Section I: Chapter Outlines and Support Materials

Chapter 2

Leadership and Management: A Framework for Action

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Lecture Outline

A. Chapter Purpose

- The purpose of this chapter is to define and distinguish the concepts of leadership and management, identify theoretical traditions through which leadership has been analyzed, consider the role of organizational culture, explain the larger set of roles leaders may play in health care organizations, and summarize recent research on healthcare and leadership.

B. Leadership versus Management

- Leadership is the process in which one engages others to set and achieve a common goal while management is the process of accomplishing predetermined objectives through the effective use of human, financial, and technical resources.

1. Leadership is concerned with setting large goals.

2. Management is concerned with the execution of actions to achieve these goals.

3. One person may be called upon to perform both leadership and management.

C. Leadership in Organizations

- There are three levels of management and associated responsibility.

1. Front line managers provide supervision directly to care providers. Here, individuals gain exposure to managing teams, directly integrating clinical professionals and improving quality and reducing inefficiencies in clinical care.

2. Middle managers have responsibility for entire units within the healthcare organization and are the majority of managers. They face the double bind of managing up and reporting to their own manager while managing down and supervising a group of subordinates.

3. Top managers are those responsible for managing the entire organization and have responsibility for all units of the organization. They determine the strategic direction and consist of two groups:

    a. Those generally denominated by the term "Chief …" with acronyms such as CEO, CFO, CIO, CNO, CMO and, in the past, terms such as president, vice-president, treasurer, constitute the C-suite managers.

   b. The governing board is the ultimate legal authority and has overall legal responsibility for the organization and its broad policies.

D. Theories of leadership

- Leadership theories are characterized by the key factors used to explain leadership success and compose four broad forms: trait, behavioral, contingency, and contemporary.

1. Trait theories, 1920s through 1950s

   a. Extroversion is the most common trait of successful leaders.

   b. The trait itself may be less important than the activities that extraverted leaders are likely to choose and the behaviors that a person with that trait is likely to use when on the job.

   c. Women are more likely to use a transformational style of leadership that encourages intellectual stimulation of subordinates.

2. Behavioral theories, 1960s through 1970s

   a. Behavioral approach emphasizes the actions that the person in the leadership role takes while on the job.

   b. Behaviors may be divided between those concerning people skills (employee-oriented) and those targeting goal achievements in the organization (production-oriented).

3. Contingency theories, 1970s through 1990s

   a. Success of a specific behavior depends on the organizational context.

   b. The path-goal model argues those in the leadership role must identify the strongest barrier to a follower achieving the goal.

   c. The leader-member exchange (LMX) theory argues those in leadership react differently to their trusted and limited "in-group" who are given more flexibility in tasks than to others, the "out-group," whom the leader gives clearly defined goals through formal requests.

4. Contemporary theories of leadership (Figure 2-1)

   a. Models are more complex with recognition that leaders often respond to a situation with a set of behaviors rather than a single response.

   b. Transformational leaders change attitudes, values, and behaviors by:

     1) Influence through a vision

     2) Motivation through inspiration

     3) Stimulation of the intellect of subordinates

4) Individualization through consideration

c. Transactional leaders make direct appeals for performance through explicit reward structures that:

1) Make rewards contingent on performance.

2) Correct problems actively when performance goes wrong.

3) Refrain from interruptions of performance if it meets standards.

4) Use laissez-faire approach to organizational change.

d. Emotional intelligence (EI) is a necessary and defining element of leadership. This is the person's ability to:

1) Be self-aware.

2) Detect emotions in others.

3) Manage emotional cues and information.

e. Individuals may acquire the knowledge and ability to use leadership behaviors through various means:

1) Graduate professional programs.

2) On the job training.

3) Team leadership.

E. Leadership Roles

- Leaders must engage in a number of roles: goal setting, strategic problem solving, managing external stakeholders, managing the internal workforce, influencing organizational culture.

1. Goal setting

a. Goals refer to the larger aspirations of the organization.

b. Objectives refer to subordinate goals needed to reach larger aspirations.

c. Important elements for achieving goals. Goals must:

1) Be broadly shared.

2) Be perceived as challenging but feasible.

3) Include a time element.

4) Be aligned with reward systems.

d. Management by Objectives (MBO) is a method of using goals and objectives to align organizational action and uses the acronym S.M.A.R.T. to describe way objectives should be designed:

    1) Specific

    2) Measurable

    3) Achievable

    4) Realistic

    5) Time bound

2. Strategic problem solving (Figure 2-2)

    a. Step 1: Define the problem. (Figure 2-3)

    b. Step 2: Set the overall objective. (Figure 2-4)

    c. Step 3: Conduct a root cause analysis.

