

Monitor

Making the health sector
work for patients

Developing strategy

What every trust board
member should know



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Supporting foundation trusts to improve strategy development is one of Monitor's strategic initiatives for 2014/15, and this document forms part of this programme of work.

For more information about our support in this area, please email strategydevelopment@monitor.gov.uk

Introduction

The NHS belongs to the people.

It is there to improve our health and wellbeing, supporting us to keep mentally and physically well, to get better when we are ill and, when we cannot fully recover, to stay as well as we can to the end of our lives. It works at the limits of science – bringing the highest levels of human knowledge and skill to save lives and improve health. It touches our lives at times of basic human need, when care and compassion are what matter most.

'The NHS Constitution'¹

A clear and well thought out strategy will help achieve the vision, principles and values of the NHS by sustaining safe, effective patient care. A sound strategy will help to ensure the clinical, financial and operational sustainability of the services that trusts, local health economies and the wider NHS provide for their populations.

This guide explains your role as a board member in leading the strategy development process. It describes what to look for when assuring your trust's strategy, and points out common pitfalls. It helps you in raising critical questions such as:

- How can strategy development help us make informed choices about the services we provide?
- How can I be sure our strategy will meet patients' future needs?
- What is my role as a trust board member in the local health economy's strategy development, and how can we align our plans?

1. See 'The NHS Constitution', available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/170656/NHS_Constitution.pdf



Who is this guide for?

This guide to the board member's role in developing strategy was written for NHS foundation trusts, but is relevant to board members in both foundation trusts and NHS trusts, whether they provide acute, community, mental health or ambulance services.

It contains summary guidance tailored to the board role in strategy development, which is underpinned by a more detailed toolkit Monitor has developed for foundation trusts. Both are intended to be a helpful contribution to the resources at your disposal for developing strong strategies for your trust. It is not prescriptive or regulatory guidance.

It does not aim to replace existing practice but provides a framework which will help you to:

- assess what you are already doing and compare it with the characteristics of successful strategy development
- prepare your organisation for strategy development, taking account of any gaps in resources and skills that may need to be addressed
- recognise a good strategy and identify the signs of a poor one.

Why strategy development matters

Effective strategy development benefits patients

Strategy development is an essential step towards improving care and patient experience within available resources. Effective strategies, successfully implemented, can lead to:

- satisfied patients
- improved outcomes
- reduced health inequalities
- motivated staff
- safe, sustainable services
- robust finances.

Thriving clinical services that take full advantage of new treatments and technologies for their patients are the result of astute strategies developed by leaders of trusts who have taken bold steps to grasp opportunities available to them.

Strategy is a set of choices designed to work together to deliver the long-term goals of an organisation in the face of uncertainty

Trusts face challenges in meeting patients' future needs

Improving patient safety and care quality while facing financial challenge is a demanding task. Now, more than ever, trusts need a strategy to guide them through future uncertainties.

The strategy will influence how resources are allocated and how staff prioritise their time. If leaders communicate their strategy successfully, it will help employees understand the organisation's direction. Whether or not the organisation achieves its aims will depend on the quality of the strategy.

What makes a good strategy?

A good strategy development process

The following pages set out in more detail the board's role in assuring the quality of the strategy throughout its development. However, three simple underpinning principles run through a good strategy development process:

- **Improving quality, safety and patient experience:**

through a rigorous strategy development process, you will be better placed to ask the right questions about your trust's commitment to improving quality, safety and patient experience.

- **System-wide leadership:**

strategy development represents a significant leadership challenge which goes beyond just one organisation or one leader. Everyone has a part to play and trust board members are at the centre of this.

- **Flexibility:**

no trust ever entirely implements the strategy it intends to. The ability to continually adapt and learn is a fundamental skill for board members to develop in order to manage their organisation well and deliver for patients.

The output of a good strategy development process

Once the strategy is written, board members will want to assure themselves that it reflects their vision and is realistic.

How do I know if we have a good strategy?

Good strategies:

- ✓ evaluate where the organisation is now, and then state realistic, **evidence-based goals** expressed in a way that allows progress to be monitored
- ✓ are **patient-focused**, designed to improve care quality and patient experience
- ✓ set out a **clear vision** for improving quality and safety
- ✓ are based on forecasting and analysing trends in **local health economies**, not just at the level of a single organisation
- ✓ **prioritise initiatives** on the basis of coherence, impact and feasibility
- ✓ clearly set out **milestones** for achieving specific aims
- ✓ clearly **describe current problems** (both financial and quality)
- ✓ consider the current and future **organisational culture** required to support implementation of the strategy.

What are the common pitfalls of a strategy?

Poor strategies may be:

- ✗ **vague:** strategies are complex documents but a good structure and clear messages should guide you through
- ✗ **inflexible:** your strategy can soon become outdated, irrelevant and unachievable if you cannot review and adapt it to incorporate new information
- ✗ **unfocused:** concentrating on too many decisions, rather than prioritising, can distract from those that demand immediate discussion and commitment
- ✗ **not ambitious enough:** insufficient experimentation will limit your ambition and restrict potential for quality improvement
- ✗ **impossible to achieve:** insufficient time and effort to build ownership, identify changes and set up infrastructure can render ambitions unrealistic
- ✗ **poorly communicated:** if staff at all levels do not understand and own the ambitions expressed in the strategy, implementing it will be difficult.

