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# DELTA SIGMA INSIGHT

ARE YOU READY?

## WHY SCENARIO PLANNING IS MORE IMPORTANT NOW THAN EVER BEFORE

### ABOUT DELTASIGMA

- ▲ HEALTHCARE CONSULTING PRACTICE
- ▲ FORMER NON-PROFIT HEALTH PLAN CEOS
- ▲ BUSINESS, DIVERSIFICATION AND MARKETING PLANS
- ▲ SIGNIFICANT MEDICAID AND MEDICARE ADVANTAGE EXPERIENCE
- ▲ RFP STRATEGY
- ▲ PARTNERSHIP STRATEGY
- ▲ SCENARIO PLANNING

Congress is poised to pass a far-reaching package of health care reforms, the pharmaceutical industry is beginning to introduce a whole new class of very, very expensive biological-based therapeutics, physicians offices are [finally] moving to electronic medical records, the health insurance industry is coming under intense pressure to control costs... How are you coping with this?

- ▲ Waiting to see what Congress does and then react
- ▲ Sticking with traditional approaches to planning and budgeting
- ▲ Crossing your fingers and hoping for the best
- ▲ Feeling like a deer in the headlights
- ▲ Planning on early retirement

We are facing an unprecedented level of change in the health care industry coupled with a dynamic shift in the demographic size of the customer bases. Planning for this unknown future has never been more critical. Standing on the sidelines is a recipe for failure but making the wrong move could be no better. What now?

Scenario planning as a tool, first developed by the military as a means of predicting a wide range of possible futures and preplanning successful approaches to each, is gaining adherents as a basis for corporate planning and budgeting. A comprehensive scenario planning exercise fosters the most candid consideration, confrontation and preparation for the scenarios a company may face—including the “elephants in the room”.

We first described our approach to scenario planning in our August 2008 DeltaSigma Insight (See “What’s in your future?” on our website) and were surprised at the response we’ve had to it. For companies that have employed this technique the most common reaction is feeling more optimistic that the company is properly preparing for tomorrow—whatever that looks like. DeltaSigma has facilitated scenario planning sessions for many of our clients. Our approach generally requires no more than two consecutive half days with key management where the scenarios are outlined and strategies to respond to them are detailed. The results of these sessions can then be incorporated into an organization’s strategic plan, budget and/or Board planning meetings.

### CONTACT US

Don Hall, MPH  
720-849-2480  
Don.Hall@deltasigmallc.com

Sherry Rohlifing  
303-907-0144  
Sherry.Rohlifing@deltasigmallc.com

[www.deltasigmallc.com](http://www.deltasigmallc.com)