Strategic thinking in pharmacy

The CPO Perspectives section of *Am J Health-Syst Pharm* features content of interest to Chief Pharmacy Officers and other decision-makers in health-system pharmacy. *Am J Health-Syst Pharm* Contributing Editor Scott Knoer, M.S., Pharm.D., FASHP, coordinates the solicitation and review of articles for this series.

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Anthony M. Boyd, Pharm.D., BCPS, Michigan Medicine, Ann Arbor, MI, and Department of Pharmacy Services, University of Michigan College of Pharmacy, Ann Arbor, MI.

John S. Clark, Pharm.D., M.S., BCPS, FASHP, Michigan Medicine, Ann Arbor, MI, and Department of Pharmacy Services, University of Michigan College of Pharmacy, Ann Arbor, MI.

Stan S. Kent, B.S., M.S., FASHP, Michigan Medicine, Ann Arbor, MI, and Department of Pharmacy Services, University of Michigan College of Pharmacy, Ann Arbor, MI.

Address correspondence to Dr. Clark (johnclar@med.umich.edu).

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Healthcare within the United States is undergoing a major transformation. Health-system leaders are under immense pressure to ensure the quality of care while maximizing value for patients. Likewise, the profession of pharmacy is changing due to a number of factors: exponentially rising drug costs, the shift from inpatient to outpatient care, risk- and value-based reimbursement, the use of digital health technology, and the potential use of “big data” to guide treatment decisions. It is imperative for pharmacy leaders to begin to think strategically and become visionaries to remain relevant in the future of healthcare.

There is a common misconception that strategic thinking and strategic planning are the same. Executives can limit the breadth of their strategic thinking efforts by overlapping the two ideas. Strategic thinking is completed at random through multiple channels and results in the creation of a vision through innovation. Strategic planning is a method of implementing existing strategies on a scheduled timeline through the use of organizational tools by using ideas created during the strategic-thinking process. Pharmacy leaders often further narrow their scope to operational planning, which emphasizes day-to-day planning that allows the department to function. Pharmacists’ clinical services are a direct result of innovation. The doctor of pharmacy degree and completion of residency training are examples of results of strategic thinking: imagining what could be and then putting plans in place to achieve that vision. Pharmacy leaders must look beyond what has previously been done, find creative solutions to healthcare challenges, and embrace these changes to move the profession forward. Strategic leaders need to imagine what could be.

Although strategic thinking has been well described in other areas of business and healthcare, pharmacy-specific literature is focused on strategic planning. Through the establishment of the pharmacy enterprise, pharmacy leaders assume responsibility for the entire medication-use continuum within a health system, with specific emphasis on patient outcomes, quality, and financial success. According to Weber, strategic planning is composed of the following: analysis, use of planning groups, and execution. Given the lack of pharmacy literature with regard to strategic thinking, we have written this article in hopes of providing insight and motivation for pharmacy leaders to influence the practice of pharmacy in the coming years.

**Who is responsible?** Strategic thinkers are often the most effective leaders throughout an organization, as they think in this manner every day rather than on an annual basis. A common misconception holds that strategic thinking should only be the responsibility of the executive leadership team. Even though the pharmacy executive has the formal responsibility for creating a vision and guiding this process, it should not be done in isolation. The pharmacy executive should routinely hold meetings with leaders throughout the department solely for the purpose of identifying areas of strategic focus and improvement. The key to effective strategic leadership is the ability to obtain relevant and varied information to facilitate thinking beyond daily responsibilities. It is imperative to create open lines of communication among pharmacists, pharmacy technicians, and frontline management outside of the administrative suite to garner support throughout the department regarding strategy. Strategic thinking is based on continuous informal learning from all areas of an organization, and leaders are able to identify strategic initiatives based on feedback from all employees.

It is also important to build strategic thinkers throughout the organization. The pharmacy executive should continuously encourage all staff members to seek opportunities and new roles for the department that will improve patient care; refinement of skills in this area should be incorporated into personal development plans for employees throughout the department. One way to do this is through the selection of a mentor who thinks strategically. The culture
within the department should identify team members with leadership potential and provide opportunities to those who wish to pursue them. Leadership development programs, through the institution itself or through an outside university, are necessary to promote career progression and create the next generation of pharmacy leaders. Frontline managers are often focused on operational work and resolution of acute issues rather than long-term vision. Therefore, it is important to provide positive feedback to leaders who anticipate opportunities and prevent problems rather than only respond to immediate demands. Frontline managers must spend some dedicated time outside of daily responsibilities to develop ideas to improve their respective work areas. Outside of formal leaders within the department, all employees must be encouraged to ask “why?” with regard to current processes. This lean thinking process was previously described as a key facilitator of pharmacy practice model change. By applying this thinking process throughout the department, organizational leaders can identify inefficiencies in current workflows and begin to think strategically on a daily basis until the process becomes engrained within the institution.

