

**Report to the Meeting of the Oxford Health NHS Foundation
Trust
Board of Directors**

For Approval

31 March 2011

Approach to Strategy and Commercial Development

Strategy-In-Action

1. Executive Summary

- 1.1 This paper sets out an approach towards the development of a Commercial Strategy that will enable Oxford Health NHS Foundation Trust to continue to grow the business and provide a high level of patient care and experience.
- 1.2 The Board of Directors are asked to consider this discussion paper and approve the proposed approach so that a draft Commercial Strategy can be developed.

2. Context

- 2.1 Oxford Health is currently operating in a very different climate to that of the past and there are many factors that we must take into account in developing an effective Commercial Strategy.
- 2.2 The Trust now operates within a changed economic and political environment that poses many challenges to the organisation but it is also one that offers significant opportunity to Oxford Health to continue grow as an organisation and to become recognised as a leader in the delivery of high quality care.
- 2.3 The UK is currently in the midst of a recession which is putting pressure on patients and their carers, the community we serve and Trust staff. Households have seen incomes fall as they deal with lower savings rates, pay cuts or freezes, rising inflation, a raft of tax and benefit changes and in some cases redundancies.

- 2.4 This is also a time of unprecedented change both for the NHS nationally and also for Oxford Health.
- 2.5 In July 2010 the coalition government published *Equity and Excellence: Liberating the NHS*. The White Paper (along with a further 14 consultation documents) sets out a path that will dramatically alter the landscape of the NHS. These proposals are now a part of the Health and Social Care Bill 2011 which is currently at the Committee stage.
- 2.6 The proposals set out in the Health and Social Care Bill are many and will take effect between now and 2013/14.
- 2.7 In summary the stated intention of the changes are to put patients at the centre of the NHS (“no decision about me, without me”), to put a greater focus on clinical outcomes, to shift power towards health professionals, to reduce bureaucracy and to increase choice and competition in the NHS.
- 2.8 These proposals will see the abolition of Primary Care Trusts (PCTs) and Strategic Health Authorities (SHAs) with commissioning responsibility transferring to GP Consortia, every NHS Trust must attain (or merge) to become a Foundation Trust, there will be new roles for Monitor and the Care Quality Commission (CQC) and also as confirmed in the Comprehensive Spending Review (November 2011) efficiency savings of £20 billion across the NHS (Oxford Health’s share of the £20 billion is a saving of £52 million over the next five years).
- 2.9 In addition to the national changes Oxford Health is also changing as an organisation. From the 1 April, with the merger with Community Health Oxfordshire (CHO), Oxford Health will become a very different organisation. Oxford Health will have four new divisions, providing services across five counties and in Oxfordshire will become a provider of both physical and mental health services.
- 2.10 At a Board level this is also a time of change with three new Executive Directors coming into post (Director of Nursing and Clinical Standards, Medical Director and Director of Strategy and Commercial Development) and also a newly appointed Non Executive Director.
- 2.11 Now is the right time to develop a robust commercial strategy for the organisation to help Oxford Health maintain its excellent reputation for clinical services in addition to developing new areas of business for positive growth.

3. What is Strategy?

- 3.1 There are many definitions of strategy. One interpretation is:

“Strategy is the **direction** and **scope** of an organisation over the **long-term**: which achieves **advantage** for the organisation through its configuration of **resources** within a challenging **environment**, to meet the needs of **markets** and to fulfil **stakeholder** expectations”.

3.2 In other words, strategy for Oxford Health is about:

- Where Oxford Health is trying to get to in the long-term (**direction**)
- Which markets Oxford Health should compete in and what kind of activities are involved in such markets? (**markets; scope**)
- How Oxford Health can perform better than the competition in those markets? (**advantage**)?
- What resources (skills, assets, finance, relationships, technical competence, facilities) are required in order to be able to compete? (**resources**)?
- What external, environmental factors affect Oxford Health's ability to compete? (**environment**)?
- And what are the values and expectations of those who have power in and around Oxford Health? (**stakeholders – Patients, Carers, GP's etc.**)

4. Why do we need a Commercial Strategy?

4.1 In order for Oxford Health to continue to achieve its goals and grow as a business, a Commercial Strategy is needed to help identify and plan for future opportunities.

