

# WHAT IS TERRAIN-BASED STRATEGY MAPPING

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A WHITEPAPER  
FROM HLI

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## WRITTEN BY

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# WHY STRATEGY MAPPING IS IMPORTANT

What differentiates truly great strategies from adequate ones? How can healthcare executives create tangible advantages for their hospitals and health systems to be successful in an environment fraught with unprecedented change?

This whitepaper describes a comprehensive system for strengthening strategy development, deployment, alignment, and execution practices.

The ultimate goal of strategy mapping is to recognize, find, and secure the future. Sounds simple enough. But, as referenced before, the healthcare market landscape (the terrain) is changing so rapidly that leaders may struggle to fully understand and accurately predict future circumstances.

Consider the changes in the healthcare landscape during the last five years and the monumental shifts anticipated for the future.

Factors, such as the Affordable Care Act, patient-centered medical homes, critical access hospitals, outpatient services, population health, telemedicine, retail health, value-based reimbursement, mergers, data transparency, chronic disease management, physician employment models, workforce shortages, and competition continue to increase the complexity of the healthcare terrain.

Additionally, the ever-increasing complexity requires significantly different bandwidths in leadership talent – both strategically and operationally. There has never been a more important time to be able to craft and execute winning strategies. The strategy leaders decide on indicates that among all the paths and actions they could have chosen, they have decided to follow this route and rely upon these approaches.

“Without a strategy, leaders have no thought-out course to follow, no roadmap to manage by, no unified action program to produce the intended results.”



Yet, according to Robert S. Kaplan and David R. Norton (2001),

- 95% of a typical workforce does not understand its organization's strategy
- 90% of organizations fail to successfully execute their strategies
- 86% of executive teams spend less than one hour per month discussing strategy
- 70% of organizations do not link management incentives to strategy
- 60% of organizations do not link strategy to budgeting

Despite market demands for developing and executing a bona fide winning strategy, many organizations fall short. Let's turn our attention to a systematic approach that will allow you to assess the terrain so that your strategies attract more customers, withstand competitive pressures, and strengthen its market position.

Remember, the objective is to build competitive advantage, knock the socks of rival companies, and nurture loyal customers.

### **THE TERRAIN-BASED STRATEGY MAPPING SYSTEM**

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*"The victorious strategist only seeks battle after the victory has been won, whereas he who is destined to defeat first fights and afterwards looks to victory." - Sun Tzu*

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Imagine that it is 1804 and you are embarking on the Lewis and Clark expedition to cross what is now the western portion of the United States.



How much more successful would the expedition have been if they understood the landscape, wildlife, temperatures, elevations, water, and food sources that traversed the region.

Of course, these pioneers did not have access to such knowledge. After all, they were forging uncharted territory. Now let's fast forward to today where such information does exist. If you were setting out on an expedition, wouldn't it be beneficial to collect as much knowledge as possible about the terrain you and your team would encounter? How much better could you recognize, find, and secure the future?

For strategic efforts, the term "terrain" refers to the market conditions. Think of it this way – different terrains lead to different conditions, different conditions bring about different concerns, different concerns translate into the necessity for different strategies, and different strategies require different actions.

Once the terrain is understood, then the process of mapping the strategy can take place.

According to Robert S. Kaplan and David P. Norton in the Harvard Business Review article entitled, "Having Trouble with Your Strategy? Then Map It", a strategy map is a visual framework of the priorities of the institution, which put into focus the often blurry line of sight between the corporate strategy and what employees do every day.

This is important because the authors point out that the key to executing a strategy is to ensure people in the organization understand it – in other words, people can't carry out what they don't comprehend in healthcare today, we are seeing shifts in terrains that require shifts in leadership and strategy practices. The illustration at the top of this page outlines the five-phased approach to the Terrain-Based Strategy System. Each of the phases is outlined in this paper.

**Assess the Terrain:** During this phase of the system, a deep and robust understanding of the market environment is identified, both quantitatively and qualitatively.



Factors such as competition, demographics, regulatory and legislative developments, emerging technologies and practices, and customer preferences and expectations are identified. The current state is further defined by completing a SWOT analysis to determine strengths, weaknesses, opportunities, and threats.