Monitor's toolkit to support strategy development

Monitor's strategy development toolkit describes a seven-stage framework for trust directors and their teams. It will help trusts to work through the strategy development process and ensure the right people within the trust and across the local health economy are engaged at the right time.

The toolkit contains guidance on each stage of developing a strategy as well as many illustrations of possible analyses and case studies of strategic changes that some NHS providers have already implemented. It is intended to help you develop a strong strategy for your trust, but it is not prescriptive guidance. Its examples of analyses, frameworks and sources of ideas are all intended to provide useful direction and inspiration rather than a set of rules.

The toolkit can be accessed at www.gov.uk/monitor or by emailing strategydevelopment@monitor.gov.uk



Your role in strategy development

Leading strategy development

Effective strategies will draw on expertise from clinical colleagues, other staff across the organisation and the wider health economy, but board members have the central role in leading the strategy-making process. In developing its strategy, an organisation will encounter debate, challenge and dissenting views while exploring new possibilities. Dealing with uncertainty is at the heart of strategy development, but by making clear and explicit decisions board members can address the challenges facing the NHS.

Your role includes articulating ambitions, gauging possibilities and assessing risks. While developing your strategy you should take advantage of opportunities for innovation and challenge the status quo. This may mean testing ideas or setting out in unfamiliar directions that could radically improve outcomes for patients by adopting new treatments, technologies or ways of working. Board members must deploy their judgement, knowledge and experience in leading discussions and making decisions.

Many boards are doing this already, but an independent review² concluded that most NHS foundation trusts could do better at strategy development. This toolkit is a contribution to helping them do that.

Testing your organisation's strategy

The ultimate test of a trust strategy is that it sets out a realistic path to achieving or maintaining clinical, operational and financial sustainability of services.

The three fundamental review questions set out on page 9 underpin this and are the areas which benefit most from board members directing the discussions and assuring their organisations' strategic choices.

The following pages suggest critical questions that the board can ask to make sure that each stage of the strategy development process has been carried out effectively.

2. See 'Meeting the needs of patients: Improving strategic planning in NHS foundation trusts', available at <http://www.gov.uk/nhs-foundation-trusts-planning-and-reporting-requirements>

Three situations may prompt you to undertake strategy development work and use this guide and the accompanying strategy development toolkit.

- **Recommit**

If your strategy's underpinning assumptions are still accurate and implementation is on track, you will want to recommit to the strategy. This means briefly revisiting its delivery and ongoing development.

