Teaching tomorrow’s health care leaders

Will Mitchell

Business school curricula have traditionally emphasized functional skills for people who will work in functional departments and general management skills for people who will organize interdepartmental work. Recently, some business schools have begun to develop programs that teach cross-functional work and team skills to functional specialists. Students educated in such programs will be well prepared to meet the new challenges that health care organizations will face.

Traditional educational systems have created health care managers who see their job as basically a matter of coordinating administrative and clinical work: synchronizing relations with payors, regulators, and suppliers and managing internal resources to achieve departmental goals. Health care organizations perpetuate this behavior by creating systems that reward success at the departmental level. Rosabeth Kanter refers to this as a segmentalist approach to management—an approach that “compartmentalizes actions, events and problems.”

Major changes in the environment facing today’s health care organizations make it necessary for our educational system to create a new set of managers who view their roles differently. Prospective payment systems require greater integration of the activities of administrative and clinical departments in order to identify opportunities to constrain costs and improve the quality of care. Technological changes require greater integration across departments, because, for instance, the use of new diagnostic equipment often crosses traditional departmental lines (e.g., angiographic scanners are used in both radiology and cardiology). The incentives for cost containment and quality improvement have been reinforced by new competition that traditional U.S. nonprofit hospitals have been confronted with. The quality movement, which in part is a response to environmental changes and in part is leading them, also demands greater interdepartmental integration. Health care managers must now act to align departmental goals with organizational goals and implement cross-functional efforts to achieve them. We can call this new approach integrated management, in contrast to the traditional segmentalist approach. Business schools and other educational institutions are now developing curricula that teach integrated management approaches.

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The author greatly appreciates comments and assistance provided by Dilys M. Bowman, Bruce A. Friedman, M.D., Ellen Gaucher, and several reviewers of this journal.
THE CHIMNEY-AND-SMOKE APPROACH TO MANAGEMENT EDUCATION

In the past, successful schools have emphasized two different approaches. We can call them the chimney approach and the smoke approach, borrowing from terminology used by the Ford Motor Company to describe the deep divisions between its traditional product design, manufacturing, and sales organizations.

Business school courses and educational materials designed to teach managers chimney-type skills create highly qualified specialists in areas such as financial management, computer information systems, and accounting. Nursing and medical schools create similar functional specialists. The specialists frequently are not aware of the nuances of the work that goes on around them and do not understand how to collaborate with specialists from other areas. As a result, problem solving and most other aspects of cross-departmental work must take place above the heads of department specialists. When problems arise, subordinates alert senior managers in the affected departments, who then negotiate with each other. When the senior managers reach a decision, they relay it back down the departmental chimneys to the levels where it can be implemented.

As an example of this approach, consider the way many health care organizations might deal with a problem involving information systems. Traditionally, the chief information officer (CIO) works with various department heads to meet the needs of the units. When problems occur within a department (e.g., radiology records cannot be accessed for billing purposes), it is the department heads and the CIO who solve the problem. It is as if smoke produced by department specialists rises to mingle with the air above the chimneys, where the senior managers are located.

To complement the chimney-type skills learned by functional specialists, educational institutions typically offer smoke-type curricula for general managers. These courses teach people how to coordinate the activities of functional specialists.

In the past, health care institutions operated successfully by hiring functional specialists and general management specialists as appropriate. The chimney-and-smoke approach was suited to management patterns in which clinical departments closely guard their rights and privileges. In turn, educational institutions could succeed by offering programs that emphasized chimney-type skills or smoke-type skills.

The chimney-and-smoke approach is likely to be less suited to health care and educational institutions in the future because it leads to slow and ineffective problem solving. Senior managers must first discuss problems with their subordinates, come to grips with the problems at home, and then communicate their understanding of the problems to senior managers in other departments. The key message can easily become distorted as it passes through complex communication channels. Often the process must be repeated because the first decision was based on misunderstood information or because the original conditions changed during the time that it took for the communication to occur.

Despite its flaws, the chimney-and-smoke approach met the needs of most health care organizations until very recently. Health care budgets grew rapidly during the 1970s and 1980s, and money generally was available to cope with slow or ineffective problem solving. Furthermore, the approach fit rather well with the entrenched assumption that clinical and managerial structures should remain separate. Therefore, almost all health care institutions used the chimney-and-smoke management approach. As a result, most health care organizations incurred roughly the same problems and none were able to achieve a comparative advantage.

