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A special thanks to the contributing writers for taking time from their busy consulting practices to share their expertise through these articles.

Please feel free to contact me or the article's writer with inquiries.

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The Birth Of The New American Hospital

By V. Clayton Sherman, Ed.D.

The old American hospital is so causative of its own problems, its management approaches so discredited, that nothing less than its death and complete replacement will allow for the needed changes which the market requires. 21st Century health care will not be delivered by a management system borrowed in the 1930's from American industries long since destroyed by smarter approaches to managing work, serving customers, and releasing the power of workers. The old American hospital doesn't work, and it's not worth saving. The executive role demands that this beast be executed before it bankrupts American business, killed before it kills more patients, exterminated before it turns off more people from health careers.

What is needed now is a New American Hospital. The New American Hospital is as unlike the old as to be almost unimaginable by executives of an earlier era who have stayed too long in the game. The birth of the New American Hospital is being led by a new breed executive whose primary contributions are a new set of assumptions and the committed energy to carry them out. Those assumptions are that the Customer is King, that Associates ("employees" in old hospital terminology) have the brains and will to deliver what the Customer requires if they are empowered, and that the first piece of business is to completely nuke the old operating system in favor of a new management machine.

Understanding The Ways Of Change

It's not uncommon for failing executives and managers to think of change as linear, following a

predetermined project flow chart and critical path. In fact, change is more biological or organic. Just as white blood cells automatically congregate around an infection germ, so do change masters allow their organization friends to congregate around issues that concern them. Rather than just attacking quality issues, the current hoped for panacea that older executives are hoping will provide the magic cure, true organization rebirth allows for a swarming attack on all problems. Executives leading New American Hospitals allow organization members to even attack

policy and authorization levels, to change basic assumptions, and shoot sacred cows. It is in the pursuit of all these objectives, with the flow primarily coming from the working levels, that we see an upward spiraling of organization performance.

While this free-flow and free-form process is broadly controlled and directed, it is non linear.

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Executive empowerment and program direction provides the push energy, the dissatisfaction with the status quo that keeps the process cooking. Education channels provide tools, small groups become the developmental labs. So, the chaos is organized, but not entirely predictable. Not to worry, for the outcome is never in doubt. Pressing ever upward, the organization begins to break into the light, as instinctively as daffodils in Spring. Those directing the process see their role as gardeners, setting up the conditions under which organization growth can occur. Growth of the daffodil occurs on its own, not at the will of the gardener. Set

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up the conditions for growth, the rest takes care of itself. While this is contrary to old American hospital thinking, it works extremely well in the New American Hospital where the power of the group mind is given free run. Our experience in every case is that the people in the organization do not disappoint in terms of the phenomenal results they achieve.

As hospitals wrestle with the need to improve quality, they need to focus primarily on the need to create a new kind of managed organization that serves as the foundation for all other improvement efforts. And this means first that managers learn their craft and learn to play like a team. They then set to work to clear away the old American hospital policy and systems underbrush in preparation for excellence. Associates then take over in accomplishing the thousands of changes that are needed in every aspect of the organization's performance. The exciting news is that the management model described herein is now working in numerous American hospitals, and that a way out of the crisis is at hand.

My argument is that the most central issue in the hospital industry's change agenda has to be restructuring its management approach. Create the kind of organization that can deal with whatever blows may come. Even if this managerial factor is insufficient to offset the damage done by other forces, it still creates an organization that is faster at responding, better at serving, more beneficial in motivating, more protective of quality than doing it any other way. Periods of great change favor organizations that are quick on their feet. In battle, the army with greater morale, training, leadership, strategy, and adaptively organized has better survival potential. The hospital that has these things will often be able to survive by picking up where the competing hospital suffers from maladaptation — not so much a beat your competitor argument as one of being there for the community when the other fails to survive the forces that are assailing them.

Unfortunately, our hospitals are filled with fear and anxiety, in some cases approaching paranoia. People are intimidated, sometimes by autocratic and demeaning supervision, more often by a system that seems out of control. Whatever the cause, it's certain that people will not embrace change, which is always fearful, unless the atmosphere in the organization and within each department is supportive and encouraging.

For too long, failing hospital executives have been sending messages of fear. Cost containment may be a legitimate issue, but the drumbeat of cut, slash, and pare are debilitating of morale. The threat of layoffs, liability lawsuits, and the message that competitors are eating us alive are not going to bring hallelujah shouts from the frightened. What lousy leadership this is.

Compare that to Bill Gonzalez, President of Butterworth Hospital in Grand Rapids, Michigan, who announced to his management team,

We're not here to play defense. We're here to play offense. We're going to be the best. We're going to do our best thinking and solve these problems. We're going to be

the premiere hospital in West Michigan. Let others worry about surviving. We're going to worry about thriving.

Bill understands the simple truth, that cost and competitive worries belong only to the non excellent organizations. Don't worry about these secondary problems, go on the excellence offensive. When you're excellent, there are no competitors. When you're excellent, cash flow is not a problem. There is no guarantee that a good offense is the best defense, but that's the way to bet the business.

As an industry, hospitals have focused on the wrong questions. It was never cost containment, but rather productivity. It was never nurse recruiting that was the problem, but nurse retention. It was never guest relations, it was customer service and system improvement. Similarly, the question now is not whether hospitals will survive, but whether they will choose to be excellent. When the culture is led by executives who proclaim that the organization is going on the offense, that it will attack across the excellence front, that is a powerful, positive uplift, a total reconceptualization of the challenges that lie in front of the organization. When old time administrators frame the debate as one of how to survive, it creates unhealthy paranoia and the spirit of fear associated with losers.

New American Hospital executives are leading the charge, speaking this philosophy, and putting the idea that doing our best will be good enough. This is leadership.

When Jimmy Carter spoke of how the nation had lost purpose and direction, of how the country suffered a "malaise" he made himself part of the problem. We don't need leaders who tell us we have problems, we need leaders who know where the Promised Land is, and how to get there. We don't expect the executive to be right on all the issues, or to be a perfect person. But we desperately need leaders to be talking about the vision, the dream, the possibilities. It keeps our eyes looking up, not down at all the mud. To be a leader means that you keep us focused on the destination, not the difficulties or impossibilities of getting there. ■

► Excerpted from "A Time For Greatness: Building The New American Hospital" by V. Clayton Sherman, Ed.D., to be published January, 1993, by Jossey-Bass, Inc. San Francisco.