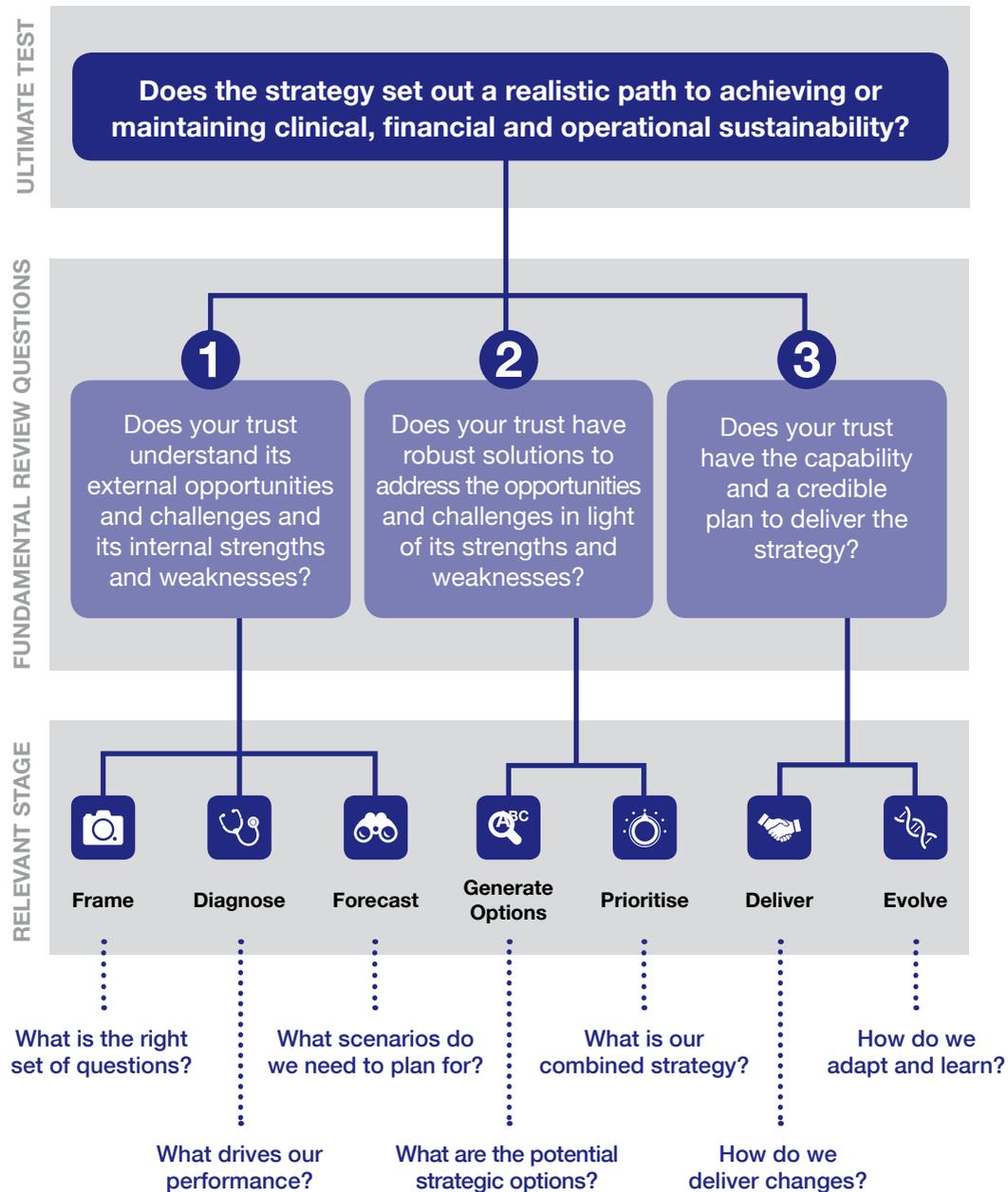
- **Refresh**

If you are happy with your strategy but the external environment has changed, you may want to refresh the strategy. This will involve checking whether you need to change any assumptions or outputs.

- **Create or recreate**

If you do not have a strategy to meet your goals – perhaps because the local health economy has changed or your trust has identified new performance issues – you will want to recreate your strategy.

Questions to ask as your trust develops its strategy



Your role summed up in three questions

- 1 Does your trust understand its external opportunities and challenges and its internal strengths and weaknesses?**



Frame

Agreeing the scope of the strategy-making process

What is the board's main responsibility?

- Identifying the most important strategic questions facing the trust and ensuring the required people have the capacity to participate in answering them.

What should the board ask to assure itself at this stage?

- Have we set aside enough dedicated time to ensuring we have an agreed view of what our strategy must achieve?



Diagnose

Understanding the internal and external landscape driving current performance

What is the board's main responsibility?

- Setting the right level of ambition for the trust.

What should the board ask to assure itself at this stage?

- Do we have a shared understanding of which services are performing well and which particularly need improving?
- Do we truly understand the current perspective and anticipated future needs of patients?



Forecast

Deciding which future scenarios the trust needs to plan for

What is the board's main responsibility?

- Closely working with commissioners and the rest of the health economy to understand the potential future scenarios that the area faces.

What should the board ask to assure itself at this stage?

- Rather than having just one view of the future, can we see how the trust would look in a variety of scenarios and can we as a board adapt to them as required?



- 2** Does your trust have robust solutions to address opportunities and challenges in light of its strengths and weaknesses?



Generate Options

What are the potential strategic options available to us?

What is the board's main responsibility?

- Challenging levels of ambition and existing perspectives.

What should the board ask to assure itself at this stage?

- Have we sought inspiration from as wide a range as possible of sources in healthcare and other industries to identify our strategic options?



Prioritise

What is our combined strategy?

What is the board's main responsibility?

- Agreeing how to form its chosen options into a coherent strategy.

What should the board ask to assure itself at this stage?

- Is the board confident that the choices we have made will mean the trust is clinically, operationally and financially sustainable, while addressing the needs of patients?

- 3** Does your trust have the capability and a credible plan to deliver the strategy?



Deliver

Delivering changes

What is the board's main responsibility?

- Communicating the trust's goals widely and effectively to ensure shared responsibility and ownership across all levels of the organisation.

What should the board ask to assure itself at this stage?

- How will we hold each other to account for delivery?
- Can leaders and teams at all levels explain the link between what they have to do and delivery of the strategy?
- What resources are required to support implementation of the strategy?



Evolve

How do we adapt and learn?

What is the board's main responsibility?

- Monitoring the delivery of the plan and ensuring the plan is revised as necessary in the future.

What should the board ask to assure itself at this stage?

- How will we know whether the delivery of our strategy is successful and under what circumstances will we need to revisit it?

Further detail and insights into each of the seven steps and the questions boards should consider at each stage can be found in the detailed toolkit underpinning this guide, which is available at www.gov.uk/monitor



Making the health sector
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Contact us

Monitor, Wellington House,
133-155 Waterloo Road,
London, SE1 8UG

Telephone: 020 3747 0000
Email: enquiries@monitor.gov.uk
Website: www.gov.uk/monitor

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