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A Role For Scenario Planning In Rural Hospitals

Linda G. Kimsey, Ph.D., Bettye Apenteng, Ph.D., Anna Rose Moore, Angela Peden, MPH

HIGHLIGHTS

Scenario planning typically focuses on the future, beyond the normal strategic planning horizon. It has been used primarily by large organizations, but it can be useful to organizations of any size trying to develop strategy for the future. COVID-19 has arguably broadened planners' perspectives, thus emphasizing potential benefits from scenario planning for organizations, both large and small. Rural hospitals may find some scenario planning beneficial.

BACKGROUND

Formal introduction of scenario planning in the U.S. can be traced to Herman Kahn's use of stories in military planning. Royal Dutch-Shell's use of scenario planning is widely noted as the first big organizational use. Scenario planning involving plausible future oil pricing that differed from a mere extrapolation of current prices positioned the company to weather unexpected oil market shocks in the 1970s. The requirement to break from status quo, extrapolated forecasting—thereby forcing deeper strategic conversation—is the primary strength of scenario planning. Scenario planning usually focuses on the longer-term—beyond a normal time horizon for strategic planning (Schwartz, 1991), but there is no rule to prohibit its use in a shorter horizon. By asking the question of what might happen, scenario planning can be useful to any organization trying to develop strategy for the future. While it has been utilized by primarily large organizations, this approach offers meaningful contributions to organizations, no matter its size.

METHODS

A review of peer-reviewed and gray management-focused literature was conducted to find instances where hospitals generally, and rural hospitals specifically, have applied scenario planning techniques.

FINDINGS

Applications with relevance to hospitals have been documented in peer-reviewed or gray literature primarily in areas of profession-specific workforce planning—specifically in nursing (Vander Woude, Damgaard, Hegge, Sohlt, & Bunkersand, 2003) radiology (Brink, 2017) and future facility planning (Dortland, Voordijk, & Dewulf, 2014). A search for “rural hospital” and “scenario planning” in peer-reviewed literature found very few results, and no specific applications to rural hospital operations. However, a March 23, 2020, Modern Healthcare article quoted a rural Texas hospital CEO who named scenario planning as one of several techniques that hospital personnel were using to plan its response to COVID-19 (Weinstock, 2020).

What might scenario planning look like for a rural hospital?

One common scenario planning technique is to (a) identify the two most significant factors expected to shape an organization's planning horizon, (b) identify the range of possibilities to create ends of a spectrum for each factor, and then (c) juxtapose them in a 2x2 matrix (Rhydderch, 2017). Those significant factors could be identified through a group voting technique, such as nominal group voting. Next, scenarios, creative stories that provide rich detail of what operations might look like with factors playing out as identified, would be developed for each of the four

quadrants of the 2X2 matrix. Figure 1 depicts this generic model and how it might be applied for a rural hospital struggling to plan its future in the COVID-19 era.