The SWOT analysis provides information about: 1) The effectiveness of internal processes, practices, operations, and human capital, and 2) the landscape of the external environment.

This phase can be likened to the diagnosis of a patient where the prescribed plan of care is only as accurate and helpful as the diagnosis.

Assessing the terrain will equip leaders with information on how to best navigate the terrain including, as Jim Collins highlights in *Great by Choice*, firing bullets to test potential new opportunities rather than firing an uncalibrated cannon ball.

**Map the Strategy:** In phase two of the system, information collected during the Assess the Terrain phase is captured on a strategy map as the current state, which documents the organization's current mission, vision, and differentiators. Additionally, crafting the desired state includes the organization's fundamental purpose, vision, measures of success, risks, and enablers. Strategic priorities are defined along with time frames and responsibilities. To ensure momentum is created and sustained, early wins are identified. The purpose of early wins is to demonstrate to the organization's workforce that change has a high probability of success.

This is in keeping that everyone wants to belong to a winning team. This phase is very much like developing a treatment plan for the patient.

**Align and Engage:** The key to implementing strategy successfully is to have everyone in the organization clearly understand his or her part to play in strategy execution. People need to be fully energized and engaged in defining their department's contribution and their own impact on the strategic agenda. Phase three of the Terrain-Based Strategy Mapping System is focused on identifying key players and stakeholders and gaining their buy-in and support for the needed changes.

Aligning people to the strategic imperatives is accomplished by creating clear Lines of Sight (LOS). Engaging people to the strategic imperatives is about involvement, being part of something special, energizing around possibilities for the company, the team, and the individual. Consider this phase to be focused on the beginning of fostering a strategy-supportive culture.

This is equivalent to fostering compliance with the treatment plan for a patient.

**Operationalize and Execute:** The fourth phase of the Terrain-Based Strategy System defines the specific approach that will be used to execute the strategy with relentless discipline while remaining flexible to adjusting to changing circumstances.

As stated earlier, the primary purpose of strategy is to recognize, find, and secure the future. With the unprecedented changes in healthcare, both in pace and scope, it is important to have a process for corrective adjustments to strategies if and when market forces (the terrain) demand it.

# STRATEGY MAPPING

Bob Miles of Corporate Transformation Resources, LLC states “during the first full performance year under a new transformation agenda, the leader can expect to encounter no less than three predictable slumps in energy and focus, which if unanticipated and unheeded can derail the transformation effort...” To minimize this reality, the Terrain-Based Strategy Mapping System includes implementing an Operating Mechanism designed to ensure that focus, momentum, and discipline in the execution of the strategy is hardwired into the fabric of the executive’s agenda.

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“Greatness is not a function of circumstance. Greatness, it turns out, is largely a matter of conscious choice, and discipline.”  
Jim Collins, *Good to Great*

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**Monitor and Sustain:** Simply put, this phase tracks and reports on the progress of the strategy’s impact on the performance of the organization. Did, or are, the strategies achieving the intended results? The primary outcomes for this phase include: 1) success is verified and celebrated, 2) a sustainability plan is developed and implemented, and 3) an after-action review is completed to compare what was supposed to happen versus what actually happened and why.

The Terrain-Based Strategy Mapping System from HLI is based on the five strategy success factors from Sun Tzu’s Art of War.

The process includes the Tao (purpose), the Heaven (culture), Earth/Terrains (situation), the Generals (leaders), and the Laws (operating mechanism.) These five factors help create a symphonic performance when aligned.

Additionally, the ever-increasing complexity requires significantly different bandwidths in leadership talent – both strategically and operationally. There has never been a more important time to be able to craft and execute winning strategies. What the strategy leaders decide on indicates that among all the paths and actions they could have chosen, they have decided to follow this route and rely upon these approaches. “Without a strategy, leaders have no thought-out course to follow, no roadmap to manage by, no unified action program to produce the intended results.”



# ORIGINS OF TERRAIN-BASED STRATEGY

Based on the ancient wisdom and practices of “Art of War” by Sun Tzu, HLI has created the Terrain-Based Strategy mapping system that enables individuals, teams, and organizations to explore extraordinary opportunities.