        1) Fishbone diagramming

        2) Flowcharting

        3) Pareto charts

        4) Histograms

        5) Scatter plots

        6) Regression analysis

    d. Step 4: Generate alternative strategies to interventions.

    e. Step 5: Perform a comparative analysis of alternatives. (Figures 2-5, 6, and 7)

    f. Step 6: Select the best strategy and address its limitations.

    g. Step 7: Develop an implementation plan and implement. (Figure 2-8)

    h. Step 8: Develop an evaluation plan and evaluate.

3. Managing external stakeholders

    a. Board and C-Suite interact with those outside the organization on strategic agenda.

    b. Organizational performance cannot be reduced to financial profits.

    c. External stakeholders do not have the same bureaucratic incentives as internal.

    d. External stakeholders must be viewed as champions of the organization.

4. Managing the internal workforce: Leadership and Followership

    a. Leadership is influencing a group of people towards the achievement of a goal.

    b. Followership is sharing a common purpose with the leader, believing in what the organization is trying to accomplish, and wanting both the leader and the organization to succeed.

    c. Problems with leadership/followership include:

        1) Leaders misconstruing their role as source of information and power

        2) Leaders over tasking themselves, asserting rigid role boundaries and hierarchical structures resulting in limited, dogmatic followership.

5. Influencing organizational culture (Figure 2-9)

    a. Organizational culture is the deepest level of basic and shared assumptions and beliefs that are shared by members of an organization.

    b. Artifacts are signs of the physical, psychological, or social environment.

    c. Values are what groups and individuals think ought to be.

F. Leadership in health care organizations: Evidence from research

- Research has found a number of different leadership issues within health care organizations.

1. Overview

    a. Most research is based on anecdotes and only a small number are based on data-driven, original research studies.

    b. Five questions sought by data-driven, original research:

        1) Does leadership matter?

        2) Are there individual or setting characteristics that predict success?

        3) What competencies are required?

        4) What are the primary challenges?

        5) What role does leadership play in a successful organizational change?

2. Leadership and Performance

    a. Performance outcomes in health care:

        1) Patient-related – Negative outcomes are significantly reduced when leaders use people-oriented leadership styles.

2) Staff-related – People-oriented leadership style is positively associated while task-oriented is negatively associated.

3) Management-related – People-oriented styles are positively associated with interdisciplinary teamwork, collaboration, role clarity, innovation and use of evidence-based practices.

4) Those higher in the organization hierarchy use more transformational, people-oriented behaviors than those lower in the hierarchy.

3. Predicting leadership effectiveness

    a. Leader traits and characteristics of openness, extroversion, and motivation are positively related to leadership effectiveness.

    b. Leader behavior and practices that increase effectiveness:

        1) Practicing and modeling leadership skills.

        2) Initiating facilitative work structures.

        3) Providing resources.

        4) Establishing systems for staff accountability and reward.

        5) Expressing consideration for staff.

        6) Being responsive to staff and issues.

        7) Using relationship-based competencies.

        8) Key to effectiveness is using a variety of practices.

    c. Context and practice setting:

        1) Support for risk-taking.

        2) Feeling of being rewarded for a job well-done.

        3) Rules and regulations.

        4) Belief in the importance of implicit and explicit goals and performance standards.

4. Competencies for leadership in health care (Figure 2-10)

    a. Competencies are the knowledge, skills and abilities needed to be an effective leader.

    b. Four competency areas for effective leadership:

        1) Knowledge of the health care industry

        2) Technical skills

3) Analytic/conceptual skills

4) Interpersonal/communication skills

c. Competency-driven educational programs aka leadership development programs

d. Problem in research – tendency for journals not to publish studies that show no significant effects

5. Primary Challenges (Figure 2-11)

a. Safety

b. Timeliness

c. Efficiency

d. Cost-effectiveness

e. Equity

f. Patient-centeredness of care

6. Leadership's Role in Organizational Change

a. Transformational leadership is important, but insufficient.

b. Supportive leadership is critical to success.

c. Successful change requires administrative and clinical leadership.

7. Summary of Research

a. People-oriented styles of leadership positively contribute to all phases more than task-oriented styles.

b. Leaders' traits, characteristics, behavior, and practices together with the context or practice setting influence leadership effectiveness.

c. The four competencies for leadership are consistently supported. (Figure 2-10)

d. People in health care leadership face clear set of challenges that have been stable.

e. Leadership support is critical for success.

f. Most research is of nurse leaders. Few studies of informal leadership are of physicians, administrators, etc.