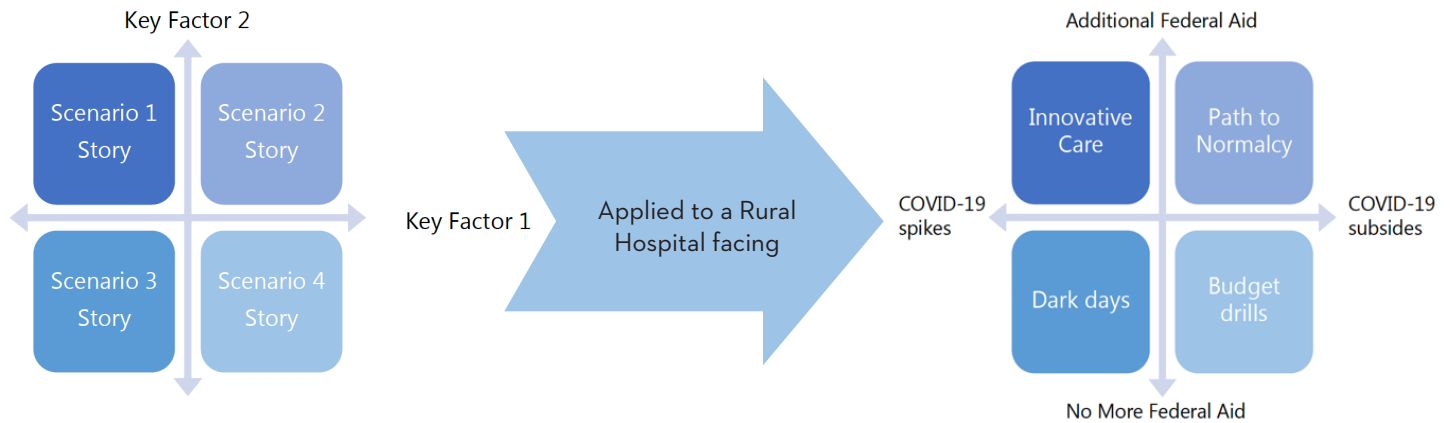


Figure 1. Developing scenarios

Alternatively, one could array plausible futures in order of best, middle, and worst-case futures, once again developing descriptive stories to fully depict what could plausibly occur for each (Moore, 2020).

DISCUSSION

It can be argued that COVID-19 has expanded the world of plausible futures for organizational planning. Rigid expectations, built into forecasts of operating margins and supply costs, have potentially been enlarged, and timelines have been shortened. This increased uncertainty is what scenario planning is designed to address. Figure 2 depicts the “futures cone”, which includes the range of possible, plausible, and preferable futures, along with wild card possibilities that could occur over the time horizon. Scenario planning can help identify the wide array of possible and plausible futures (Searce & Fulton, 1994). COVID-19 has arguably expanded the range of plausible futures, increased the possible wildcard happenings, and shortened the time horizon in which they could occur. Used as a complement to strategic planning, scenario planning can open rural hospital leaders’ mental models of what the future could hold, improving the ability to pivot when needed. Senge (1998) aptly describes this: “...[O]nce we start to see reality more as it is, we realize that nothing is permanent, so how could the future be fixed? How could we live in anything but a world of continual possibility?” (p.11) Reshaping mental models of the future is something that rural hospitals could likely benefit from in this COVID-19 era.

CONCLUSION

Many rural hospitals rightfully focus their attention and planning efforts on immediate needs. However, incorporating scenario planning in the strategic planning process can inspire a shift in mindset that improves the organization’s agility and ability to pivot when changes in the operational environment demand it.

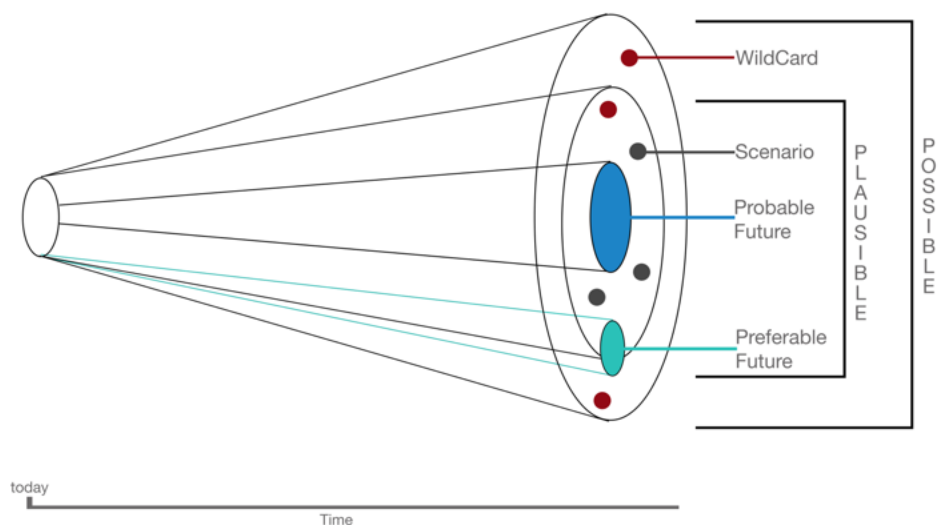


Figure 2: Futures Cone. (Prescient.com. (March 27, 2020) Blog.

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