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About FYA

FYA – *For Your Advantage*, is a free twice-monthly newsletter published by TrendLeader Connections.

With every issue, FYA provides insights into the topics that concern healthcare leaders today and the challenges that will be faced in the near future.

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Dissatisfaction Is the Father of Improvement

By Fred Lee

If necessity is the mother of invention, dissatisfaction must be the father of improvement. Necessity may invent the mousetrap, but dissatisfaction builds a better one. The curious truth is that being good is the enemy of being great. Complacency is the adversary of excellence.

Martin Stankard, a national Malcolm Baldrige Award examiner who trains other examiners, shares this formula for a culture of continuous improvement and excellence:

Dissatisfaction with the status quo, plus the dream of what greatness would look like and the knowledge of how to get there, must be greater than an organization's natural inertia.

Notice that the formula begins with dissatisfaction. How do you overcome the comfort zone of personal and organizational inertia without being dissatisfied with the way things are? Plus, all this has to happen before the hard work of improvement can even begin.

Behavioral science confirms this equation. If I want to lose 15 pounds, it starts with dissatisfaction over my current state of being. In addition, I will need to have a vivid picture of how I want to appear, how my slacks will fit, how a flatter tummy will look, how much younger people may think I am. Dreams give us the fuel for desire, the energy to get up and do the work. Knowledge of how to lose 15 pounds and keep it off permanently is also important. But my worst enemy is going to be the kind of thinking that says, "Fifteen pounds doesn't really seem that bad. I am actually in pretty good shape for a guy my age. We all gain some weight when we get older. It's natural." Complacency is the human equivalent of inertia.

At every level in an organization where there is work to do, this formula for change applies – at the level of individual effort, at the unit level, at the division level and even the highest level of administration. That's why it is important to cultivate an entire culture of dissatisfaction in order to maintain a momentum for improvement that leads to sustained excellence. Having a few stars that do it is not enough. A department here and there dedicated to improvement won't be able to lift the whole organization.

Beware of a "pop psychology" approach to change leadership

We are a culture that believes there must be an easier way to do anything. We come up to a challenge and want an easy way around it instead of the hard way through it. We are wooed by books and programs that promise quick and effortless solutions to something difficult. With such-and-such

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Dissatisfaction Is the Father of Improvement (Continued...)

a supplement you can lose those pounds without exercising and still eat all you want. You can raise your self-esteem by writing affirmations and telling yourself in the mirror that you're wonderful. You can build muscle strength and tone with our electrical stimulator. You can build up your cardiovascular system in 10 minutes a day on our machine without breaking a sweat. You can simply "think" and grow rich, "think" and grow thin, "think" and get smart, "think" and play tennis, "think" and feel great about yourself.

The dream (the "think" part of these self-help approaches) is vital for improvement. We rarely accomplish anything without a dream, or great things without a vivid obsession. But there are many with the dreams who do not overcome inertia to follow through with the hard work. The dream alone takes you nowhere. If you want the muscles, you have to do the exercises.

The equivalent in leadership psychology is the notion that creating a dream of greatness is the vital ingredient that is missing in most organizations. First, hospitals went through exercises in writing mission statements. When that did not move organizational inertia, we decided we needed statements of core values. Then it was vision statements. We weren't making our mission statements and core values vivid enough. Lance Secretan says our problem is that all these vision statements lack inspiration. He says

inspirational leadership is what is needed and that people do not work for a mission, they work for a cause. Semantics aside, it takes the whole formula to overcome inertia.

Vision alone, regardless of what we call it, is not enough to muster the huge effort it takes to defeat the inertia of standard practices, bureaucratic structures, systems and management processes. We still need a relentless dissatisfaction with our performance and a map of how to improve, to get up finally and scale the walls, move the mountains, dam the rivers and drain the swamps that stand in the way of true greatness. It has to be relentless because being the best, or being the greatest, is not done in a day or a month or a year. Ask any accomplished athlete. He might tell you about the dream he has had since childhood, but the truth is, the hard work of reaching that dream is relentless. And even if he breaks a world record, he is still not satisfied!

Never being satisfied is the driving force behind individual effort. And, we might add, corporate effort.

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.



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About



PHNS is an innovative healthcare services company providing strategic outsourcing services in information technology, health information management and receivables management to over 400 hospitals. PHNS is not a consultant, vendor or software company but a partner, a solution. PHNS understands healthcare because our partners are healthcare and healthcare only. Unlike its competitors, PHNS strategically aligns itself with a hospital's clinical and financial goals and objectives. Through its unique business model, PHNS reduces costs by aggregating, consolidating and sharing resources among its participating hospital partners. PHNS helps hospitals manage information systems, computer technology, patient records, coding and patient billing to improve patient care, safety and efficiency and increase profitability and efficiency. For more information, visit www.phns.com.

Reader Responses: Regulatory Risks for Boards

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

Recent FYA Reader Responses:

One hospital CEO wrote the following very thoughtful response to my "Healthcare Reform Chatter" in the July 2, 2007, FYA:

"I believe the current healthcare system is a byproduct of Congress acting on the clamor of the American people. If government could control the development and cost of health care, the national cost would not be \$2.1 trillion today. If big business could control the cost of health care, the national cost would not be \$2.1 trillion. The only thing that has been demonstrated is that big government and big business cannot control the cost or effective delivery of health care. Unfortunately, we will never know what the cost would be today if they had never entered the playing field. More of the same will never produce something different."