**Strategic vision.** Most health systems have a broad vision statement that describes the future state of the organization. The vision statement should reflect what the organization aspires to be. The mission statement is action oriented and provides a framework for the organizational goals and outcomes. Both the mission and the vision statements of the health system are created by members of the executive suite with the goal of guiding internal decision-making processes. Within the pharmacy, strategic thinking begins with the development of a vision for the department, as this will guide all future endeavors. It is imperative to remember that the vision statement is representative of pharmacy services in the future, not necessarily what is currently being done. Utilize leaders throughout the department to assist in crafting the vision statement to guarantee that all aspects of the pharmacy enterprise are included. Once a potential vision statement has been developed, it is important to ensure that it closely aligns with the goals of the health system. Alignment of the pharmacy department with the vision of the health system leads to more efficient use of resources in a manner that is supported by the executives of the organization. Potential objectives to consider when developing a mission statement include patient care outcomes, clinical research, education of various trainees, and development of solutions to allow employees to maximize their potential. Once the vision and mission have been created for the department, each employee will be able to understand his or her role and, hopefully, begin to think strategically.

**Scanning and envisioning.** Given the complex and changing nature of healthcare, scanning and envisioning are tools utilized to analyze the pharmacy department’s environment. These tools can be used to separate known facts from uncertainties and assumptions about the environment. Environmental scanning is the process of identifying potential opportunities and threats through the interpretation of external and internal factors. There are a number of external factors to consider when conducting environmental scans, including social, technological, economic, environmental, and political factors. Although not as commonly discussed, internal factors should not be forgotten in the environmental scanning process; examples include leadership, culture, resource utilization, operational efficiencies, and innovation. After environmental scanning, departmental leaders should engage in an envisioning process whereby the information collected is used to predict future states in which the department might function. ASHP has recognized that many pharmacy leaders must begin to think strategically, as evidenced by publication of *Pharmacy Forecast* 2016–2020, the latest in a series of annual reports from the ASHP Research and Education Foundation. The creation of the report was led by David Zilz and William Zellmer, who are among the most visionary contemporary health-system pharmacy leaders. This report is an example of an environmental-scanning and envisioning document. Each report in the series conveys the expertise of a number of health-system pharmacy leaders in areas likely to affect pharmacy practice over the next 5 years. The most recent report focuses on the following domains: healthcare delivery and finance, population health management, drug development and therapeutics, the pharmaceutical marketplace, data and technology, the pharmacy work force, patient empowerment, and ethics. By using documents created by various health-system organizations and conducting departmental environmental scans, pharmacy executives can begin to prepare for the future environment in which the department will exist.

**Market impact diagram.** Another tool utilized to predict the future state of healthcare services within a specific institution is the market impact diagram. The market impact diagram can assist in the allocation of future resources based on expected growth and revenue. The diagram is used to predict the future market in which the service line will operate. An example market impact diagram might depict the department of pharmacy surrounded by factors likely to impact the practice of pharmacy in the future. For each category seen around the diagram, predictions should be about the future state of practice. Consider patient population changes; one prediction could be that an increase in chronic diseases among the baby boomer generation will result in increased need of pharmacists to manage medications in this aging population. By utilizing these tools, pharmacy executives can begin to describe the future environment in which the department could operate. It is imperative for strategic
thinking to describe the ideal environment, rather than the current state, in order to advance the practice of pharmacy.

**Brainstorming session.** The next step is to generate a strategy for the department. The pharmacy executive must set the course for the department through insight from pharmacist and pharmacy technician leaders. Although strategic thinking cannot be completed on a timeline, it is important to hold brainstorming sessions to bring leaders together and ensure cohesiveness among the group. These sessions begin with a review of the vision and mission statements to frame strategy development. The results of environmental scanning, envisioning, and the market impact diagram are shared to further stimulate creative thinking.