4.2 The Board needs to understand and agree on a clear definition of Oxford Health's Strategy going forward with practical planning and communications being central to success.

4.3 Expanding Oxford Health's core business not only improves and secures services but also brings significant cost benefits. The merger with CHO in Oxfordshire is a good example of how strategic planning could help in the future in both of these key areas.

5. Choosing the right approach

5.1 A number of proven strategic / commercial strategies could be used successfully at Oxford Health. Although most share the same common themes, a model which could be appropriate for the organisation and its future goals is known as **Strategy in Action**.

5.2 The Board is asked to consider this approach, outlined below, for further development.

6. What is Strategy in Action?

6.1 In order to develop a commercial strategy that is fit for purpose for the organisation it is proposed to implement a dynamic strategic process linked with leadership and people behaviour – *Strategy in Action* (SiA).

- 6.2 SiA is an academic model used in business to achieve an organisations long term goals, give strategic direction and develop future opportunities.
- 6.3 At Trust level this will enable strategy to be linked with delivery which in turn links strategy development with leadership development.

7. **Key points of developing SiA:**

- **Shared understanding** of key issues and current situations by involving the right people at the right time both internal and external to the organisation.
- Strategic intent **or long term vision which will act as a stabiliser during uncertain times.**
- **Indicators of success** that will measure the achievement of the Strategy.
- **Strategic objectives** which will typically be between three to five drivers taken from the Strategy.
- **Leadership** will play a central role.
- **Catalytic actions** which means the enablement of rapid feedback about the Strategy to help fill gaps and save on duplication and resources.
- **Sustaining momentum** by creating a constant learning and development process and use of good communications.

8. **How can SiA be achieved?**

8.1 With the approval and support of the Board, this approach can be developed further to truly fit the needs of Oxford Health by undertaking a number of practical steps.

8.2 These steps are likely to include:

- Development of a **clear plan of action** setting out key milestones over the next two years.
- Implementation of a **Board Development** Programme – to provide effective leadership in a challenging, complex and changing environment. Including a series of Board seminars focused on Commercial Strategy.
- **Leadership development** – for leaders at different levels of the organisation, e.g. key decision makers with line accountability plus key influencers – perhaps identified as the trust's top 100 leaders.

This development will include a strong educational focus to ensure strategic awareness and thinking becomes part of leadership behaviour across the trust.

- Full consideration of the **impact of the Health and Social Care Bill**, the impact of Any Willing Provider (Any Qualified Provider), Choice and the new NHS infrastructure
 - Wider **exploration of strategic theories/approaches** by engaging with academic/business organisations (e.g. Unipart, Said Business School etc.), exploring possible partnerships and engaging external input where there is added value.
 - **Divisional Workshops** with Executive Team members and support Directorates – brainstorming strategic thinking, new ideas and opportunities.
 - Exploration of the best way **to engage Governors and Members**
 - Undertake **market analysis and service demand mapping** - Consideration of private sector growth, service demand, service line variation, geographical spread etc.
 - Develop processes to understand and address increasing public expectations – new ways of working, **utilisation of new technologies**, clinical innovation, mobile working, patient communications etc.
 - **Embed mechanics / process** within the organisation in order that development and implementation of our commercial strategy is everyone's business.
 - **Production** of a set of coherent thematic strategies which underpin a broader trust wide commercial strategy, e.g. service delivery, estates, ICT, finance, OD, education, communications.
 - **Communications** will be key throughout and a detailed Communications Plan will be developed.
- 8.3 The Board, key stakeholders, both internal and external to the Trust will be engaged throughout the process and will be involved in shaping and making the Strategy a success.
- 8.4 A small internal Oxford Health team will be assembled to develop and take forward the Strategy. This team will be responsible for identifying and taking forward new business opportunities and will be responsible for the development of the Commercial Strategy.
- 8.5 It is likely that the support and facilitation of an external consultancy will improve the quality of the approach to developing a strategy and accelerate delivery. Options are currently being explored.

8.6 A draft timeline with key events can be found in Appendix 1 as an aid to Board thinking.

9. Recommendation

The Board of Directors is asked to consider this discussion paper and agree an approach to enable the next stages of a draft Commercial Strategy.

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Appendix 1

Possible timeline for strategy development in the next 3 – 6 months