G. Sustaining Leadership

- Individuals may come and go, but the organizational structure must provide a way to continue across such transactions.

1. Succession planning

   a. Include review and codification of organizational culture, work practices, and job design.

   b. Cyclical change:

      1) Identify individuals with the potential for greater responsibility.

      2) Prepare them for higher level positions.

      3) Move them into higher level positions.

   c. Five critical abilities developed through early leadership experiences are the ability to:

      1) Set and implement agendas.

      2) Handle complex relationships.

      3) Promote basic organizational values.

      4) Manage personal demands of top management positions.

      5) Maintain critical self awareness.

2. Self-Care

   a. Recognition, analysis, and processing of stressful situations.

   b. Focus on larger picture.

   c. Maintain perspective on core activities.

   d. Distinguish role of leadership from self.

   e. Analyze situation.

   e. Avoid internalizing conflicts.

   f. Process the stress related to leadership action.

H. Summary and Managerial Guidelines

1. Leadership and management are complementary but distinct.

2. Management and leadership are neither exhaustive nor mutually inclusive.

3. Leadership is a relationship between the leader(s) and the follower(s).

4. Transformational leadership can create changes in organizational culture.

5. Strategic problem solving is a useful approach for leadership.

Overview of Chapter "In Practice and "Debate Time" Material

In Practice: The Case of Paul Levy, CEO of Beth Israel Deaconess Medical Center

1. How would you weigh the multitude of options employees suggest?

- Develop a quantitative rating matrix following the suggestions illustrated in Figures 2-5, 2-6, and 2-7.

2. Who should contribute ultimately to decisions about where the biggest cuts in hospital operations occur?

- Follow Levy's lead and seek staff-driven change; however, the ultimate decisions for the biggest cuts must come from the board with the advice of the C-suite.

3. What values would you commit to maintaining through periods of cost cutting and economic downturn?

- High degree of patient care.

- Support of staff maintaining positions as long as feasible.

- Teamwork soliciting solutions and shared economic hardship.

Debate Time:

1. Many leadership experts argue that leadership is a role rather than a personal or professional trait. Is this a distinction worth making?

- This goes to the issue illustrated by the military expression, "Salute the uniform, not the man." This recognizes the officer role and the reality that not all officers may be perceived as expressing good leadership traits. It is intended to make the distinction clear and is an attempt to deal with problems of command in such a highly structured organization. The distinction is important in supporting subordinates subject to a difficult superior. However, it is more desirable for a leader to exhibit personal and professional traits that engender the desire to follow.

2. Many people, even those well acquainted with the two concepts, confuse management and leadership. Some argue that management is simply one skill that a leader may or may not possess. Others depict leadership as enlightened management, saying "Management is doing things right. Leadership is doing the right things." Are they really two separate ideas?

- They are certainly distinct as defined in the text. Leadership deals with engaging others to set and achieve a common goal (people-oriented). Management is concerned with the process of accomplishing predetermined objectives through the effective use of human, financial, and technical resources (production-oriented). But that definition of management incorporates "human resources" and can, arguably, be seen to include leadership.

3. Many professional development courses are available for building leadership skills and competencies. Courses differ substantially, but most presuppose that leadership can be taught or developed within a person. Is this presupposition valid? Based on what you know of your peers and the leaders you consider to be great, can anyone demonstrate leadership?

- Such courses would appear to support that idea, and follow-up research shows that many taking the courses have improved as leaders. However, the discussion in the text specifically cited various personality traits, e.g., extroversion, as being characteristic of good leaders. Many people are introverts; psychologists often say such personality traits are not changeable, so to some extent, elements desirable for leadership may not be available to some people.

In Practice: South Essex Partnership University NHS Foundation Trust

1. How the SEPT leadership team made use of artifacts and feedback loops to change the culture?

- They had regular face to face open and honest staff briefings, regular staff communications, and the relocation of the executive team to a building signaling direction would be given to the closure program and problem service areas.

2. What other tactics did the leadership team use that may have contributed to their success?

- They performed an initial analysis of the situation revealing poor and inconsistent leadership, poor communication and morale, and lack of clarity in strategic direction. Attention was focused on the other Trust's services.

3. What, if anything, was the key to their success?

- The application of a multilayered approach to organizational development.

