THE PROCESS OF THE STRATEGIC MANAGEMENT MODEL FORMATION AND APPLICATION IN THE LITHUANIAN HEALTH CARE SYSTEM

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Abstract. *Today the ability to adapt to the constant and rapidly changing environment conditions is becoming the main factor of the success of the health care system Integration into the international area, globalization, and information processes in the society motivate to take strategic actions. Therefore, during the last decades the strategic management and more constructive application of its potential became the most important innovation in private and public sectors. In order to solve the strategic management problems the authors advise to create the model of the strategic management of the Lithuanian health care system. The analysis of the strategic management concept revealed that today the focus ist on the strategy implementation in the strategic management process. Successfully implemented strategy creates a competitive advantage for organizations. Therefore, the proper development of the strategic management process in health care system would have an impact on the development of health care system sector, as well as on the strategic management system of the whole Lithuanian economy. Then ultimate aim of the research is to form strategic management model of the Lithuanian health care system.. In the article the entire spectrum of methods of scientific and special research such as logical analysis and summarization of scientific material, systematic, comparative analysis was used. The structure of the article is the following: methodological assumptions are presented, and according to these assumptions Lithuanian health care system's strategic management model is prepared and presented as well as reasons for the practical application of this model are presented.*

Scientific novelty, theoretical and practical significance of the research are the following – the strategic management model of the Lithuanian health care system, which is focused on the meeting of health needs of patients and potential clients, is prepared. The scientific results of the given article can also be used to develop the strategic actions for state and public institutions, which have an impact on the management of the health care system.

Keywords: *strategic management, health care, strategically focused system, value based competition.*

Introduction

In the presence of global processes, which are evoked by the development of science, technology and information, the issues related to health care system are progressively increasing and getting more and more important in the management system of the whole world and Lithuania. Increasing funds allocated to health care fail to meet society expectations. The importance of health care and its impact towards the development of global economic growth attracts attention of many theorists, society, and private capital owners. Analysis of the current management approaches and searching for the new ones is one of the main assumptions of the competitive economy growth of the country.

The biggest issue that currently all health care systems in the world are struggling with is the necessity to reform the system, which would develop adequately together with the increasing demographical problems, the changing economical conditions, technological progress, and the increasing expectations of the society. Irrespective of r the structure of the system and its financing, all countries are tackling the problems related to the management of the national health care systems. In the last decades of this century various scientific studies, valuations and forecasts were performed in many economically stable countries in an attempt to pattern the schemes of health care systems. Education, health care, social security, and jurisdiction sectors operating in the Scandinavian countries make the impact on the highest competitive positions in the world. A lot of countries in the advanced European countries operate the organization and management of the US health care system. In the USA the part of gross domestic product allocated to health care is the biggest in the world. Technologies and the specialized maintenance are the most advanced as well but the citizens are still not satisfied with the current health care. Since there is no big correlation between the state of health of the society and medical care (even though medical care improves one's health), it is necessary to find a solution in such potential science sphere as strategic management, which focuses not on the analysis of financial aspects, but rather on the strategic thinking, analysis, and synergy. It is very important to emphasize the competitive potential formation on the level of health care system's strategic management.

At present, searching for proper ways for the health care systems to react to the issues of modern environment, management theorists started to use the concept of "strategically oriented system" more often. In addition, they argue that in such organization the prerequisites for the practical implementation of the worked out organization strategy are created, and there are more possibilities for the emergence of the synergy, which is the main source of creating value to the consumer Application of the strategic management principles allows to scrutinize and analyze health care system as one of the compound sub-systems of the state strategic management. At the same time, it creates the possibility to highlight the directions of its functioning and to project or adjust the strategic aims as well as to implement the strategy itself. Many scientists (Porter, Tiesberg, 2006; Oppenheim et al., 2007; Prahalad., Ramaswamy, 2004; Mintzberg, 2007; Drucker,

2007; Breen, Hamel, 2007) state that today the focus of the strategic management is on the implementation of the strategy itself. Despite the variety of strategies, modern strategic management gurus agree on the basic statement that the strategy creation process requires a lot of efforts, where the main objective is the practical implementation of the strategy. Such position determines scientists' focus on the formation of strategic potential.