This system will help answer the following questions:

- Why do we need to change? Successful and enduring organizations understand the reasons why they need to change.
- Where are we now? Historical events and current conditions are examined to determine what is helping or hindering us.
- Where are we going? A bold, shared vision is defined that will allow the organization to achieve new possibilities.
- How will we know when we are succeeding? Lead and lag measures are developed that will allow leaders to track progress.

- How we will get there? The priorities are determined and the necessary strategies and actions plans are developed.
- How do we behave? The behaviors needed to advance the strategic effort are defined – these behaviors should be embodied by everyone and become the core values that will shape the organization’s future.
- Who must do what? Definitive Lines of Sight (LOS) are created for each leader so he or she understands how to contribute to achieving the vision.
- What method will be in place to ensure execution? An operating mechanism is developed that outlines how the guiding coalition will work to drive successful implementation and make adjustments as needed.

This method will help position your team, division, service line, and organization for success, which will allow you to take advantage of market opportunities, mitigate risks, and defeat the competition.



## Why Strategy Efforts Fail

As mentioned earlier, nearly 90% of organizations fail to successfully execute their strategies. There are a number of pitfalls that lead to level of failure including:

- Day to day requirements of managing the operations suffocates the energy, time, and focus needed to execute the strategy. Many have called this phenomenon the "whirlwind" where the urgency trumps the important. The current processes are overtaxed and there is no room for anything new or different.
- When it comes to achieving the most important organizational goals, the role of the manager in the process is crucial. Yet, too often, managers are unclear about what the key goals are and they are experiencing initiative/goal overload.
- There is a lack of direct line of sight from departments and individuals understanding and knowing their specific part to play in strategy execution. Often times, they have not been involved in specifically identifying the behaviors and practices that must change in their area of responsibility to make a meaningful contribution to strategy implementation. Not engaging employees in the process can contribute to high levels of disengagement.
- Leaders failing to build a powerful guiding coalition of change agents from key stakeholder groups who can influence needed changes to promote strategy execution.
- Some leaders/executives are unconvinced and uncommitted to the company's strategic agenda.
- Failing to deeply understand the market landscape (the terrain) including competition, customer preferences, regulatory and legislative changes, demographics, technology, and emerging practices. Loss of focus during implementation.
- Lack of clearly articulated compelling purpose - why the organization exists.

- Failure to specifically describe the required behaviors for supporting strategy execution.

## ORGANIZATIONAL CULTURE AND STRATEGY

We've all heard the saying "culture eats strategy for lunch" and most of us have witnessed this phenomenon and have come to believe it as a fact – but it doesn't have to be so. It is important to recognize that a strategy supportive culture needs to be fostered so that everyone is energized and engaged in his or her part to play.

Culture is an important contributor to successful strategy execution and good business performance because the actions, initiatives, and practices called for in a strategy may or may not be compatible with the organization's culture. This is often overlooked, but the reality is that a close culture-strategy match energizes people to do their jobs in a strategy - supportive manner, which promotes good strategy execution and improved business performance. When a well thought out winning strategy is combined with a culture of high engagement then incredible possibilities and transformation can be realized.

Great leaders zero in on culture because they understand that the way people behave determines the performance of the business.

Therefore, great leaders create a culture that energizes behavior to produce the desired results. Think of it this way - exceptional results are produced by exceptional behavior, exceptional behavior comes from an exceptional culture, and an exceptional culture comes from exceptional leadership. The culture shapes and energizes the behavior of people and the way leaders lead creates the culture.



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***Leaders create the culture  
that drives the behavior that  
produces results.***

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Remember, culture either engages or disengages your people, it either energizes or de-energizes your people, and it either connects or disconnects your people. The connection between strategy and culture becomes clearer in this context – for successful strategy execution, people have to behave in a strategy supportive manner.

It can be said then that for strategy to work people have to out behave the competition.

Of course this begs the question, “how do you know if you have a fit and healthy culture?” The best way is to assess the level of workforce engagement in the organization. The Gallup organization has defined three levels of engagement as follows:

1. Engaged employees work with passion and feel a profound connection to their company. They drive innovation and move the organization forward. This is only 30% of the workforce.
2. Disengaged employees are essentially “checked out.” They’re sleepwalking through their workday, putting in time – but not energy or passion – into their work. This is 52% of the workforce.
3. Actively disengaged employees aren’t just unhappy at work; they’re busy acting out their unhappiness. Every day, these workers undermine what their engaged coworkers accomplish. This is 18% of the workforce.