Discussion Questions and Suggested Solutions

1. Where do leadership and management overlap in definition and responsibilities? Where do they diverge?

   They overlap in dealing with processes to handle resources. They diverge in that leadership is concerned with handling human resources while management is directed toward all resources and more focused on production. Leadership deals with large goals while management is concerned with actions to achieve these goals.

2. How have theories of leadership evolved over the course of the 20th century and into the 21st century? When compared with the trait theories of the early 1900s, have modern theories of leadership been simplified or grown more complex?

   They have become more complex, with each new theory attempting to incorporate or otherwise explain the earlier theories in some way.

3. How does emotional intelligence differ from traditional conceptions of intelligence? What is the relationship between emotional intelligence and leadership?

   Emotional intelligence is a necessary and defining element of leadership. It is the person's ability to be self-aware, detect emotions in others, and manage emotional cues and information. It differs from traditional conceptions of intelligence that deal with mental activities such as quantitative and qualitative reasoning. Emotional intelligence is in many ways an understanding of empathy for self and others that provides the basis for understanding leadership.

4. How do transformational and transactional leadership differ? Give an example of each type of leadership and when it might be preferable to the other.

   Transformational leadership focuses on the people involved in the enterprise seeking to shape them to better achieve its goals. Transactional leadership focuses on goals themselves. Transformational leadership would be the choice in an organization involved with creative pursuits such as advertising. Transactional leadership would fit best in an organization where the goals were strictly defined and required performance by the book such as assembly line construction.

5. What is organizational culture?

   Organizational culture is the deepest level of basic and shared assumptions and beliefs that are shared by members of an organization.

6. What are artifacts and how might they play a role in organizational change?

   Artifacts are signs of the physical, psychological, or social environment. For example, the language used to describe something may be interpreted by some in a negative way; a change in that language to a more positive expression can provide a substantial benefit.

7. What is a "S.M.A.R.T" objective? Give an example that lays out how the objective meets each of the "S.M.A.R.T" requirements?

   An objective should be specific, measurable, achievable, realistic, and time bound. Driving an automobile at 60 miles per hour for one hour from 4 to 5 PM today is an example. It is specific because we know what it means to drive. It is measurable because we may observe its speed on a speedometer. It is achievable because we have done it. It is realistic because it takes resources we already have. It is time bound because we can observe the time period stated.

8. How might one compare a series of alternative strategies? What are the concerns in using a purely quantitative scale of evaluation?

   One could prepare a rating matrix. A purely quantitative scale may overlook important issues that the inclusion of a qualitative scale would show.

9. What are the responsibilities of the engaged follower?

Followership is sharing a common purpose with the leader, believing in what the organization is trying to accomplish, and wanting both the leader and the organization to succeed.

10. What kind of actions might an organization take in order to ensure sustained leadership?

Include review and codification of organizational culture, work practices, and job design. Provide for cyclical change by identifying individuals with the potential for greater responsibility, preparing them for higher level positions, and moving them into higher level positions.

End of Chapter Cases and Suggested Solutions

Case: Application of Problem Solving and Leadership – The New Department Director

1. What is the problem(s)?

   Waiting time and backlog in the emergency department causing delayed patient care and too frequent diversion of ambulances to other hospitals.

2. Consider individual-level, team-level, and system-level problems. For each, set an objective that is SMART.

   - **Individual Objective: Dr. Grant will increase use of people-oriented procedures.**

     - o **Specific: Increase use of people-directed procedures. In particular, involving Ms. Downs in planning and implementation of the new systems.**

     - o **Measurable: Maintain a journal scoring instances of applying people-directed procedures and production-oriented procedures.**

     - o **Achievable: Once his attention is directed to the people portion of leadership, Dr. Grant will be able to increase his effectiveness in applying such procedures.**

     - o **Realistic: Paying attention to people is obviously within Dr. Grant's abilities.**

     - o **Time Bound: Implementation of this objective can begin immediately and continue throughout the reengineering and the future.**

   - **Team Level Objective: Increase team buy-in to reengineering.**

     - o **Specific: Increasing by-in by team members clearly states the goal.**

     - o **Measurable: Buy-in is measured by requesting that each member of the team provide regular reports in a standardized form detailing specific steps taken toward reengineering and soliciting extensive unstructured observations and suggestions.**

- - **Achievable:** The various team members are experienced in working together. This objective simply directs their experience to reengineering.

  - **Realistic:** The team members' general work experience is similar and therefore the objective is realistic.

  - **Time Bound:** Implementation of this objective begins coincident with reengineering planning and continues throughout the reengineering process.

- **System Level Objective:** Discover significant operational problems in departments.

  - **Specific:** Discover significant operational problems in departments.