There is a big issue in the health care system management, which requires the strategists to make new decisions and take new actions such as how to mobilize the potential of human resources and information, and to transform health care system into strategically oriented organization, which would adequately develop together with the utmost needs of the clients. A strategically oriented organization operates successfully and reacting even to the slightest changes in the management is able to transform constantly. (Kaplan, Norton, 2006). Such orientation provides for the flexibility and competitive advantage of an organization against other organizations, where no strategic management is practised. The analysis of the scientific material enables to make an assumption that a strategic orientation paradigm is emerging, which helps an organization to develop and implement its strategy in the modern environment.

The main aim of the research is to form the model of Lithuanian health care system's strategic management. In order to implement the aim of the research detailed objectives have been formulated:

1. To reveal the prerequisites for the formation of the strategic management model of health care system.
2. To prepare the model of thje Lithuanian health care system's strategic management.
3. To ensure the consistency of the application of the model of Lithuanian health care system's strategic management.

An entire spectrum of such methods of scientific and special research as logical analysis and summarization of the scientific material, systematization and comparison were used in the article.

Prerequisites for the formation of the strategic management model

Methodological prerequisites according to which the model of the Lithuanian health care system's strategic management is formed are the following:

1. *One of the most important prerequisites for the formation of the strategic management model is a holistic approach,* which gives the possibility to scrutinize and analyze the health care system as one of the state management compound sub-systems, to emphasize the tendencies of its functioning, project or adjust the strategic aims, and implement the adopted strategy. The analysis revealed that the strategic goals of the Lithuanian health care system are not properly integrated into the goals of the state strategic management system. Current strategic management is characterized by weak and poorly coordinated inner and outside relations. Therefore, application of the strategic management methods and holistic approach to the health care system in the process of the creation of the model of the Lithuanian health care system's strategic manage-

ment is an important condition to ensure effective inner relations and integration into the management of the Lithuanian economy system. . Further, it is very important to determine the strategic direction of the health care systemin the geo-economic area, which allows the creation of a new professional position, which integrates into the global job division.

2. *Flexibility and globalization of the environment of the health care system.* It is impossible to rely on the past experience in order to make strategic decisions in the current dynamic environment. This leads to the changes of the management paradigm and the need to create a definition of the competence of strategic thinking. Such conceptual abilities allow to formulate scenarios of future events and make the right strategic decisions in the dynamic and global conditions. Therefore, strategic thinking is "the process of synthesis of creativity, intuition, and new thinking" (Mintzberg, 2007), who made his contribution to the development of the ability to perceive and interpret the environment in the holistic approach. Currently, the system of health care is facing the biggest challenge of today – the ability to implement successfully the strategy, which is adopted in the constantly changing environment.
3. *The rise of the new public management concept.* A new approach, which is based on the application of the management principles of private sector into the public one, allows us to explain the consistency of the management of the modern health care system, The new public management concept can be analyzed by comparing it to the concept of the bureaucratic public administration. The concept of the bureaucratic public administration is mainly focused on the structures and activity rules, whereas the new public management is focused on the results. Therefore, it can be stated that bureaucracy is not characterized by creativity and innovation. The main differences between the concepts of bureaucratic public administration and the new public management are indicated in the table below (Table 1):

Table 1. ***Differences between Bureaucratic Public Administration and New Public Management***

Bureaucratic Public Administration	*New Public Management*
• Primacy over legal norms (regulations) • Acting: legal regulation • Structures and activity are rigid • Society is the object • Responsibility for the compliance with regulations is constricted (official and not possible) • Focus on the process of implementation	• Primacy over provisions, goals and results • Acting: management implementation of the set goals • Structures and activity are flexible • Society is the client • Responsibility for the results (personal and clear) • Focus on creating value to the client

Source: adapted by referring to *Puškorius "Viešojo sektoriaus institucijų administravimas", 2002*

The ideas of the new public management concept help us to structure such features of the health care system as holism and globalism. Adaptation of the new public management concept as this concept is proper and more flexible in its reaction to the arising issues in the environment of the health care system compared to that of the bureaucratic public administration. In the process of the change of the given concepts, it becomes necessary to review the theoretical methodological assumptions where various management models in the health care system are created. From the point of view of the public management in the health care system, focus on the creation of value to the consumer (client) and the implementation of the system's goals and flexibility of the system's structures is emerging. As can be seen from the experience of the developing countries, focus on the patient can be implemented only on the level of creating value for his state of health.