INTEGRATED MANAGEMENT

Successful health care organizations of the future will be characterized by their ability to integrate the work of department specialists. The most important feature of the integrated management approach is that problem solving is carried out at a local level. Specialists identify problems and work with other affected individuals, sometimes in the same department and sometimes in others, to make improvements on the spot. Sometimes, formal teams are formed to solve problems. In other cases, less formal efforts suffice.

In integrated management, the role of leaders is to help specialists solve cross-departmental problems. Specifically, leaders provide incentives to form teams and solve problems, organize problem-solving efforts as appropriate, support such efforts, and clear roadblocks that impede progress. In some cases, leaders appoint specific teams to address problems (e.g., a team of nurses, phlebotomists, and laboratory personnel charged with establishing bedside testing procedures.
for patient care units). More importantly, they create an environment in which problem-solving teams arise on their own (e.g., a team formed to solve a patient flow problem due to the nonsynchronization of the admissions and radiology recordkeeping systems).

Leaders must take these actions since specialists are unlikely to initiate cross-departmental improvement efforts on their own because of pressure created by immediate work demands. Even if specialists did initiate such efforts, their attempts might not be effective or they might not be focused on strategically important areas in the absence of input from leaders.

The integration of department specialists that characterizes integrated management may improve strategic planning in health care organizations. Traditionally, senior managers initiate the strategic-planning process by scanning the environment and setting appropriate strategic objectives. They then transmit the objectives to department managers, who are responsible for carrying out plans and making operational decisions consistent with the objectives. This process does not work well in health care organizations because many plans and operational decisions require interdepartmental collaboration. Indeed, the traditional approach works poorly in most organizations because of the difficulty of separating strategic and operational decisions and actions. The deficiencies inherent in the traditional strategic-planning model will become critical as health care organizations seek to gain competitive advantage by rapidly and effectively meeting the needs of patients, payors, physicians, and others.

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In short, there is no clear distinction between strategy and operations. In most cases, we learn what we want to do and what we can do by trying out ideas and systems in response to customer demands or institutional needs and in anticipation of future demands and needs. When these ideas and systems must bridge departments in a hospital or any other organization, then the trials and practice must be carried out by people from all relevant departments. Hence, department personnel will often need to participate in teams that cross departmental lines rather than work solely within their own chimneys.

A BUSINESS SCHOOL CURRICULUM FOR HEALTH CARE MANAGERS

Just as successful health care organizations will be those that create integrated management systems, successful educational institutions will be those that teach their students how to collaborate effectively. Furthermore, the students must have working knowledge of how and when to apply their collaborative skills. Such knowledge is particularly important in an environment characterized by rapidly changing customer needs.

Consider several examples of areas where customer needs change rapidly. For instance, a computer-based medical information system must adapt to changing demands from payment agencies, regulators, and patients. Similarly, an image storage and retrieval system that cuts across clinical departments, and perhaps across different health care facilities, needs to adjust to evolving technological capabilities and physician demands. As another example, a computer-based purchasing system may span several departments within a hospital, several divisions of the supplier company, and possibly even several supplier companies. The needs of the different organizations and the procedures they use to interact with the systems in these examples change over time, sometimes independently, and require ongoing adjustment of the systems. Therefore, the teams responsible for designing and implementing an information system, a picture archiving system, a purchasing system, or any other interdepartmental system must be able to identify, evaluate, and react to changing demands and capabilities. Moreover, the teams must be able to temper and adjust the demands where necessary by convincing suppliers and users of goods and services to adjust the ways in which they interact with the system.

The primary objective for management education in the 1990s will be to produce managers who are skillful but also capable of evaluating the changing contexts in which their skills will be used. A curriculum in integrated management will emphasize three areas.

**Functional skills**

An integrated management educational program will teach high-quality functional skills to future specialists
in accounting, human resources, marketing, computer systems, facilities management, financial management, and other functional areas.

Teamwork

An integrated management program will also teach teamwork skills so that specialists can learn how to work effectively with other specialists. This type of teaching has two main facets. One facet involves teaching and reinforcing interpersonal skills such as active listening, giving effective feedback, and consensus building. In addition, and as important, specialists need to learn how to evaluate how another specialist's work will affect their own work. For example, a financial manager might not understand human resource management in detail but must be able to assess quickly how human resource issues will affect financial decision making and system design. The financial manager then needs to collaborate with human resource specialists and perhaps people from other positions to make sure that the systems evolve together. This does not mean teaching "a little human resources to everybody," which is the classic smoke approach. Instead, it means teaching a new set of skills that will allow managers and others to assess complex situations and work cooperatively to make effective decisions.

