its executive, internal governance arrangements and overall business acumen. It is the duty of all governing body members to ensure that individually and collectively, they are informed about the risks and opportunities relevant to their provider.

A strategy based on robust stakeholder engagement, analysis of funding scenarios, consumer needs and policy directives can assist governing body members and the executive team with the following:

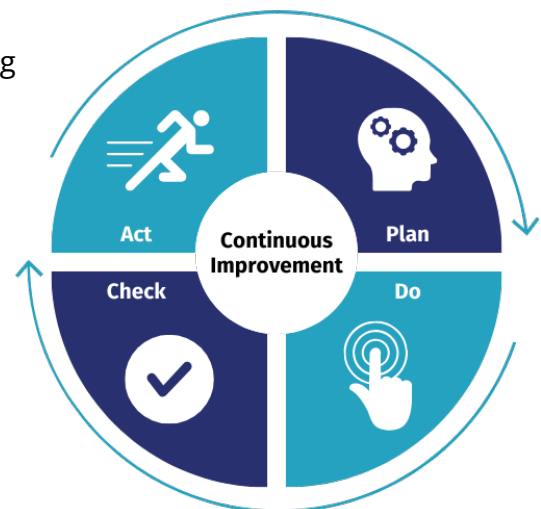
- Identifying and implementing a leading-edge operating model
- Positioning their provider to meet the needs and preferences of different consumers, including consumers with diverse needs such as those living with dementia
- Effective use of assets and resources
- Developing a strong workforce strategy
- Succession planning for the collective skills and experience of the executive team
- Clearly articulating their unique market propositions aligned to consumer preference for their target segments.

The governing body's role in strategy

Setting effective strategy requires the governing body to take an active role in planning, implementing and evaluating an aged care provider's objectives. In practical terms this means that the governing body must understand the sector in which it operates, how the provider operates, risk outcomes and performance metrics. It must implement actions and monitor the provider's performance to inform and update the provider's strategic priorities.

Through the governing body's unique position, governing body members can contribute by providing insights into:

- The aged care policy context, clinical expertise and aged care sector trends.
- Their understanding and expertise in the regulatory environment.
- Expertise in attracting and retaining talent.
- Experience accumulated during their professional careers or roles in the community.
- New perspectives, challenging thinking, continuous improvement and fresh ideas.



These strengths, combined with the executive team's in-depth knowledge and experience in aged care operations and execution, mean that collaborative decision-making often leads to better strategy.

The executive team's role in strategy

There is no single approach to the relationship between the governing body and executive team of an aged care provider. The degree of interaction between the governing body and the executive team in developing strategy will vary depending on the size and complexity of the organisation, but at a minimum there should be regular discussion and input from both parties. Ultimately, there should be cooperative and interactive processes between the governing body and the executive team in the development of strategy to:

- make, review and assess strategic decisions
- understand the key drivers of the aged care provider's performance against the agreed strategic priorities
- align the aged care service's strategy, operations and external environment
- understand potential risks and incorporate risk management into strategic decision-making.

Strategic planning

Strategic plan

Aged care providers should have a strategic plan in place that outlines:

- the aged care provider's role and objectives that articulates what the provider wants to achieve over a clearly defined time horizon
- strategies to ensure the effective and efficient provision of aged care services and the financial viability of the aged care service.

The strategic plan provides the three to five-year high-level objectives of the aged care provider and should be reviewed regularly to ensure the strategic objectives continue to align with the providers performance.

Thinking strategically

Governing bodies should develop a culture of iterative, strategic thinking by:

- creating a climate where strategic thinking is a valued activity
- fostering a culture of curiosity, learning and constructive challenge of the way things are traditionally done
- challenging and evaluating the processes for developing strategy, not just the strategies themselves
- upholding high expectations for strategic plans and alignment to organisation purpose and mission
- setting aside adequate time and resources to discuss strategy in a meaningful way
- establishing methodologies, tools and policies for strategic decision-making and monitoring management adherence to them
- ensuring all decisions clearly align with the strategy priorities and objectives.