4. *Transition from zero sum competition to the creation of value and competition based on the creation of value to the patient have to be bound to the results.* The attempts of the reform to focus on the consumers and improve the quality of services reveal that the activities of the health care system are developed in the right direction. However, there are no essential strategic changes. One of the main reasons of this fact is zero sum competition in the market of the health care system; there is a competition in the field of the reallocation of expenses. Competition, which fails to create value, but determines how this value is divided, is called zero sum competition. Competition, which creates or increases value, is known as not a zero sum or positive sum competition. The problem in Lithuanian health care system is not the lack of competition, but rather an inappropriate competition level. Market players are competing with each other in order to shift expenses and in such a way to build a potential for negotiations, and increase the range of their services. Therefore, competition is not focused on providing and especially increasing the value to the patient, even though this is clearly stated in the main strategic documents of the Ministry of Health. *Competition is becoming zero sum competition: system's players put their efforts into the division of value instead of increasing it.*

   Results of health care services, i.e. the level of the state of health created to the patient for one unit of expenditures ?, has to be measured. Competition based on the results of the provided services means that suppliers, who are getting the best results in the provision of health care services are given the opportunity to provide more services, and those who are not – are limited in the provision of their services or some of their services are suspended. If suppliers are competing for the results created to the patient, the prerequisite for the formation of the positive competition form, which is useful for all players of the system, appears.

5. *The changing environment makes health care system maintain such positions as searching for the new strategic*

possibilities, development of the competitive potential, and creativity. In the process of defining strategic goals the strategists of the Lithuanian health care system focused on the relationship with consumers, the main directions of the development of the health care services and the resources possessed, mainly by evaluating the financial aspect of those results. Such situation speaks about the effective analysis of the financial indicators and their control, reduction of expenditures or efforts to avoid them, however, *the actual strategic processes*, which make successful strategy implementation in an organization, *are not distinguished*. These processes are not based on such intangible assets as creation of new services, potential opportunities, experience, flexibility of employees, loyalty of the clients, etc.

6. *The new strategic possibilities , the development of the competitive potential, and creativity are positively displayed in the new form of organization, which is strategically oriented* and where all main management processes such as planning, allocation of resources, budget planning, financial statements and meetings of the managers are oriented towards the common strategy of the organization. The balanced system of the efficiency indicators is one of the compound parts oriented to the strategy. Organizational processes accomplished from the top to the bottom are known as the conception, strategy, and allocation of resources in the organization; while the implementation of the set targets is completed with the help of innovation and feedback. Strategy implementation is often related to the improvement of processes, therefore, specific skills and knowledge are required. This is the way to create a strategically oriented organization where the strategy can be actually implemented and the defined goals may be successfully achieved.
   One of the compound parts of strategically focused organizations is the Balanced Scorecard (BSC), which first of all focuses on the solving the problems and the client himself in order to define indicators. The strategic management system, based on BSC, and drawing of the strategic map would help the executive managers of the Lithuanian health care system to implement the strategic opportunities that have not yet been implemented by creating additional value. Therefore, the authors designing a new model of the health care system's strategic management use BSC since it is effective not only in the process of creation and formation, but also in the strategy implementation, and the current strategy of the reorganization of the management system (Lawson et al., 2008). Opportunities to apply BSC for non-profit and state organizations are greater compared to private sector (Kaplan, Norton, 2006; Niven, 2006). Experience of organizations, which applied BSC in their management, revealed that this system helped not only to form a strategy, but also to manage the whole process of strategy implementation.
7. *In the context of changing environment it is very important to organize health care system as the network of interrelated and cooperating organizations.*

Lewin et al. (1999) state that each historical period has certain organizational forms. Therefore, as in the age of industry bureaucracy was the form of organization, so in the age of information the form of organization is a network. Network system organization creates an environment of cooperation, because such organizations are inclined to sacrifice a part of their priorities in order to achieve common goals (Ring et al., 2005).

The model of the strategic management of the Lithuanian health care system

The main problems of the Lithuanian health care system are the following: broad system of hospitals, insufficiently developed primary health care, decreasing expenses for the society health care. To compare the model of the organization of the Lithuanian health care system, the organizational structure and management of the health care systems of the advanced European countries such as the Netherlands, France, Germany, Sweden, Finland, Denmark, and others were assessed. The said countries are chosen according to the results of the international index research ("Health Consumer Powerhouse") of the top European health services. The research of this index evaluated the effectiveness of the health care systems in terms of consumer point of view, including such aspects as insurance (reimbursed services, allowances), guarantees of citizens security, financing, supply organization, guarantee of service quality, improvement of the effectiveness and the control of expenditures (the interrelated component part of the value creating strategy).

