

Strategic Edge

Series: Leadership in Today's Environment

Chapter 4 – Lead with Strength – Create the Business Plan 1st

Healthcare organizations are operating in one of the most financially challenging environments in decades. Tight margins, rising construction costs, labor shortages, reimbursement pressures, and shifting care models are forcing leaders to scrutinize every capital dollar spent. Because of this, creating a strong business plan before launching any healthcare capital construction initiative is now essential—not optional.

A business plan should do more than justify the cost of a project. It should clearly define why the project is needed, how it supports long-term strategy, what operational improvements it will deliver, and whether it can be financially sustained over time. Increasingly, healthcare Boards expect leadership teams to present detailed business cases supported by market data, utilization forecasts, operational planning, and measurable return on investment before approving projects. Recent industry reporting shows that health systems are approaching capital projects with greater caution and discipline amid continued financial pressure and economic uncertainty (**BDO Healthcare CFO Outlook Survey**).

Organizations that execute successful healthcare capital projects typically spend the necessary time upfront aligning operations, finance, clinical leadership, facilities, and governance around a common vision. Effective planning helps teams validate patient demand, evaluate staffing realities, assess workflows, and identify risks early—before significant capital is committed.

Boards have also become far more engaged in capital planning. With major healthcare projects often ranging from tens of millions to several billion dollars, governance oversight is more important than ever. Industry advisors note that many health systems are reevaluating capital allocation strategies to ensure projects align with long-term financial sustainability and evolving care delivery models (**Kaufman Hall Healthcare Capital Planning Insights**).

When business planning is rushed or incomplete, the consequences can be significant. Projects may face cost overruns, schedule delays, underutilized space, operational inefficiencies, or market shifts that were not fully considered during planning. In some cases, organizations complete facilities only to find that staffing shortages, outpatient migration, or lower-than-expected volumes limit the building's intended value.

A well-developed business plan strengthens decision-making and organizational alignment. More importantly, it creates a roadmap that helps leadership adapt as conditions evolve through planning, design, construction, and activation. In today's healthcare environment, successful capital projects are rarely driven by construction alone—they are driven by disciplined strategy, operational alignment, and thoughtful business planning from the very beginning.

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