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Memorial Hospital Case Study uses a series of communication between different level and functional hospital employees to paint a picture of how this hospital operates. This paper will analyze and summarize key characteristics underlining the organization structure, management style and leadership, identify major challenges and recommend workable solutions. Analysis Organization 14 department heads report to the president directly. “ Coordination between us and other departments seem to be more serious problem then coordination between shifts of nurses. ” is raised in a nurse meeting. These are two indications that Memorial Hospital has a silo type of divisional organization structure.

The common communication and coordination challenges of silo structure are further demonstrated when the medical record administrator asked the departments heads for patient documentation and records in their monthly strategic planning meeting with little luck, and eventually had to ask a secretary friend, almost a month later, for help getting the documentation. The administrator stated “ It is so easy to get things done when you are on friendly terms with people. That would have taken a week if I had gone through the channels. The fact that the administrator had to request documentation from department heads in a strategic planning meeting and the fact that pertinent documents are not completed for a serious malpractice incidence show major weakness in process and communication channel. Organization culture is major factor underlining the success of a company.

The president stated “ I’ve got to find a way to convince our penny-pinching board of trustees to expand the surgical intensive care unit. ” He also thinks the cost of lawsuit can be a good justification to fund the additional intensive care unit. When a hospital does not take health needs as the number one priority and focus on dollar and cents instead, one feasible result is poor service which leads to decrease of patients and revenue, increase of malpractice risk and damage the hospital profit at the end. Management Having 14 department heads in regular meeting and stating “ Everybody from executive housekeeper to the vice president for nursing sees me about something almost everyday”, Memorial Hospital president obviously is subscribing to management theory X. Health care is an extremely complicated industry with very specialized disciplines in every single operation. It is not possible for one manager to be knowledgeable enough and has the capacity to manage such complex and diversified operation directly.

The president appears to recognize that the hospital has grown too big for one manager to handle and solicited help from a university professor to evaluate the organization structure. Leadership There is something fundamentally wrong when a long term planning meeting is scheduled on a monthly basis with all 14 department heads attending and every meeting is taken over by a production issue and ended discussing tactical solutions. Long term strategic goal(s) is not an on-going monthly discussion agenda. Long term plan sets a future target for the hospital and it may take years to reach the goal(s). Annual planning with quarterly or half year review of progress is a common practice.

Frequent meeting indicates there is no long term plan or potential constant change to a long term plan, both scenarios basically invalidate the purpose of having a long term plan. Decision making at Memorial Hospital appears to be made via consensus and compromise. The surgeon who operated on Mr. Fillerey made a serious complain to nurse department that his instruction was not followed and that may have been a reason for Mr. Fillery’s early demise. The head nurses met and discussed and the end conclusion was for the vice president to raise the coordination between department issue in the next department heads’ meeting.

When the president and the board discussed the result of the settlement and root causes, quality control issues were identified and recognized. However, the recommendation concluded for the president was “ it would be very important to keep everyone on their toes about quality control”. When leaders of the hospital do not solve root causes of issues and subscribes to superficial remedy that only covers up the real problems. The problems will not be solved and similar mistakes and errors will continue to occur. Major Problems There are many operational level improvements like governance, process, policy & procedure even technology can be addressed. However, none of these tactical solutions can help Memorial Hospital to gain and sustain long term success without solving a few major problems.

These problems are listed below: Organization culture – the guiding principle that aligns all the employees to march toward a common goal The problem at Memorial Hospital is the focus on costs instead of health care. When a health care provider does not take the primary business as the core value of the operation and make strategic and tactical decisions based primary on costs, it decreases the consumers’ (patients) satisfaction in long run. As consumers reduce or stop purchasing goods and services from the hospital, hospital may make more cost oriented decisions and falls into a negative cycle. Eventually the hospital may face the fate of loosing business to competitors and the possibility of closing the door. Organization ecology – how employees communicate and work cohesively within a large and complex structure.

Health care is a highly professional business that requires coordination between multiple specialized operation and personnel, and each area operates diversified and yet inter-depending functionality. “ Central supply fouled up by not sterilizing the instrument; the surgeon fouled by failing to diagnose the infection that resulted: and the nurses fouled by not keeping a lose enough watch on Fillerey to see that he was going sour that night” was the analysis of Mr. Fillerey’s unnecessary death root causes. A perfect storm, if you well, underlined a series of errors and the failure to detect the errors by multiple layers of operation. A closer look at how to improve the eco system within Memorial Hospital is the second major problem I like to address. Management style – X style direct management is not suited for Memorial Hospital Memorial Hospital is too large and complicated for the president to manage directly.

How to design a proper delegation with matching authority, accountability and responsibility is another major problem to solve. Leadership – focus on decision making The worst could happen when a retail store makes a wrong decision is loosing money. When a hospital makes a less than perfect decision, patients’ life could be in danger. Therefore, it is totally unacceptable for the hospital leaders to make decisions based mostly on consensus and convenience instead of determining what is the best for the patients. The recommendation in this paper will focus on decision making due the critical nature of decision making within a hospital. Recommendation There are three objectives the recommendations are targeted to achieve, one, improve the health care quality in Memorial Hospital to minimize the future malpractice occurrence; two, establish a clear organization culture to align employees’ behaviors; three, improve the management and leadership to achieve effective coordination within department and between departments and making right decisions.

The end goal for achieving these objectives is to increase the hospital revenue and curtail unnecessary risk and costs. Making changes is not easy. There are many pre-existing conditions to consider. Sometimes, the best solution may not be a workable solution. Below are a few guiding principles and assumptions: 1. The president has the intention to make changes and is willing to embrace changes.