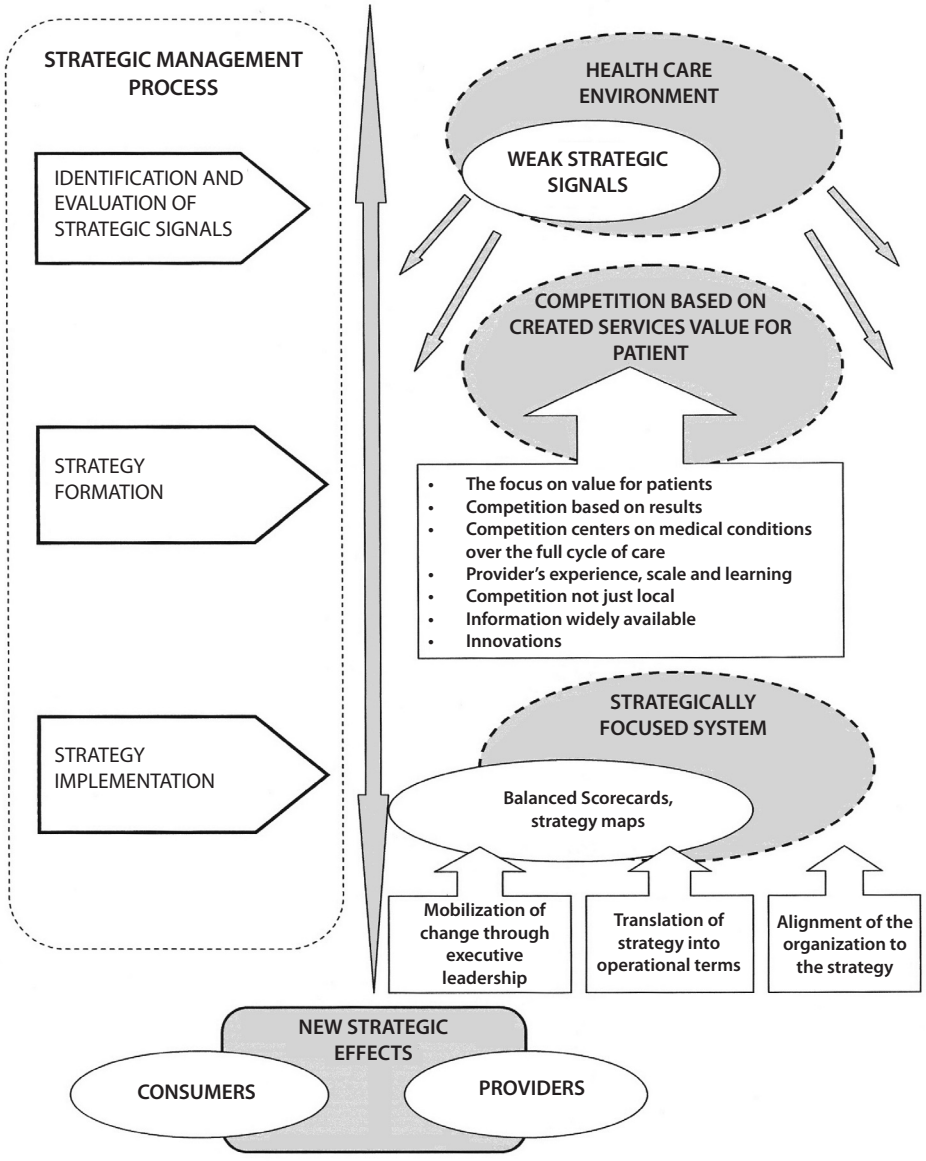
Most health care systems in the analyzed countries have fortuitously avoided the zero sum competition. In addition, health care systems in the advanced countries benefit from the provision of wide access to the primary care, which is inherently efficient because it fosters prevention, early detection and delivery of routine treatment in a low cost setting. The combination of less zero sum competition and more primary care is a major contributor to the lower costs of other systems. Due to better access and good performance on some quality metrics these countries have a superior health care model.

