

S. Harvey Price is editor of *For Your Advantage*. A health care industry strategist based in Boca Raton, Fla., Mr. Price has worked as an independent consultant since 1971. His clients are community hospitals, hospital systems and major corporations.

About FYA

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TrendLeader Connections
406-586-8775
www.ForYourAdvantage.com

DECENTRALIZE the Authority To Say Yes

By Fred Lee

Not long ago, I was invited to conduct a series of customer relations training sessions for frontline employees at one of the satellite hospitals of a large hospital system. Several days had gone along without a hitch. But then, on one particular morning, the classroom door was locked when I arrived. I looked in the windows and could see that the classroom had not been set up for instruction. Chairs were scattered all over the room and the tables were stacked and pushed against the walls.

A small group of early attendees began to gather outside the door. I asked how to get in but nobody knew. One person volunteered to go to administration and ask. She returned to say that the administrative offices were still closed. We called environmental services, but they did not have a key to the classroom. We called security. A security officer arrived with a passkey but insisted that he did not have the authority to open the room.

"But you can see we are all here for the class," I said. "Weren't you in this class yesterday?"

"Yes, I know," he answered. "But I am not allowed to open a room without permission to do so from central dispatch."

"Maybe there is somebody in administration by now," I ventured.

"That won't do any good," he said. "I don't take orders from administration. I have to call my dispatch office, which is across town at the main hospital. Until they tell me to open the classroom, I can't. I'm really sorry."

In due time the classroom was opened, but from my point of view, the point of view of a guest, security had a system that made no sense. How could central dispatch, 20 miles away, have a better understanding of the situation than the officer at the scene? Any information about the problem would be coming from the officer anyway. What possible knowledge could central dispatch bring to bear that would make their judgment in this case more sound than that of their frontline person?

At another one of the hospitals in this same system, I happened to tell this experience to an executive I knew quite well. She laughed. "I had a doctor once who had left something in the medical library," she told me, "but even I couldn't get the guy from security, a guy I knew really well, to open the door so this doctor could get his stuff. He said he had to wait for orders from their central office across town."

Here is an example of a functional silo, spread across a metropolitan area, that gives its employees only the ability to say, "No," or at best, "Please wait for me to get permission," even to administrators. If anybody, internal or external, needs service, he must go through central control. The people at the top of the silo are the only ones with the authority to say "Yes."

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DECENTRALIZE the Authority To Say Yes (Continued...)

Through the years Disney has been able to be more responsive to guests and create more empowered cast members by dismantling functional silos and pushing decision making and problem solving closer to the front lines. Many organizations talk about doing the same thing, but few are able to carry it out.

In a major reorganization of its structure in the eighties, Disney eliminated a significant amount of bureaucracy by putting everything that goes on at each pavilion under one cost center. All the employees reported to one general manager who could make things happen in the interest of what was best for customer service and the bottom line at that location, which now included all functions. There was still a central place that provided merchandise and another that ordered and shipped food supplies to them, but the actual service and the cast members that provided that service were all accountable to one general manager.

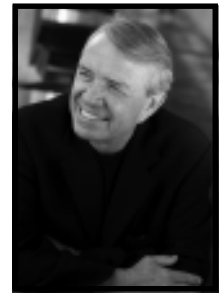
One of the managers told me how this affected the staff. "We really work like a team now because we have one focus and that is the success of our pavilion. We all get behind whatever makes sense in terms of more revenue or better service at our show, and everyone enthusiastically makes it happen. One of the best things about being on one team, instead of three or four, is our ability to cross-train and cross-utilize all the cast members who work here. This allows people to do many different jobs in our area instead

of only one. It relieves boredom, keeps them fresh and helps them see how their jobs affect others. Another payoff that we didn't expect is getting a lot more ideas and suggestions than we ever got before. The change this reorganization has made in our area is really dramatic, and everybody loves it."

On a wall backstage at one of Disney's resorts, I saw a large sign with a list of value statements for cast members that could be read all the way down the hall. The statement that surprised me said: "You are always right when satisfying a guest." If you come late or miss a meeting because you're trying to serve a guest, you're exonerated. If you decide to buy something from the gift shop to placate an upset guest, you are not going to be reprimanded for spending too much. A value statement like this clearly empowers people to say Yes to a guest's request instead of passing the decision up the line to a supervisor. And it's on the wall backstage for all employees to read day in and day out.

Fred Lee is a highly popular speaker; and the author of "If Disney Ran Your Hospital." His book was named the 2005 book of the year by the ACHE.

You can contact Fred at
FredLee@patientloyalty.com



About



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The Next Generation of Healthcare Leadership-What Will It Take?

By T.J. Senker, Vice President, Operations, Saint Mary's Hospital, Waterbury, CT

Last month we asked Tom Senker to write a guest column on the future generation of leadership in healthcare. Tom is a seasoned, successful and highly respected hospital CEO in New Jersey. His son T.J. has followed him in a hospital executive position. T.J. responds to his father's column..

A classic 1950s radio concept was recently revived by National Public Radio's *Morning Edition* with a weekly segment entitled "This I Believe." On more than one occasion while listening to the often poignant statements of guiding personal philosophies and core values, I have experienced what NPR likes to describe as a "driveway moment;" a situation in which my destination has been reached but I find myself unable to turn off the car until I absorb every last word of the broadcasted segment.

The compelling articulations have forced me to evaluate what I and others whom I respect and admire would say if featured on "This I Believe." In reading my father's column on healthcare leadership, I was struck by how much of his (and subsequently my) personal philosophy resonates in his discussion on what is necessary for success in an industry and profession to which he has devoted more than 30 years of his life.