One approach to create strategy includes the use of nominal group technique. All group members record potential ideas on their own. These are then shared among the group until all are recorded. Suggested strategies should not be repeated unless they provide a different variation. Each recorded idea is then discussed, and questions can be asked to elicit further clarity. The last step includes voting to prioritize each idea based on its potential impact on the components of the vision and mission of the department (Table 1). It is important to remember that during these sessions, no ideas should be rejected, and employees should be encouraged to think outside of the norm. Brainstorming groups should be organized across disciplines to further stimulate creativity.

**Networking.** Effective networking should provide information on current reality, teach new information, increase innovation, and provide an opportunity to receive feedback on ideas from a set of peers. Within health-system pharmacy, there are a number of well-established venues to share information and network, such as the ASHP Midyear Conference, ASHP Summer Meetings and Exhibition, and ASHP Leaders Conference. Outside of attendance at meetings, there are opportunities for collaboration and information sharing through committee participation within Vizient (formerly the University HealthSystem Consortium) and ASHP, both of which host scheduled conferences that provide an opportunity for pharmacy leaders from across the country to strategize on a regular basis. Pharmacy leaders should share this information in order to identify potential opportunities within their own institutions and learn from others’ experiences when implementing programs and services.

**Strategic planning.** Strategic thinking helps to create the vision toward which the department strives. However, there are steps that must be taken in order to shape this potential reality. There are a number of strategic planning tools that can be utilized to further refine and prioritize strategies, including stakeholder analysis, problem reframing, gap analysis, and strengths, weaknesses, opportunities, and threats (SWOT) analysis.

**Stakeholder analysis.** The stakeholder analysis is a tool used to determine all internal and external stakeholders and their perceived interest in various strategies undertaken. Ultimately, the stakeholders have an impact on the overall success of the project through their influence and interest in each decision. Given the interprofessional connectedness of pharmacy departments throughout health systems, the strategies chosen can have a major impact on groups outside of the department, including physicians, midlevel providers, nurses, hospital executives, and information technology personnel. Stakeholder analysis can identify potential options within each strategic choice used to gain buy-in and support from parties likely to influence the success of each project. Acknowledging that a pharmacy priority may affect another department and seeking input in advance can eliminate surprises and may facilitate identification of synergies with others.

**Problem reframing.** Problem reframing involves analyzing a problem from a different perspective in an attempt to uncover underlying assumptions. Strategic-thinking efforts are often hindered by biases that arise by looking at problems from only one perspective. Problem reframing attempts to resolve 2 issues: a scope that is too narrow and a scope that is too broad. For problems that are narrowly defined, a solution can often be found without identification of the underlying cause, whereas problems that are broadly defined often have multiple causes and no solution. When engaged in problem reframing, leaders must consider the patients and other members of the healthcare team who are influenced by strategies undertaken by the department.

**Gap analysis.** Gap analyses compare the gap between the departmental strategies and the desired performance seen at other institutions. Gap analyses are completed by listing an organization’s current state, its desired state, and a plan for narrowing the gaps identified. It is important to be honest and objective when identifying strengths and weakness within the department in order to build appropriate strategy. Once the current state is acknowledged, the next step is to describe the ideal future state through the use of resources such as the ASHP Practice Advancement Initiative. Pharmacy departments may differ in size, allocation of available resources, budget, and patient populations served. Pharmacy leaders should complete a gap analysis of their department’s performance relative to that of a department with similar characteristics to ensure a fair comparison. Where the current and projected future states differ, a strategy for achieving the desired future state should be developed.

**SWOT analysis.** A SWOT analysis is a strategic-thinking tool utilized to organize large amounts of information to aid in the decision-making process. SWOT analyses are designed to review the strengths, weaknesses, opportu-
nities, and threats of each potential strategy. Strengths and weaknesses are internal components of the department. Opportunities and threats are external factors. Although conceptually simple, SWOT analyses can be challenging to apply, as data are separated into 4 distinct categories once the analysis is completed. In order to make this information relevant, each item must be separated into known facts, interpretations, opinions, and assumptions to better guide decision-making.

SWOT analyses can be utilized to describe each strategic initiative and its impact on the department as a whole.

By using a combination of the aforementioned strategic-thinking tools, pharmacy executives can identify potential solutions to current challenges and develop future priorities to succeed in a complex healthcare environment.

