

Wrong people for the job?

American healthcare system suffers from a lack of leaders with appropriate skills

A recent cover story in MODERN HEALTHCARE, "Wanted: A few good leaders" (Oct. 2, p. 38), examined the serious shortage of qualified top executives able to direct healthcare organizations through today's troubled waters. The report identified the difficulty of finding enough capable executives to replace those being cut loose by boards under pressure from falling profits, scandals, customer unrest, litigation and growing labor troubles. The article was correct in reporting that "the growth of complex delivery systems and a tougher reimbursement climate have expanded the skills demanded for the tough jobs." But there is much more to the story.

Management throughout the industry on average is anemic and arthritic—too weak to get the job done, too inflexible to do it differently. The opinion of the larger management community outside of healthcare judges managers within the industry to be insular, outmoded and guilty of creating their own problems. Because much of what is done in management does not represent current best practice, the industry suffers from nothing less than management malpractice. Reporting on the American healthcare system's dubious achievement as the world's most costly, yet rated by the World Health Organization as 37th best in health outcomes, *Fortune* said no one disputes that "the U.S. system is wasteful and managerially backward."

Managerially backward? What's going on here? While no one questions that the vast majority of healthcare leaders are good and dedicated people, the industry's lack of results calls their competence into question.

There are two fundamental and related problems.

First, healthcare managers failed to anticipate how much their world was going to be turned upside down, and now fail to move aggressively enough to catch up. Many managers failed to grasp that this was a period of discontinuity, a complete disconnect from old concepts, methods and techniques for getting things done. The response of 10 and even five years ago was incremental and evolutionary, for that's what unprepared leaders were comfortable with. Rather than seeing the need to boldly break out of the box, they busily refurbished the lobby and ran programs of the month that frittered away the opportunity for substantive change.

The second problem is that inadequate management teams are dealing with the current crisis, either because of poor selection or a lack of knowledge. As management guru Peter Drucker recently commented: "Management's biggest problem is that the world in which they learned to manage no longer exists."

It is now clear that master's degree programs in healthcare administration may require a radical redesign. At some of America's universities, MHA programs already are merging or affiliating with those of the larger management schools, healing the historical schism that split healthcare away from the larger knowledge base of management, yet maintaining a focus on the specifics of healthcare.

That's a start. But there are other steps that can be taken to help all levels of management achieve substantially better results.

■ **Select better candidates.** In management, energy and enthusiasm make the difference. Forget hiring the person with most seniority, popularity or highest grade point average or degree level—these factors have little correlation with future success. Worry more about their orientation to task accomplishment and whether they have a history of quantitatively improved results with customers, quality, cost and people.

■ **Hire from outside the industry.** While healthcare thinks it is different from other industries, that difference only applies to about 10% of the knowledge base that managers must command. The industry suffers from too much group-think and would benefit from hiring its human resources people from Marriott, its finance people from Wal-Mart and its materials managers from almost anywhere else.

■ **Ramp up training.** The standard benchmark found in winning companies is 40 hours of management training annually. There is a huge development deficit in healthcare where many managers are virtually management illiterate. The situation is equally bleak among staff. While the average hospital worker received six hours of

continuing education last year, the kid making coffee at Starbucks received 36 hours.

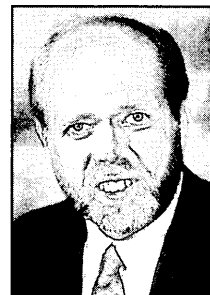
■ **Adopt a system of management.** One manages with systems or one does not manage. We understand this when we use the finance system, a management information system or follow defined clinical-care protocols. Unfortunately, healthcare management often follows widely different approaches and techniques. Without trained and required behaviors, managers often make it up and shoot from the hip as they go.

■ **Build reinforcement contingencies.** Knowledge is insufficient to change management behavior. Use a balanced scorecard approach to track progress in the four key success factors: customer satisfaction, quality/process improvement, low-cost operations and best people. Tie continued employment, compensation and consequences to achieving measurable results at high levels in all four areas.

■ **Set loose an empowered culture.** Begin the process of creating an organization where every employee is considered a manager. Empowerment means a bigger say in decisions and increasing the use of everyone's intellectual capital.

If the standards of care and of organization performance are to be raised, we must first raise healthcare management standards and the standards of the individuals doing this work. There is nothing wrong with our industry that proper leadership and management procedure cannot cure. □

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