Most countries have a private system that is parallel to the public system, but these have typically been kept quite separate. Some countries are about to allow the two to truly compete. In the French health care system, for example, private clinics account for over 40 percent of health care delivery by volume but only 22 percent of the costs, highlighting the efficiency advantage of the private sector. There are positive information initiatives under way in a range of countries, from which Lithuania can learn. In Sweden, for example, a national database tracks sixty-eight measures of quality. Clinical data and treatment cost data are beginning to be integrated to achieve a true measure of value.

Every country faces different circumstances, and there is no single best model of action to reform the national health care system. The analysis of practical application of the strategic management in foreign countries reveal that creating the model of the Lithuanian health care system's strategic management, it is necessary to evaluate the specific conditions of the economic and

cultural developmentof the state Therefore, it is very hard to transfer the models of the health care system of other countries into Lithuanian conditions, however, it is useful to adopt certain advantages and evaluate the disadvantages. In this way the principles of value based competition in results offer a road map for improvement.

According to the said methodological assumptions, the model of the strategic management of the Lithuanian health care system is presented in Picture 1.



Picture 1. ***The model of the strategic management of the Lithuanian health care system***

The aim of the strategic management model is the identification of the new strategic possibilities (synergic effects) and focusing on the resources for the implementation of these possibilities. Strategic management process is divided into three stages: "identification and evaluation of weak strategic signals", "strategy formation" and "strategy implementation". In the model of the strategic management of the Lithuanian health care system the principles of value based competition and strategically focused organization are adapted. The action synergy of these principles creates new possibilities for the consumers: active participation in the management of his own health, proper information , the possibility to choose the best treatment and health care service provider, and health insurance form. In addition, new economical and other (social, ecological, creative, etc.) strategic effects are formed. The most important strategic effect of the strategic management model is the creation of the highest value for the patient and the potential client. Other significant strategic effects have to arise not in the f the health care system itself, but rather within the zone of its boundaries, where health care system relates to other economy sectors such as social security, ecology, education, etc.

Motivating value-based competition. In the formation process of the new strategic management model of the Lithuanian health care system, the following competition principles based on value were adapted:

- The focus is on value for patients, not just lowering costs.
- Competition must be based on the results.
- Competition centers on the medical conditions over the full cycle of care.
- High-quality should be less costly.
- Value must be driven bythe provider's experience, scale and learning at the medical condition level.
- Competition should be regional and national, not just local.
- I Information related to the results to support value-based competition must be widely available.
- Innovations that increase value must be strongly rewarded.

The strategy of the competition based on value should reveal new opportunities for consumers (current and potential patients), who could:

1. Participate actively in the management of personal health.
2. Expect relevant information and seek advice.
3. Make treatment and provider choices based on excellent results and personal values, not convenience or amenities.
4. Choose a health plan based on value added.

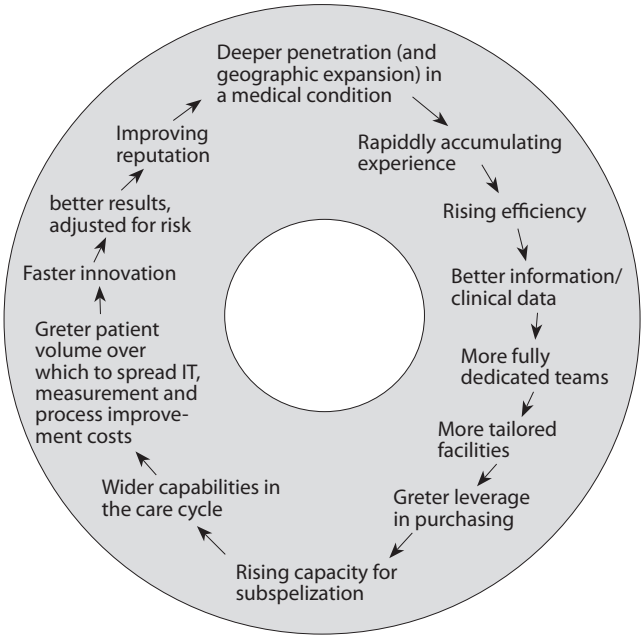
The impact of the new competition strategy based on value should motivatethe providers of health care services to assume a set of strategic and organizational goals:

- *To focus their activity on the health state of the patient.* The vision of the Lithuanian health care system is stated as "the healthier the person, the happier the society, the stronger the state" (HOM, 2008). However, due to the structural and organization methods of the traditional management of the health care system , most health care services providers are competing not for finding the ways of coming closer to this vision, but rather for the size of general demand of the services and the

shift of expenses. Most organizations determine their activity according to the specific health care functions or positions. Such attitude reveals that the goals, needs, and services (the offered health care service basket) of suppliers play a key role today, when expectations of the patients and potential clients are not so important.

