

## **Network Directors...Why Do I Need a Business Plan?**

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It is well known that network success is based on good working relationships among members and organizational partners; however, relationship building is not enough to sustain network success. Network operations must also be financially strong and offer viable programs and services that benefit members and the corporation. Network directors must develop business planning skills or hire senior leaders with such skills to effectively measure ongoing financial viability and as necessary evaluate proposed new programs for financial value to the organization and preserve sustainability.

There are many different types of business plan formats and the use will vary with the scope and impact of the program or the intent of the network membership. For instance, if a network is creating a new LLC for a managed care organization, the business plan would need to be very comprehensive with financial projects, competitive analysis and market potential, project time lines and of course assigned responsibilities for multiple staff and consultants. If a network is adding a new service line such as executive recruitment services, the business plan would be more basic and perhaps only include projected revenues and expenses, personnel and implementation time framework.

Regardless of the type of plan, there are key components generally found in a successful plan but not all components are included with each plan. Suggested components:

- **Executive Summary** - Overview of the project and activities, time frame for implementation, challenges, intended market and financial performance. The summary is similar to an abstract for a grant project.
- **Mission and Vision** – What is the intent of the organization and what is to be accomplished?
- **Background or History** – Why? What is the need for the new service, project or corporation? Information, data and experience – what led to the decision to pursue the development of the new program or service?
- **Profile** – Description of the network/organization and what resources are available to execute the business plan.
- **Implementation Activities and Time Frame** – Description of the new program or service along with a project management time frame (activities to be completed each month and by whom)
- **Market** – Who is the intended audience or group to use the services? How will they be informed of the opportunity? Can you sell it? This is simply the communication plan.
- **Competition** – Who is already providing this service or program? How are the competitors perceived in the market place? What is your organization's competitive competency?
- **Staff** – Who will be responsible? How will they work – roles and accountability? If consultants are used, are they reputable?

- **Pro Forma** – Finances. Revenues and expenses – what is the best case scenario and the worst case scenario? What is the return on investment? It is a 360 degrees look at the anticipated financial performance.
- **Network Value** – Does the new program or service benefit the members or the corporation?
- **Challenges/Strategies** – What are the challenges and barriers? Strategies to overcome difficulties? Can the business plan change as needed?

Early in my network director career, I learned the hard way of not having a business plan. I was so intent on having a program or two for members that I bypassed the cardinal planning steps and just implemented. I wanted a quick win and thought if I just put the new HIPAA training program together, every member would want to use the program and make money for the network. Well, I was wrong. I took the advice of the consultant who claimed to be an attorney and new everything there was about HIPAA early in 2004. The HIPAA training was mediocre and only a few hospitals used the program. The network lost money on the attorney who in the end was not currently licensed; and when my staff accidentally overpaid the attorney, quickly left the state and never returned the extra payment.

If I had been more patient and developed a business plan, I believe I would have researched the attorney's resume more thoroughly and had control of the educational service. It probably would not have failed as it did within six months of the first training conducted.

Since then, I have been diligent to require a business plan for new services and programs and especially for new LLCs. It has made a difference. While some programs are more successful than others, I have control over the process and outcome and can make adjustments to the plan so that the new service or program provide value to members and generate revenues for the network. I can still be excited about a new offering but I can best advise my network board and membership of an informed and vetted opportunity.

*The Illinois Critical Access Hospital Network, founded in 2003, is comprised of 53 hospitals. The network's mission is: Strengthening critical access hospitals through collaboration. Programs and services offered by the network include; peer networking groups for members; education and training; rural recruitment services; external peer review network; IT services; group purchasing program; hospital employee health insurance; grant administration (11 different projects for 2013); community health needs assessment; quality improvement consulting services; access to QHi and iVANTAGE Benchmarking systems; HCAHPS vendor; organization management services; managed care consulting services; and adding coding services.*

*Pat Schou serves on the National Rural Health Association Service Board, Rural Congress and Government Affairs Council. She also serves on the Accreditation Association for Hospitals/Health Systems Board, recently co-chair of Illinois' State Health Improvement Plan Implementation Coordinating Council and now appointed*

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*The Illinois Critical Access Hospital Network has been an NCHN member since 2007.*