

PREFACE

The *Well-Managed Healthcare Organization*, now in its eighth edition, is a text for students pursuing professional careers in managing healthcare organizations (HCOs). It describes actual practices that lead to high performance, based on our careful analysis of a small but reasonably representative set of HCOs that have been studied by competent peers and have produced auditable evidence of excellence. We believe the evidence of the superiority of these practices passes both academic and professional challenge. The footnotes in each chapter support our belief. There may be other ways to achieve excellence, but they have not been documented and quite possibly have not been discovered. Healthcare organizations that follow the methods we describe are positioned to thrive under the Affordable Care Act and other health reforms. Indirectly, health reform initiatives reinforce our message and are consistent with managing and leading excellent HCOs on the basis of evidence, best practices, benchmarks, and a culture of continuous improvement.

The common theme in these organizations is that a specific culture (one that is transformational and embraces evidence-based management) and certain management activities (listening, measurement, benchmarking, negotiated goal setting, and continuous improvement) are essential to high performance. Specialized teams must complete specified tasks correctly to measured standards. These teams include those involved in not only patient care but also clinical support (e.g., laboratory, pharmacy, imaging), logistics (e.g., information, personnel, training, supplies), or strategic planning (e.g., finance, internal consulting, enterprise-level goals). Chapters 2 through 15 have the following structure: Purpose, Functions, People, Measures, and Managerial Issues. The Functions section describes the unit's essential contribution to the whole, and the Measures section identifies opportunities to improve that contribution.

The challenge in managing HCOs is to sustain excellence over all the teams, and the solution to this challenge lies in two core thrusts:

1. Maintaining a culture that empowers each associate (transformational management)
2. Supporting continuous improvement with measurement, process analysis, negotiated goals, and rewards (evidence-based management)

In excellent HCOs, measurement is central, improvement is constant, leaders respond to associates and patients, professionals communicate as equals, everyone is treated with respect, and authority is derived from knowledge rather than rank. These are the foundations of high performance. The record of excellent HCOs shows quite clearly that the transformational management approach produces excellence in all the sites that now constitute the healthcare industry. High-performing HCOs successfully operate the full gamut of healthcare, including doctors' offices, general and specialty hospitals, continuing care, home care, and hospices.

Using The Well-Managed Healthcare Organization

Any organization is a collaboration to do what an individual alone cannot do. This collaboration succeeds by division of labor—assigning tasks for individuals and small teams to complete to achieve the goals of collaboration. The text begins (Chapter 1) with a description of the collaborators, called *stakeholders*.

Performance excellence is built on a comprehensive and well-supported theory of management (Chapter 1). The elements of that theory are as follows:

1. An HCO is supported by many stakeholders who, in turn, benefit from its success. In general, stakeholders are either *customers* or *providers*, and a key organizational issue is balancing and optimizing the rewards to each group.
2. The goals of the HCO are stated in its mission. Missions of HCOs are similar because all stakeholders share the common purposes of extending the length and quality of life and providing safe, effective, patient-centered, timely, efficient, and equitable care.
3. Goal achievement is evidence based, using objective measures of performance, comparison to competitors and best practices, goal setting, and continuous improvement.
4. The rewards of improvement are shared among the stakeholders so that both customer and provider stakeholders view the organization as their preferred affiliation.

These elements constitute cross-cutting themes that recur throughout the text.

From chapter 1 through 15, the text describes the activities of an HCO in three divisions—corporate, clinical, and logistic/strategic. Each chapter identifies an activity and the functions it must perform for the whole to succeed, its organization structures and personnel, its measures of performance, and some of the critical areas in which it needs managerial support. Each

chapter addresses (1) *what this activity must do well for the whole to succeed* and (2) *how this activity measures and improves its performance*. Each chapter begins with Critical Issues, an outline that emphasizes the distinctions associated with excellence, and Questions for Discussion, five important and easily misunderstood application topics.

Chapter 2 describes leadership and the activities required of senior management to build and sustain the HCO's cultural foundations. Chapter 3 expands the discussion on the operational foundation, exploring the activities that identify opportunities for improvement (OFIs) and lead to improved work processes. Chapter 4 addresses governance, the strategic decision making that provides effective long-term responsiveness to stakeholder needs. Chapters 5 through 9 describe the operation of the various clinical and clinical support teams. Chapters 10 through 15 discuss the logistic and strategic support activities.

Each chapter addresses purpose, functions, people, measures, and managerial issues associated with the activity. The content of these chapters gives the student the ability to engage in meaningful dialogue with members of any activity or team, to understand how well a team or an activity is currently performing and what its current OFIs are, and to assist in translating those OFIs to actual improvement. That pattern of listening, learning, and supporting improvement is what twenty-first-century healthcare managers do for a living.

HCO managers build excellent organizations by ensuring that the functions are carried out as a whole. The theory demands comprehensiveness, as failure in one activity contributes to failure in another. The three divisions must all perform; an HCO cannot have clinical excellence without corporate excellence and logistic excellence. The learning manager, therefore, must grasp the totality and interdependence of the HCO as well as the contributions expected of each activity. He or she must also understand the application of the cross-cutting themes—the role of the mission, evidence-based decisions, measured performance, continuous improvement, and reward. The test of learning is the ability to explain these issues to others, such as customer stakeholders, beginning supervisors, and new employees.

We believe one effective path to mastery is to use the book partly as a text and partly as a reference. Some of the detail should be memorized, for immediate recall in conversations with others. The functions of the governing board (Chapter 4), the way budgets are developed (primarily chapters 3, 4, 7, and 12), and the use of the epidemiologic planning model (every chapter from 4 through 15) are prime examples. Other matters are not unimportant, but when they arise, they can be accessed through the index and table of contents and reviewed.

A beginning student might best master the text not by reading from page 1 to page XXX but rather by interacting with each chapter:

1. Study the Critical Issues, making an effort to relate them to her prior experience.
2. Review the details of the functions to understand how each element contributes to the whole and how each is best implemented.
3. Study the exhibit that shows the performance measures, and review the Measures section to understand how the measures are defined and used.

Online Learning System

The text offers a two-part online learning system designed to help students and instructors.

The **Companion Website** is designed for students and is available at ache.org/books/Well-Managed8. It contains the following:

- An overview of how to use the text to become an effective healthcare organization manager
- A glossary of all the technical terms identified in the text
- A folder for each chapter that contains (1) a one-page guide to mastering the chapter; (2) “Chapter Learning Goals and Milestones,” a list of the questions a professional should be able to answer and guides to where in the chapter the answers can be found; and (3) “Additional Questions for Discussion” to supplement the questions in the text. The questions are in addition to the five given in each chapter. They illustrate the issues managers must think about as they respond to associates’ questions and opportunities for improvement.

Instructor Resources are available only to qualified instructors. They contain all the Companion Website elements plus chapter-by-chapter teaching tips, guides for leading the Questions for Discussion, slides for classroom presentations, and gradable questions with answer rubrics. (For access, please apply at hapbooks@ache.org and include your course, university, and department names.)

4. Check the Managerial Issues section for important elements that relate the activity to management in the organization as a whole and to sustaining high performance.
5. Review the Questions for Discussion in relation to her or his prior experience, striving to understand both the importance of the question and the best way it can be answered in real HCOs.
6. Consider how the material in the chapter can be effectively conveyed to the right people in an HCO—that is, how it can be best summarized in formal policies and procedures, in training programs, and in day-to-day interactions.

The text can certainly be mastered in self-study. We believe a class or discussion group and a mentor or teacher can help substantially, particularly in the latter steps.

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