As can be seen from the experience of the developing countries, focus on the patient may be achieved only on the level of health state (creating value). *The created value in health care system is characterized by how well suppliers provide services for the health state of each individual, but not by the variety of their services provided.* The value, created for a particular medical state of a patient, is created only by combining the whole range of required health care activities and positions. The main purpose of this range is not individual, separate actions, skills or functions, but rather an overall achieved result of the health state of the patient. Furthermore, in each health care aspect the value can be determined by how well the range of the required skills and functions is combined.

- *To choose the sphere and type of health care services provided.* The compound part of the strategic choice of the range of health care services is to match the complexity of the diagnosed and treated states with the skills, technologies, possibilities, and expenses of the organization. The purpose of choosing the range of services of medical states of the patients is not to decrease the amount of the services of the health care system provided by the organization, but rather to improve some health care services of the organization or to give up the insignificant ones. This would help to create a more qualified and effective organization of the Lithuanian health care system and the system itself. In the competition based on value many organizations and groups of physicians would save the most part of health care services, however, there would be no attempts to provide all possible services. After the supplier makes a strategic decision regarding the range of medical states and services, the organization of the health care system integrates into a virtual circle of creating value to the patient or potential client (see Picture 2).
- *Gather into a medically integrated health care activity units.* Typical organizational management structure of suppliers in the Lithuanian health care system is functional and is organized by means of skills and opportunities. In such a way All economical activities were organized in such way, however, in time, functional structures were changed into more effective organizations, focused on the range of products and services. The structure of the activity unit or the range of services are organized around the consumer, i.e. based on demand, but not supply. Therefore, it is very important that the traditional functional structure of the health care system should be radically changed into a structure, which medically combines health care of the patients with their medical states. Porter, Tiesberg (2006) titles such structure as an *integrated activity (practice) unit structure.*



Picture 2. ***The virtuous circle in health care delivery***
Source: Porter, Tiesberg „Redefining Health Care: Creating Value-Based Competition on Results“, 2006)

These units are formed on the basis of the medical states of patients, but not according to certain health care services, treatment methods, etc. Such integrated practice unit includes the whole range of health care services required for an individual medical state during the whole circle of care.

- *To create a distinctive strategy in each activity unit.* The organization of the medically integrated practice units would help to improve the value created to the patient, because organizations would try to find the ways of how to apply their area of expertise in each practice unit. In such a way, organizations competing for the improvement of current practices, could achieve better results rather than comply with the standardized regulations. Thus, the strategy of the integrated units would include two aspects: defining the range of health care services, where organizations would improve their competence, and the groups of individual patients for whom the services would be provided.
- *To define the right goal.* In order to form a new strategy management model, it is important to define the right goal in the strategy of the health care system. The main goal for each supplier is to provide the best quality for the value created to the patient. After that the size of organization, the variety of services, and reputation follow. If a supplier fails to create value to the patients, he fails in his main mission, even though the organization had a profit. It may be noted that today the organizations of

the Lithuanian health care system that have better results are profitable.

Strategically focused Lithuanian health care system. Creating BSC in the Lithuanian health care system, the authors use three principles of the organization of the strategically focused health care system:

1) *Mobilization of change through executive leadership;*
2) *Translation of strategy into operational term;*
3) *Alignment of organization to the strategy.*

Strategically focused organization is formed when all parts of the organization focus on the strategic priorities, which are indicated in the strategic maps and correlate with the BSC of appropriate organizations and their departments. Then the prerequisites for the implementation of the integration of the strategic management process into the whole health care system arise. The creation of the strategically focused Lithuanian health care system would help to reach a synergy effect when the system itself achieves more than its separate parts altogether. This synergic moment is important in the management of the health care system and its organizations because the lack of the application of the trategic management principles partially caused ineffectiveness of the system and especially where the implementation of the strategic ideas is incomplete.