Ed Gamache, CEO, Deckerville and Harbor Beach Community Hospitals

My "Healthcare Quality – A Board Responsibility" in the July 16, 2007, FYA received numerous responses, with many asking for copies of the American Health Lawyers Association/Office of the Inspector General publication referred to in my commentary, and with one asking for copies of Board self-evaluation forms. It is gratifying to see that so many hospital boards are seriously considering quality as one of their fiduciary duties.

Regulatory Risks for Boards

Speaking of the fiduciary duties, how often does the board or audit committee of the board of your hospital review its regulatory risks, and how much time do you spend helping educate your board and audit committee members regarding regulatory matters and risks affecting your hospital? A recently released survey by Ernst & Young of audit committee members of publicly held companies included the following interesting results:

- Survey respondents ranked regulatory risks as "one of the most significant risks facing the company," which of course isn't surprising.
- Survey respondents also ranked regulatory areas as "one of the most important topics warranting additional education for committee members," but a surprising 63 percent of respondents spent 10 hours or less on continuing education about regulatory risks! That doesn't sound like a proper balancing of risk with risk avoidance activities. Even scarier,

while most audit committees say they have primary governance responsibility for regulatory risk, only one percent of respondents said that legal or regulatory experience is the most important area of expertise sought when recruiting new members.

"Audit Committee Perspectives: 2006 Audit Committee Survey and Industry Insights," Ernst & Young, as summarized in its *BoardMatters Quarterly*, July 2007, in an article entitled "Regulatory Risks and the Context of Continuing Education."

Regulatory risk has become a major issue in the hospital world as a result of increased scrutiny by the Office of the Inspector General, the Joint Commission and various fiscal intermediaries. Maybe it's time for hospital managements to start educating their board members about the myriad laws, regulations and legal and regulatory risks faced by hospitals so that they can help guide their hospitals and fulfill their fiduciary duties.



I would like to hear your comments.

Send them to:

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About

TrendLeader Connections

FYA - For Your Advantage is brought to you by TrendLeader Connections. The function of TrendLeader Connections is producing educational materials and seminars that help healthcare executives differentiate between fads and trends; and making connections with "Trend Leaders" within the healthcare industry.

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."

Reviewing the Doctor's Bill

Writing in *The New York Times*, Alex Berenson asks the question how do we fix the healthcare system. He points out that the liberals think it's easy. "If Washington would just force cuts in prescription drug prices and insurance company profits, plenty of money would be left over to cover the uninsured."

"The conservatives," he goes on to write, "prefer to argue that the answer lies in forcing people to pay more of their own medical costs."

Berenson goes further to suggest that healthcare economists say both sides are wrong. He points out that these economists, some of whom are doctors, say the partisan fight over insurers and drug makers is a distraction from a bigger problem: the relatively high salaries paid to American doctors, and even more importantly, the way they are compensated.

Dana Goldman, director of health economics at the RAND Corporation, a nonprofit research institute in California, says prescription drugs cost, on average, 30 percent to 50 percent more in the United States than in Europe. But the difference in doctors' salaries is far larger.

Doctors in the United States earn two to three times as much as they do in other industrialized countries. Surveys by medical-practice management groups show that American doctors make an average of \$200,000 to \$300,000 a year. Primary care doctors and pediatricians make less, between \$125,000 and \$200,000 a year, but in specialties like radiology, physicians can take home \$400,000 or more.

In Europe, doctors made \$60,000 to \$120,000 in 2002, according to a survey sponsored by the British government in 2004.

Few would argue that doctors aren't worth what they earn, especially considering the stress and obligations that they are under. Add to that a year of medical school now costs about \$30,000. As a result many doctors leave school deeply in debt.

Still, the lower salaries are a significant part of

the reason that European countries spend less on healthcare than the U.S. does. Berenson reminds his readers that this is "a fact liberals avoid mentioning when they preach the advantages of a European-style single-payer system."

Americans generally do not seem to mind the fact that doctors are well paid. In public surveys, doctors usually rank as the most trusted professionals. The *Times* article points out that Congress has repeatedly blocked Medicare's efforts to reduce the amount it pays for each procedure doctors perform, even though overall Medicare payments to doctors are soaring and the cuts are legally required to keep the program's budget balanced.

The problem may be in how physicians are compensated. Doctors are paid little for routine examinations and very little for "cognitive services," such as researching different treatment options or offering advice to help patients get better without treatment. Doctors are also paid whether the procedures go well or badly and, according to a physician – a former senior advisor to Medicare and Medicaid – whether they are crucial to a patient's health or not.

This same physician states that a doctor may decide to perform a test that cost a total of \$4,000 in order to make \$800 for himself – when a cheaper test might work equally as well. This, he states, is a highly inefficient way to pay doctors.

Dr. Alan Garber, a practicing internist and the director of the Center for Health Policy at Stanford University, argues that the U.S. should move toward paying doctors fixed salaries, plus bonuses based on the health of the patients they care for. (About 40 percent of doctors are currently in single or two-physician practices.)

Dr. Goldman of RAND said that doctors are misleading themselves if they think the current system serves patients' needs. "The whole healthcare system is set up to pay for services that are rendered when the patient, and society, is interested in health."