Through many changes and challenges over the years, the nation's healthcare system has evolved somewhat awkwardly into the complicated array of products and services that now make up 16 percent of our Gross Domestic Product. Regulatory, reimbursement and technology shifts, along with the ongoing evolution of business management theory, may have transformed the field in unpredictable ways, but the basic and fundamental requirements necessary to ensure success as a healthcare leader will continue to ring true for the next generation just as they have for my father and the generation preceding him. Central to these requirements is the essential yet simple understanding that healthcare, as a microcosm of life, is about people.

My father's characterization of healthcare as a relationship business reflects his core philosophy, likely rooted in his Jesuit education, that success is as much about attempting to understand, serve and help others as it is about myopically advancing our own personal or organizational agendas. Indeed, given the daily reality in which we are constantly playing alternative roles in the healthcare delivery system - one moment a patient, the next a caregiver for a sick parent or child, while always maintaining our perspective as an executive - a career in healthcare management provides the ideal opportunity to have a positive and enduring impact not just on a delivery and



financing system in desperate need of reform but on the health and vitality of our families, neighbors and communities.

As if that alone is not compelling enough to distinguish healthcare management as a potential career field for a younger generation that is seeking to make a difference beyond pure profit and loss, the challenges facing the industry are just as exciting as they are daunting. Predictably, the challenges can all be traced back to the concept of relationships. Given the plethora of stakeholders - vendors, physicians, hospitals, insurers, patients - involved in the healthcare system and the unfortunate lack of alignment between their respective interests, great skill is required to navigate the resulting complexity in an ethical yet mutually acceptable and ultimately beneficial manner.

Clearly, the healthcare industry requires great business thinkers - individuals skilled in the core competencies my father's article appropriately identified. However, the job description must be expanded to ensure that we attract leaders who have the insight to challenge often well-meaning but misguided assumptions on which our industry operates and the fortitude to find new solutions that ensure improved transparency, efficiency and outcomes.

Unfortunately, these skills are not taught nor could they be learned in a classroom. I too believe that there is no substitute for first-hand exposure and hands-on experience that is only possible when a mentor is willing to invest their time, resources and energy in developing the next generation through a residency or fellowship or by simply allowing an interested future executive to shadow them. In the often challenging financial environments in which many organizations currently operate and given the unrelenting pressure to perform as efficiently as possible, this can be a tough sell but the future of our industry depends on it. Yet again, the ability to develop relationships, in this case with a generation that has so many alternative opportunities, will be an enduring legacy of our collective success or failure.

As I continue to contemplate my contribution for "This I Believe," I am reminded of and extremely grateful for the many healthcare leaders, including my father, who had the confidence and patience to guide me and allow me to find my own way as a leader. I do believe that the future of healthcare leadership is bright and I will do everything I can to attract, develop and learn from the leaders of tomorrow. Will you?

Poor Quality Healthcare

By: Rick Kneipper, Chief Administrative Officer and Co-Founder of PHNS

Articles that attack the quality of healthcare services in the U.S. really bother me. Nevertheless, I suggest that you need to read "Who Is at Greatest Risk for Receiving Poor-Quality Health Care?" in the March 16, 2006, edition of *The New England Journal of Medicine*. Why? Consider some of the following conclusions from a random survey over almost two years in 12 large metropolitan areas that were followed by a detailed review of medical records of survey respondents who consented to releasing their medical records:

- "The quality of American medical care falls short of expectations;" and
- "Overall, participants received 54.9 percent of recommended care" (this was determined by comparing actual treatment to RAND's Quality Assessment indicators of the quality of care for 30 medical conditions and preventative care).

Those are very disturbing conclusions since most of us believe (including me) that the U.S. has the best quality healthcare in the world-but while hitting over .500 might be terrific in baseball, it isn't acceptable when it comes to human lives. And thus the article's authors ended their article by stating:

"As the Institute of Medicine has concluded, problems with the quality of care are indeed widespread and systemic and require a system-wide approach."

The study also reached the surprising, and undoubtedly controversial, conclusion that "The differences among sociodemographic subgroups in the observed quality of health care are small in comparison with the gap for each subgroup between observed and desirable quality of health care." For example, blacks and Hispanics had 57.6 percent and 57.5 percent of recommended care scores compared to whites at 54.1 percent. This obviously is contrary to the expressed views of many critics of our healthcare system. Women received a higher percentage of recommended care than men (56.6 percent verses 52.3 percent), and older people received lower percentages than younger people (57.5 percent for those 18-30 years of age verses 52.1 percent for those 65 years of age or older). And finally, those with annual family incomes of at least \$50,000 had significantly higher scores for preventative care than those with lower incomes. Interesting, but not all surprising, conclusions.

The conclusion that surprised me the most was that "there is remarkably little geographic variation" in the proportion of recommended care. That is contrary to other studies, including a *HealthGrades* study referred to in our November 3, 2003 FYA that concluded that patients were as much as 1½ times more likely to die from certain procedures performed in one state compared to another state. The 2006 *HealthGrades* study focused on care given by the top 277 hospitals in the U.S. compared to the rest, and concluded that if all of the patients with any of 26 conditions were treated at the top 277 hospitals during 2002-2004, "152,966 lives may have been saved and 21,896 patients may have avoided a major post-operative complication."

I don't know what to think after reading this latest study-but it's very troublesome and raises significant issues regarding healthcare quality in the U.S. Do you agree or disagree?



I would like to hear your comments.
Send them to:
Richard.Kneipper@phns.com

About

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We are committed to delivering new perspectives and ideas, creative and innovative healthcare solutions, provocative concepts and quality educational materials to today's healthcare leaders. We want to concentrate on "what comes after what comes next."