Practical Application of the Strategic Management Model

It is advised to form the procedure for the practical application of the model of the Lithuanian health care system's strategic management according to the following stages:

I. Mobilization of change through executive leadership

For the executive management level of the Ministry of Health (MOH) it is important to understand that fast changes and impulse are necessary. I It is also essential to start the process of creating BSC. As can be seen from the analysis of the "Strategic Activity Plan of the Ministry of Health Care for 2008–2010", MOH study "An Outline of the Further Development of the Health Care System t for 2008–2015" and other documents, clear understanding of the current health care system and some efforts already made, MOH is ready for the changes of the strategic management. However, clear vision and strategic provisions indicating what changes are necessary in the management of the health care system and how to implement them are so far non-existent. Stimulation of an impulse is still a big issue because this process needs *political will and trust.*

II. Translation of strategy into operational terms

Task 1. Formation of criteria of BSC structure. BSC is created on the basis of three main principles: 1) all indicators of BSC are the elements of the cause-effect chain, 2) indicators of the achieved results, 3) relation with financial results. Indicators of the achieved results inform employees of the organization about the contribution to be made by each individual in order to create the present and the future value to the consumer. The main points that BSC emphasizes are the following:

- The signs of the organization development are not only classical *financial*

ratios, but also other costituent parts of the activity such as intangible assets including *human resources (training and career development), inside processes (operational effectiveness), and relationship with the clients.* In this way each strategy of the organization of the health care system becomes systemic, the sequence of actions gets clear for all employees and therefore, it helps to control the implementation of these actions in different management levels.

- It is not separate values of the four groups of indicators of the system that are important for the organization, but rather their *interrelationship and balance*. The principle of balance helps the organizations to avoid the manipulation in such groups of indicators as, for example, short term improvement of the financial performance by the reduction of the personnel.
- *Creating indicators and their characteristics.* Practical experience of many organizations shows that on the average BSC consists of 25 and more indicators, i.e. groups of the main compound indicators consist of 4 to 7 and more indicators. Implementation of each strategic task of four components is measured by the indicators expressed in numbers.

Task 2. Creation of all management levels of BSC in health care system. The tree of the all health care system's management indicators is created, cascading from top level (the Ministry of Health) indicators to the levels of subordinate organizations, departments and employees (see Annex 19). Such BSC operating in all management levels coordinate the activity of all organizations, departments, and separate employees, and create one strategically oriented organization. BSC reflecting the general health care system's strategy would give an opportunity for the executive managers to evaluate their activity not only in the context of the budget imbalance, but also in the context of the new strategic criteria. These criteria form the added value: common goals combine all activities, services, and cooperation of the compound organizations of the system. It is this added value (synergy) that provides better value to the patient and creates competitive advantage in the market of international health care services. Such health care system's BSC logically justifying its operation would help to focus the activity, motivate and set the accountability (improvement of the created value to the client/patient, but not just spending budget resources) due to the information provided to the society and employees regarding the achieved results of indicators and the factors of such achievement.

One of the most important parts of BSC creation process is the drawing of strategic maps. When BSC is a systemic method indicating the goals and indicators, characterizing the strategy, then strategic maps are visual expressions of the strategy, which show how the goals of BSC components are integrated and related with each other making one united strategy.

Task 3. Compatibility of tasks. The sphere of health care system's management includes the Ministry of Health and its subordinate organizations. Therefore, BSC of the health care system could be prepared by carefully selected team consisting of the Ministry of Health, the biggest health care

institutions, top managers, and independent strategic centers. In order to achieve the utmost benefit this team could convey their generated ideas to all organizations of the system, including public organizations of physicians, patients, etc. Therefore, correlation among all these organizations of BSC systems is very important. When the system of organizations is as large as that of in the health care system, the process of compatibility of all individual goals and tasks of organizations is rather long and complicated. Therefore, the following measures in health care system could be applied to ease this process: information and education programs; goal defining programs; relation between the system of motivation/incentives and the strategy.