Understanding risk in strategic planning

Governing body members have a duty to satisfy themselves that an effective strategic risk management framework is in place that ensures management of risks that could impact on the provider achieving its strategic objectives. Such frameworks seek to:

- identify and evaluate strategic risks
- consider emerging risks and trends
- measure what is happening
- prepare for and take appropriate corrective action.

To better understand the key risks facing aged care providers, governing bodies should focus on the following when developing their strategic plan:



Understanding of services and quality safety

All efforts must be made to report on organisational performance involving service quality and safety, including incident management. Incidents of non-compliance, inability to meet standards for accreditation as well as consumer neglect, harm or abuse must be considered and acted upon.

Developing a framework for complaints and incident reporting

Governing bodies need to work with the executive team in reviewing and assessing the complaints framework to improve processes of reporting and remediation to ensure the process is responsive to the needs of clients and their families.

Compliance with accreditation and quality standards

Governing bodies should have a thorough understanding of the Aged Care Quality Standards and evaluate practices, processes, facilities, and resources against the requirements and seek the counsel of experts or consultants where needed.

Engage truthfully with stakeholders

There should be a communications strategy in place to ensure governing bodies are directly aware of the concerns of all stakeholders. An investigation protocol must be put in place, and accountability must be specific and measurable in order to resolve service issues.

Stakeholder involvement in strategic planning

A critical step in the strategic planning process is engaging with key stakeholders. Governing bodies face ongoing scrutiny and increasingly high expectations from stakeholders. As part of their responsibility for governance oversight, governing body members need to identify and understand the expectations of all stakeholders, which are often continually changing.

It is considered good practice to incorporate stakeholder views into the strategy development process, whether directly (e.g. through consultation with stakeholder representatives), or indirectly by acknowledging their goals when generating strategy. Stakeholders bring a new perspective, often leading to more innovative problem solving. Actively engaging with stakeholders throughout the year, enhances communication and trust, supports mutual understanding and collaboration, and reduces reputational risks and associated costs.

Implementing strategy

Strategy review

Strategies should never be 'set and forget'. Rather than developing a strategy and then putting it on the shelf until next time, strategy needs to be continually reviewed by:

- **analysing** the current strategy and progress towards the agreed objectives
- **evaluating** company performance by reference to these objectives
- **reviewing** the strategic direction at least annually to ensure they remain appropriate to the provider's needs.

Rather than trying to predict the future, the governing body should aim to ensure the aged care provider's capabilities and resources are sufficiently flexible to manage uncertainty. In-built flexibility is promoted by:

- scanning the environment to get ahead of reforms and keeping abreast of changes that could materially affect the achievement of strategic objectives
- exploring how policy shifts and clinical developments (or risks) will impact on strategy
- inviting subject matter experts to address the governing body and the executive team
- ensuring accurate and timely information reaches the governing body and is discussed.

Tracking performance

Governing bodies need to be vigilant in assessing the performance of the aged care provider in achieving the strategy. Periodic reporting from the executive team (such as a quarterly report card incorporating exception reporting) can help the governing body quickly come to terms with what is not working and why. In some cases, this may lead to priorities being changed.

It is important that the governing body receives the appropriate facts and information to make an accurate assessment. Financial and operational reports are a good starting point but given the key objective of aged care services is to provide safe, quality care, the governing body also requires non-financial performance indicators. These may include indicators of consumer satisfaction, employee engagement, quality of care reviews, consumer flows (including how they relate to other health services), community feedback and engagement. The governing body is there to look objectively at strategy and make the tough decision to change the course of the aged care provider's strategy when it is no longer viable.

Useful references and links

[Aged Care Act 1997](#)

[Quality of Care Principles 2014](#)

[Standard 8. Organisational governance | Aged Care Quality and Safety Commission](#)

[Guidance and resources for providers to support the Aged Care Quality Standards](#)