According to Gallup’s State of the Global Workforce, active disengagement is an immense drain on economies throughout the world. Gallup estimates, for example, that for the U.S., active disengagement costs \$450 billion to \$550 billion per year. Leaders must understand that engaged workers are the lifeblood of their organizations and the goal should be to increase proportion of engaged to disengaged employees.

## **LEADING CHANGE FOR STRATEGY AND CULTURE**

Earlier it was mentioned that the primary purpose of strategic mapping was to find, recognize, and secure the future. It was also noted that it is important to foster a strategy-supportive culture. It is equally as important to understand that new strategic and cultural pursuits will require new actions, initiatives, behaviors, and practices. This of course translates into change. When change is introduced there are a number of anticipated responses ranging from excitement to doubt to even fear. The 20-60-20 rule states the following:

- 20% of the workforce will be engaged and excited about the direction. This 20% will support the effort passionately and will also be the greatest source for change agents. This group of people is in change by Design.
- 60% of the workforce will be ambivalent about the change. They will prefer to sit on the sidelines and watch what unfolds – consider this group fence sitters. They believe that this too shall pass because they have seen change efforts come and go with little effect. This group of people is in change by Default.
- 20% of the workforce will resist the change and act out in disruptive and even destructive ways. They believe in status quo and clinging to the past way of doing things. This group of people is in change by Defiance.

It is important to remember that the people in change by Defiance will be trying to recruit people in change by Default. Leaders often make the mistake of spending an enormous amount of energy and time trying to influence the Defiance group. The best course of action is to enlist the Design group and influence the Default group.

This can be accomplished through another mapping system focused solely on the change management or leading change aspects of strategy deployment and execution. The Leading Change Map is an important companion process to strategy mapping. The Leading Change Map helps identify sources of change agent's reluctant supporters, and those who will likely oppose the change. In other words, the people in change by Design, Default, and Defiance are identified – also known as key stakeholders.

The Leading Change Map allows leaders to identify key stakeholders, assess the level of their support, and determine how critical they are to the effort. Once this is determined, a variety of influence strategies are developed and implemented to achieve a critical mass of people that will serve as a guiding coalition to drive progress forward to achieve next level performance.

### **ADDITIONAL PERSPECTIVES**

According to the American Management Association High-Performance Organization Survey, which asked 1,369 respondents about an extensive series of characteristics associated with high performance, it identified higher performers by

inquiring about revenue growth market share, profitability, and customer satisfaction. The research team correlated responses about market performance with responses relating to strategy, leadership, customer orientation, and other factors, looking for the largest gaps between the highest and lowest-performing groups.

The survey found that the single largest gap between these groups was due to whether organization-wide performance measures matched the organization's strategy. In other words, the proper alignment between performance and strategy seems to make a big difference to organizational success. The second-largest gap between higher-performing and lower-performing organizations was due to whether an organization's strategic plans were clear and well thought out. If we put these two major findings together, we see that higher-performing organizations are much more likely than their lower performing counterparts to have clear, well-thought-out strategies that are matched up well with performance measures. This sounds a bit like Management 101, but it actually reveals two critical and related organizational characteristics that managers often lose sight of amid the hubbub of new business ideas: consistency and clarity. And there's something else here. Higher performers have well-conceived strategies. The great American poet Ralph Waldo Emerson wrote, "A foolish consistency is the hobgoblin of little minds, adored by little statesmen and philosophers and divines."



It is clear that higher-performing organizations ensure that a strategic plan is “well thought out” because they understand that no company can perform well if poor leaders devise poorly conceived strategies. Strategy mapping is a process to help with clarity and consistency. Additionally, the Strategic Thinking Institute highlights in The Strategic Thinking Manifesto reports that lack of clarity is at the heart of most strategy challenges. Specifically, the article points out that it is difficult for leaders, if not impossible, to establish strategies if they don’t understand the strategic direction of the organization. A specific tool that can help with creating better clarity and alignment is something called a Line of Sight (LOS).