  - **Measurable:** Each department is required to list and report its top three problems ranked in order of cost to the organization.

  - **Achievable:** Departments can review their records and query their staff to provide the information.

  - **Realistic:** Gathering the requisite information is within the abilities of the departments.

  - **Time Bound:** The initial discovery and gathering of problems will be done within sixty days. Thereafter, significant problem reports will be provided at the end of each month.

3. Could Dr. Grant have avoided the current situation? How?

   Ms. Downs was a key stakeholder in the whole process and appeared from the outset to be less than enthusiastic about the reengineering approach. Dr. Grant should have involved her totally in the planning even allowing extra time to bring her around. With her help, the absences of vital persons at the training and "go live" would probably have been avoided. The lack of discussion at the staff meeting was a tip off that prime stakeholders were still not on board. He may also have run the new system in a small setting with a few cases continuing to be managed in parallel using the old system to check for problems and increase staff familiarity.

4. Use concepts of leadership and management from this chapter to recommend what Dr. Grant should do going forward.

   Following this first false start, the system should be rolled back to the earlier approach and a test bed as suggested in step 3 above implemented. It is vital for Dr. Grant to find a way to bring Ms. Downs on board. Overall, Dr. Grant was more focused on the production processes than the people processes needed to function well.

Teaching Tips and Exercises

1. Use the case of Dr. Grant and the emergency room backlog and diversion issues as a forum for role playing among the students. Various students will assume the role of Dr. Grant, Ms. Downs, and other key members of the emergency team. Students are encouraged to approach the case based on two different circumstances. The first is the case as described where initial failure has occurred and there is a need to recover and "smooth ruffled feathers" so that the reengineered process may eventually be successfully introduced. The second is a modification to the first, assuming Dr. Grant took account of the potential for resistance from Ms. Grant (and others) and made adjustments in approach to increase the likelihood of success from the start.

2. Have students bring charts of organization for various health care organizations that they can find through research on the Internet and elsewhere. Distribute the charts to various teams of students and ask them to determine what leadership and management methods are used from the available information.

3. Ask students to describe instances where an organizational change either succeeded or failed and determine the reasons for the success or failure that may have stemmed from leadership methods.

Complementary Readings

Kerzner, Harold. (2009). *Project management.* New York: John Wiley & Sons.

American College of Healthcare Executives: www.ache.org

Commission on Accreditation of Health Care Management Education: http://www.cahme.org/index.html

Kerzner, Harold. (2009). *Project management.* New York: John Wiley & Sons.

Project Management Institute: www.pmi.org

Smoldt, Robert K., Cortese, Denis. (2007). *Pay-for-Performance or Pay for Value?* http://www.mayoclinicproceedings.com/content/82/2/210.full

Section II: Study Guide Support Materials

Chapter 2

Vignettes and Suggested Solutions

Vignette: Lab Upgrade

You are in charge of the lab at a large hospital. Due to the economy and subsequent cuts in budget, there has been a drastic reduction for many supplies deemed essential by the lab technical staff. Many employees have expressed great concern that it will be impossible to

continue operation with adequate standards of quality unless something is done to increase the budget and acquire the needed supplies.

Suggest an approach to high-level management to obtain greater funding.

Since high-level management has the most general and largest stakeholder interest in the organization, first approach one or two such managers informally to establish an interest based on people-motivated goals. With these managers involved as champions, develop a detailed plan incorporating a needs assessment including the quality standards required and propose a suggested solution. Submit this at the appropriate formal meeting.

Overview of "Additional Debate" Time Material

Debate Time:

You are the administrator of a large practice of physicians who are considering teaming with a regional hospital organization to establish a fully integrated health care system modeled on the Mayo Clinic. One of the biggest changes you anticipate is moving from a billing system based on distinct "pay for performance" procedures to one based on defined "pay for value" patient care and outcomes. (See http://www.mayoclinicproceedings.com/content/82/2/210.full). How would you plan for this transition?

Apply the S.M.A.R.T approach:

> **Specific: Transition current practice from pay for performance to pay for value involving our entire medical and non-medical staff in the change.**

> **Measurable: When all billing is based on value and none on performance, the transition will be complete.**

> **Achievable: The objective is achievable because other systems have implemented it successfully.**

> **Realistic: The objective is realistic because some of the nation's leading health care systems have both implemented it and become leaders with it.**

> **Time bound: The objective will be achieved within two years. This allows ample time for development and testing, consultation with historically successful organizations operating on the principles for conversion of systems to handle the objective, and training all medical and non-medical staff.**