Task 4. Achievement of strategic tasks. Formulation and mobilization of initiatives in an organization is a creative process. It is very important for the Lithuanian health care system's organizations, which provide health care services, to evaluate repeatedly and define their goals, tasks and indicators, which measure their activity. The main task of such organizations is *to create the best value of specific health care services for the target groups of the clients.* Financial component of health care system's organizations is rather a restriction on the activity than a goal or priority, because expenses of such organizations are strictly related to the planned budget. Therefore, meeting the planned budget with the incurred expenses is not an indicator of their successful activity. The effectiveness of the health care system's activity is mostly characterized by the ability of organizations to create the best value for their patients and potential clients.

Task 5. Visualization of BSC with the help of indicators. In the case of vast flows of information, the time for making decisions is increasing, while the quality of decision is decreasing. Therefore, one of the tasks of BSC is to provide managers with the most important information in the form of specific structure in terms of indicators. In this stage it is very important for the organization to record all BSC characteristics in the information system and to automate the tree of indicators. The group of indicators required to control the implementation of tasks are created for each manager. Indicators help in communication, because they force employees to comply with the set format.

In order to apply BSC in practice, there will be a complicated action process for top managers and the BSC implementation team(personnel and outside consultants): to define and coordinate the main goals; to measure possible risks, and to determine the relationship between the main indicators. Strategy implementation begins from personnel training: all employees are introduced to created strategy and BSC action plan. Creating BSC in the Lithuanian health care system may take up to 2–3 years.

III. Alignment of organization to the strategy

Health care system is one of the state management subsystems. Therefore, the effective health care reform and synergic effect (created value) may be achieved only when the strategic alignment is created both in the health care system and among all parts of the state management system. Classical strategic management schemes reveal that it is possible to coor-

dinate these aims and try to achieve the desired synergic effect. To reduce the incompatibility of aims, strategic effects may be projected not only to the inside of the health care system, but also to the zones of its periphery and in the areas related with other systems. It is very important to speak about the positive and negative synergy in the health care system and in relation with the growth and development of the society. Therefore it is necessary to determine thoroughly the areas, where negative synergy is formed and try to reduce it and to project positive synergy.

The new model of the Lithuanian health care system's strategic management would help to form the prerequisites for the strategic breakthrough ? . The sequence of the works and actions of the strategic breakthough would be the following:

- To review the system of the strategic goals of the Ministry of Health; to check and revise their compatibility or offer formulations of new goals.
- To identify how the system of goals integrates into the system of strategic goals of the overall state development.
- To find incompatible strategic goals (their place or sphere) and also to reveal negative spots of synergic effects.
- To prepare the system of strategic goals after the final review and revision.
- To prepare the outline of the strategic breakthrough project (goals, resources, determination of the sequence of strategic attempts), description of the content of future strategic effect.
- To project the positive synergy effect in the whole health care system.

Implementing the model of the Lithuanian health care system's strategic management the key role goes to *creating scenarios*. It is very important to gather the team of scenario creation specialists, i.e. strategic department, which would be able to implement and apply successfully the method of the planned scenarios during the process of the formation of the Lithuanian health care system's strategic management model. Application of the new strategic management model in the health care system should be clearly regulated by the laws and their amendments where authorities, works, measures, and institutions responsible for the course of reform would be indicated.

Conclusions

More and more scientists, analyzing the ways of strategy formation and implementation, emphasize the importance of the strategy oriented to its value and its innovation. Creating value for the patient in health care system is one of the possible responses to the issues arising in our environment and one of the main competitive advantages.

The analysis of information sources allows to make a statement that application of the strategic management principles in the management of health care system is very important in the case of reforms and in the process of transfer from the bureaucratic public administration to the application of a new public management model. Strategic management helps to solve the issues and create the united direction of health care. In this way, the strategy becomes the driving force of the system.

Activation of the competition, which is based on value, and creation of the strategically oriented organization are the main

components of the strategic management model of the Lithuanian health care system. Interrelated these compound parts create synergy, which makes an impact on the creation of value and the improvement of services for the patient and the potential client. As a result, the new strategic effects are arising in health care system. Therefore,the formation of the strategic management model is identified as one of the ways to compete in the changing environment.

The strategic management model of the Lithuanian health care system can be applied after its compatibility both with the management of the health care system, and with the rest compound parts of the state system has been ensured. Therefore, the effect of the management of the health care system or its value in the state management system is treated as synergy, which is reached when the efforts for the strategic aims of health care system and the aims of other economy systems are coordinated.

Scientific results of this article can also be used to develop the strategic actions for the state and public institutions, which have an impact on the health care system's management.

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