The Line of Sight (LOS) requires a team, leader and even individual contributors to articulate what they will specifically do to support the corporate strategic agenda. An effective LOS reflects an annual perspective organized in 90-day increments. The 90-day time frame segments the work so that it is more

manageable within the constraints of everyday firefighting. In essence, it becomes a discipline for manufacturing time - to do what matters most – advance the strategic agenda.

### STRATEGY ARTICULATION MAP

Many organizations and leaders have not been trained to think strategically, formulate effective strategies, communicate and align the strategy’s vision and objectives, and effectively drive the implementation of the plan and the execution of the strategic goals. The first section of our Terrain-Based Strategy Mapping System™ is designed to, 1) craft a compelling mission – the purpose of your organization, 2) develop an energizing vision of the future, and 3) decide on the values that will be embodied by everyone. Next, we help the leadership team define the key differentiators, or “WOW” factors that provide your organization with a competitive edge in the market.



Strategic priorities are then identified and translated into strategic objectives. Key Performance Indicators (KPIs) are developed for each of the strategic objectives. Then specific, tangible actions (strategic initiatives) are outlined that describe how the strategic objectives will be achieved.

Finally, we will help departments, leaders, and individuals create Lines of Sight. These Lines of Sight specifically describe the changes in behavior, actions, decisions, and practices needed for each area and person to support the strategic agenda. The end product is a strategy map.

## FINAL THOUGHTS

According to PriceWaterhouseCoopers (PWC) there were three trends in healthcare: consumerism, genomics and the digitization. They said all three would radically alter how healthcare is defined and delivered, and that has happened. According to PWC HealthCast, health systems will turn from reactive medicine to proactively understanding and supporting individuals in managing their own health. Yet, health organizations remain focused on their own organizations, not necessarily what is best for the patient.

The customization of diagnosis, care and cure engages patients before, during and after they are ill or injured. Customizing care to the individual takes health systems out of their comfort zones, forcing them to integrate people, technologies and organizations that are not part of their current routines.



“In an integrated world, no one provider owns chronic disease care. The patient owns the chronic disease,” said Gary Belield, who leads commissioning for National Health Service’s (NHS) Department of Health in England. “What is happening to healthcare is no different from other industries—the power of the individual is increasingly influencing how healthcare is directed and delivered.”

Whether you agree or disagree with this perspective it is important to recognize where the healthcare terrain is and where it is likely heading. Once this is determined, it is essential to map your strategy to position your organization to survive and thrive in the unprecedented future of healthcare.

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**DO YOU HAVE A  
STRATEGY? IS YOUR  
STRATEGY WORKING?  
WE CAN HELP!**

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Strategy often makes the difference between success and failure. With our strategy consulting, HLI focuses on helping clients articulate a strategy map, guiding and empowering an organization to focus on the critically important aspects of business, while eliminating time spent on the non-urgent, less important aspects of their operation.

While strategy planning is considered an annual event by many organizations, HLI focuses on strategic thinking as an ongoing process of translating vision into reality. Using our unique Terrain Based Strategy™ (TBS) planning system, we enable individuals, teams, and organizations to explore extraordinary opportunities by creating dynamic, responsive strategies that align environmental trends with organizational goals.



**STRATEGY**

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# ABOUT THE AUTHOR

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Mo Kasti is a distinguished author, thinker, speaker, strategy advisor and family man. His passions center around helping executive and clinical leaders elevate their thinking in times of transformation and capitalize on emerging growth opportunities.

When terrains are shifting and outcomes are uncertain, Mo is uniquely equipped to help leaders think outside the box. He is sought after for his expertise in leadership, strategy, innovation, and organizational/cultural transformation.

With more than 25 years in healthcare, Mo is an expert on healthcare leadership and engagement. He is the author of *Physician Leadership: The Rx of Healthcare Transformation* on the transformational effects of leadership in medicine and *Beyond Physician Engagement: A Roadmap to Partner with Physicians to be ALL IN!* Mo freely shares transformative insights on his blog and popular video series – Mo'isms.

Mo is the CEO and founder of HLI and the nationally recognized Physician Leadership Institute dedicated to accelerating healthcare transformation through leadership, strategy and innovation. HLI has converted thousands of clinicians to clinician leaders and improved outcomes for hundreds of healthcare organizations and their patients.



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