2. All the department heads are competent in their professional field and management role. 3. Politics is not a consideration. 4.

Cost is always a major concern. 5. Resisting change is a normal reaction. 6. Hospital is not in immediate financial stress that immediate result is not required. 7.

There is no compensation deficiency. . Memorial Hospital is a for profit company. The recommendation described is an evolutionary process that may take up to one year to execute. Recommendation One Embrace and promote a “ patient’s health is the number one priority” culture. When this patient first becomes a guiding principle for the hospital, all the right activities will follow.

Trustee board will no longer view expanding the intensive care unit a cost evaluation exercise and change focus on meeting the patients’ needs and develop appropriate cost benefit analysis to forecast the return. Nurses, doctors and labs will naturally pay attention that what they do to take good care of patients. Many coordination and communication problems will be identified and addressed under this common vision. This is a top down exercise that needs to be promoted from the senior management. Helping patients to regain health is a second nature to all medical professional, having this culture and being supported by the management will encourage the employees to embrace the vision naturally. Doing the right things brings joy and satisfaction and positive morale to employees and further benefits the patients and the hospital as a whole.

Recommendation Two Having a common vision and good culture is a conceptual level achievement that requires tangible changes in structure and practice to execute. In order to resolve the communication and coordination challenges from a silo structure within the organization without costly and painful reorganization, the recommendation is to add a matrix frame work over the existing divisional structure. pic] . 1Proposed Organization Chart. This is an example of a matrix organization by grouping functionally dependent department under functional groups with cross organization participation and communication.

The department names and the committee names and the number of the committees are example for illustration purpose. The objective of this recommendation is to centralized related departments into service group with common leadership which promotes standardization of process, policy ; procedures, coordination and communication. This also allows the hospital to install appropriate level of authority, accountability and responsibility. The president will benefit from the delegation to free him from day to day operation and focusing on strategic level management. There is no major reorganization, no additional layer of management and all the costs associated. The change can be implemented fast and morph based upon needs over time.

It is a workable model for Memorial Hospital. The committee members should be limited to no more than 7 to maximize the efficiency. Odd number of committee members is easy for voting exercise. Member can be selected from existing department heads to minimize the resistance to change and to maintain the stabilization of current role and responsibility. Additional cross department committees can also be established to promote better coordination and communication. The key success factors are clear ownership of responsibility, authority and accountability.

Recommendation Three With the combination of patient first culture, the clearly defined management and organization structure and well allocated responsibility/accountability/authority, Memorial Hospital is moving toward the right direction. In order to sustain the long term success and continue improvement, the third recommendation is to implement the spirit of CMMI maturity model. The model describes five levels of maturity, ad hoc, repeatable, documented, managed and continuous improvement. Level one is self explanatory, level two means relying on staff to repeat process based on training and experience, level three means the operation is managed by standards and process instead of people, level four means metrics are established to measure performance and identify improvement opportunities and level five means improvements are identified and addressed. In order for Memorial Hospital to know where it stands and how much progress has been made and what actions need to be taken to achieve the long term strategic goals, metrics and analytics are important tools for the management to obtain valuable information to make sound business decision. Quantitative and scientific supported decision will replace compromise and consensus in long run.

This also implies that Memorial Hospital has established tangible milestone to measure incremental success. CMMI maturity level four is recommended and five is achievable with strong cost benefit analysis to justify the returns on on-going improvements. The risk for reaching maturity level five is the high costs associated to resolve imperfections with no material returns on investments. Execution Memorial Hospital made a very realistic remark. He said “ Bringing about changes really is the key to management-but it’s so much easier to talk than to do.

” Change is difficult. It takes many steps and one single step failure may destroy all the efforts made up to that point. How to execute the recommendations made is a key success factor. The recommendation consists of five battle field proven Six Sigma oriented steps, align, commit, plan, execute and measure. Profit and cost are two sides of one coin and serves as the basis for all for-profit organization.

Therefore align the changes to meet the profit growing, cost saving or cost of being in the business is the first exercise. Placing customers (patients) first is not a unique concept. The success has been proven by many companies. It is not difficult to develop a cost benefit analysis model to demonstrate the positive earning and saving in both monetary and risk. By converting a conceptual culture to measureable number will enable the president to convince the board and management to buy in the proposal.

The second step is to commit. When NASA committed to send a person to the moon, they did not care the fact they didn’t know how, but they were committed. Commitment has no reason. The everlasting commitment from parents to seek the best welfare for their child is another good example. Once the patient centric vision is shared and committed, then the seed for long term success is landed. The third step is planning.

Even though a long term vision/goal is committed, take NASA as an example, Memorial Hospital still needs to figure out the steps to reach this goal. The process for planning includes determining milestones, tasks and key performance indicators. The key strategy is not to over forecast. External factors beyond control, environmental changes, trial and error, change in business direction and personnel changes may all create the need to modify tactical efforts. Not over forecast has advantages of not over building expectation, allows changes without high costs, create incremental success and nimble in change directions. All tasks need to be specific, measureable, achievable, realistic, and time frame (SMART).

Making multiple small wins will add up to a big success in long run. The fourth step is execution. With SMART planning, execution and anticipating success becomes a lot more predicable and controllable. The last step is measurement. Establish the right metrics to measure the performance that are useful for on-going improvement. This will allow the easy adaption of CMMI maturity model.