Teamwork environment

Finally, an integrated management program will teach leaders how to create an environment in which both functional skills and teamwork can flourish. Rather than teach leaders to assess multiple issues and then make decisions, we need to teach them to help personnel identify objectives themselves and make the decisions that achieve the objectives. Thus, the measure of a leader's success is not whether the leader met his or her objectives this year but whether the people working under the leader set and met appropriate objectives.

Perhaps the most important thing leaders need to learn is how to create incentive systems that appraise and reward functional and team skills. Steven Kerr has pointed out that leaders commonly expect one thing but reward another. For example, managers require staff to participate on an interdepartmental committee but then reward each person only for his or her departmental work. At best, the fact that the person participated on the committee might show up as a line item in the annual performance appraisal—usually with no indication whether the committee met its objectives. With no possibility of rewards for results, the committee will quickly flounder.

Creating cross-functional reward systems is a difficult and sometimes impossible exercise, and there is a large and often conflicting literature concerning reward systems. The particular system will need to be tailored for the individual organization. The key, though, is to base the financial rewards, promotions, and public recognition accorded to individuals and teams on their contributions toward the achievement of organizational objectives.

PILOTING AN INTEGRATED MANAGEMENT CURRICULUM

Integrated management education programs can teach collaboration and team skills in several ways. Many business schools have already reacted by asking traditional organizational behavior, corporate strategy, and communication courses to increase the emphasis placed on teamwork. This approach is inexpensive and builds on a school's existing strengths. It has, however, a serious drawback: Teamwork tends to be viewed as unimportant when teamwork education is limited to one or a few classes. Inevitably, it will be treated by both teachers and students as secondary to the functional issues addressed by those classes and other courses. More innovative schools will change their core programs in order to place teamwork in the center along with the functional skills.

The University of Michigan's School of Business Administration in Ann Arbor is now experimenting with the latter approach. In the Multidisciplinary Action Project (MAP), Michigan MBA students spend seven weeks of their first year working on a large-scale integrated project in an actual organization. The MAP helps students understand how functional specialties must interact in order to meet business objectives. The project also provides a realistic appreciation for the kind of cross-functional teamwork required to improve quality, lower costs, reduce cycle time, and meet other integrative objectives. In the MAP, groups of students work on location with company personnel and at the same time receive guidance from business school faculty in communications, computer and information systems, accounting, operations management, and organizational behavior. The overall intent is to allow students to work in teams in an organizational situation
while getting assistance from people familiar with the situation and from faculty experts.

In early 1992, one group of MAP students analyzed the Admission Day Procedure (ADP) at the University of Michigan Medical Center. The ADP is a relatively new process in which patients are admitted directly to the surgical suite on the day of the procedure rather than to the floors on the day before. The process requires teamwork and collaboration on the part of several staff members and departments. The MAP group sought to identify reasons why eligible patients were not admitted using the ADP. The group studied the causes of admitting delays and talked with key people, including admitting department personnel, nurses, physicians, and other people within the medical center.

The group concluded that defects in the processes used to organize test results and other information caused the ADP to be underutilized. During the course of their work, the group also observed that few of the key people in these processes were aware of the extent to which their actions influenced overall ADP success. The group suggested that the medical center could improve utilization of ADP by modifying its computer-based medical information system. The students also recommended modifying the performance appraisal system to reward employees for working to improve the ADP process. During this project, the students used both specialized and collaborative skills to help solve a real problem. At the same time, they acquired an appreciation for work flow in a complex modern health care organization.

Several other curriculum units complement the MAP module of the Michigan MBA program, including workshops on leadership and negotiation. There are also opportunities to explore integrative technologies such as electronic meeting rooms. Many business schools are experimenting with similar programs that emphasize cross-functional projects and longer-term teamwork. These programs will produce graduates who will be capable of making important contributions to health care leadership in the years ahead.

Of course, business schools are not the only institutions responsible for educating health care leaders. Schools of public health, public administration, nursing, and medicine do the same thing, and cross-functional teams in health care will involve graduates of these programs as well. Such programs must also emphasize teamwork and collaborative skills in their curricula. However, business education programs are taking the lead in teaching integrative management owing to the demand for teamwork education being made by corporate recruiters in all sectors of the economy.

In summary, integrated management skills are necessary to align departmental objectives with institutional goals in health care institutions and to implement interdepartmental projects. These skills are necessary in today's competitive health care environment. Some business schools have already begun to emphasize these skills. Payors, patients, and other customers of health care organizations will benefit from the added capabilities of the next generation of health care leaders.

REFERENCES