Creating a strategic plan. Once all ideas have been generated by the appropriate stakeholders, a plan must be created with specific goals and objectives in order to implement strategy on a scheduled timeline.

Strategic goals are broad desired outcomes that can often be achieved through institution-based initiatives. Objectives are specific actions that can be completed to accomplish a goal. Pharmacy executives must set clear goals and objectives to ensure that leaders throughout the department are able to recognize when initiatives are accomplished. Objectives that are specific, measurable, achievable, relevant, and time based (SMART) are described below. An example of a SMART objective might be to task the outpatient pharmacy with capturing an additional 10% of all discharge medication volume within the health system over 12 months. A non-SMART objective might be to increase the percentage of discharge medications filled at the outpatient pharmacy. Comparing these examples, it is evident that the SMART objective is clear and direct and that leaders will be able to ascertain when the objective has been met. The pharmacy executive must prioritize goals and objectives based on current needs and allocation of resources.

In order for strategic goals to be accomplished, leaders throughout the department are assigned to various objectives to ensure accountability. Pharmacy executives should use the management hierarchy to act as leads for each strategic initiative. By assigning responsibility to individuals for each objective, there is an increased likelihood of goals being accomplished. Each lead should create a team of other pharmacists and pharmacy technicians to assist. These teams provide additional resources to accomplish strategic objectives, increase employee engagement, and provide opportunities for leadership development within the department.

To avoid potential problems, each group member must have clearly delineated responsibilities and roles. Each objective should be broken down

| Table 1. Example of Prioritization Scoring of Ideas for Alignment With Departmental Vision and Mission | Component of Vision/Mission | Idea | Medication Safety | Quality of Clinical Services | Timeliness | Financial Stewardship | Personnel Development | Total Score |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Placement of pharmacist in virtual health space | | | | | | | | 2 | 6 |
| Expansion of specialty pharmacy clinical services | | | | | | | | . . . | 8 |
| Increased oversight of controlled substances | | | | | | | | 7 |
| Development of pharmacy technician career ladder | | | | | | | | 5 |
| Implementation of robotic chemotherapy preparation system | | | | | | | | 4 |

*Each idea is scored by a vote of group members for its likely impact in 5 areas; the scoring range is 1–3, with higher scores indicating greater importance. The total scores are useful in ranking implementation priorities.

*Not scored.*
into readily achievable benchmarks, with timelines created to define specific time points for deliverables. To monitor progress on strategic objectives, the pharmacy executive should hold meetings with leaders to assess progress toward strategic goals at least quarterly; this provides an opportunity for positive feedback on progress and identification of barriers. By creating objectives that are measurable, the department is able to determine the status of each project and identify areas that require additional resources based on timelines. Aligning manager annual reviews with strategy timelines allows for timely assessment of leaders’ performance and recognition of success in meeting strategic objectives. Pharmacy executives must reevaluate strategy at least on an annual basis to determine both successes and failures and adapt accordingly. Although strategy development is important to the success of the pharmacy department, the review process should be given high priority.

**Potential pitfalls.** Throughout the strategic-thinking process, difficulties that cannot be predicted will arise. Potential examples within a health system include mergers and acquisitions, changes in hospital leadership, and other external forces outside of departmental control. Pharmacy executives must be adaptive and reframe strategy as the course changes over time. Strategic thinking is based on assumptions made about a future state that cannot be fully predicted. The process is not about simply describing the end result. Although individuals are assigned to each strategic objective, the pharmacy executive assists with avoiding obstacles and ensuring that each team remains on schedule. Projects can become overwhelmed by the sheer volume of goals. If strategic goals and objectives are not met, pharmacy departments should formally review what caused the failure and identify areas for improvement. Due to competing interests, strategic objectives are often put on hold, and the departmental leadership should not hesitate to circle back to reset them if they remain relevant. Continuous process improvement is an important component of strategy development, and areas of improvement should be sought out in currently established processes.

**Conclusion.** Pharmacy leaders must think strategically as healthcare transforms. Emphasis should be placed on providing exceptional care for maximum value in an era of decreasing reimbursement. Strategic thinking presents challenges, but departments with leaders skilled in this area will dictate the practice of pharmacy in the future. This review has provided an overview of strategic thinking with the hope that pharmacy leaders will apply the principles discussed to further advance the profession of pharmacy.

**Disclosures**

The authors have declared no potential conflicts of interest.

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