

AAMC Group on Faculty Practice

Physician Leadership: Developing an Enterprise Perspective

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Agenda

- Introduction and a Framework
- Leadership at University of Kentucky Medical Center
- Leadership at Rush University Medical Center
- Leadership Selection and Succession
- Panel Discussion
- Closing Comments

Why the topic of “Enterprise Leaders” now?

AHCs face a paradox

On the one hand, the aggressive movement towards vertically integrated health systems that many institutions undertook during the “go-go” years of the early 1990s, which was intended to allow AHCs to compete more effectively for the stream of patients needed to support medical education and training, highly specialized patient care (e.g., burn, transplant, and trauma care), “safety net” care for the poor and uninsured, and clinical research.

On the other hand, in an era of rising costs, declining reimbursements, and reduced government support, these same activities, deeply reflective of the special “social mission” of the AHC are “not optimally supported in competitive markets.”

Commonwealth Fund, 2003

The strategic imperatives for AHCs

“A strategy of greater *horizontal integration* offers important strategic advantages to academic health centers. In an era when major social and scientific problems demand *broadly multidisciplinary and highly-integrated approaches*, such horizontally integrated institutions will be better able to educate citizens and train physicians, develop new approaches to health care and policy, and answer pressing biomedical research questions. Institutional *cultural integration* is also crucial to create new, *innovative organizational structures* that bridge traditional disciplinary, school, and clinical boundaries.”

Rodin, 2004

Our basic premise...

"All organizations are perfectly designed to get the results they get"

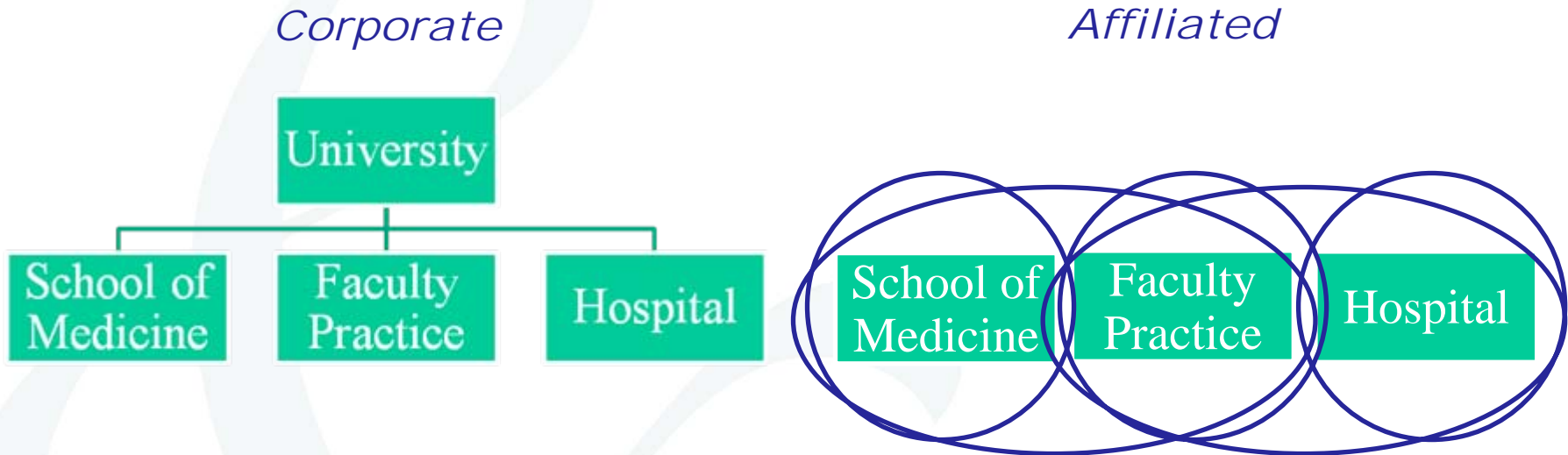
David P. Hanna, 1988, Designing Organizations for High Performance



“The vexing problem of alignment”



There are two basic AHC structures with many variations



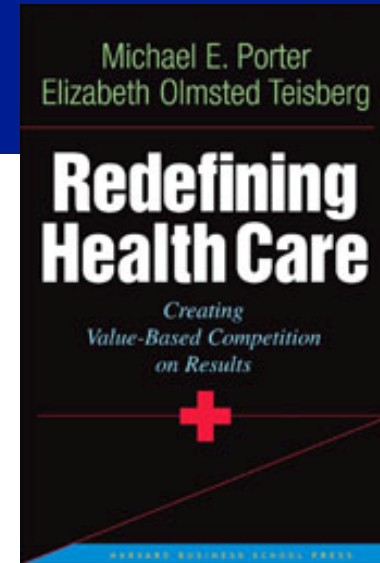
“We have failed to establish a transcending mechanism.”

The question is, what is the enterprise?

Michael Porter's thesis

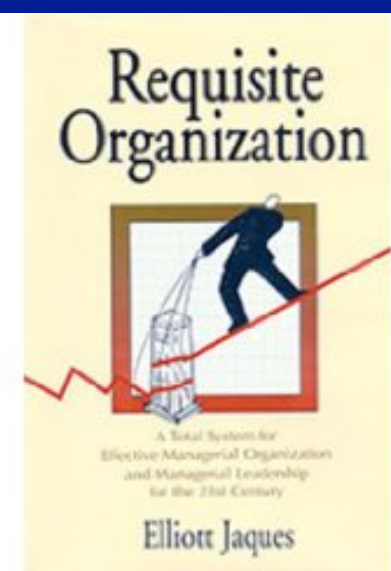
- We are providing 21st century care in 19th century organizational structures, management practices, and pricing
 - All we're doing is moving value around, not increasing value
- What would a high value organization look like?
 - Increasing value for patients by providing better outcomes for the cost
 - Increasing quality, by moving care upstream
 - Competing on results
 - Focusing on the full cycle of care (MD, hospital, other components)
 - Building volume and scale to benefit from the virtuous cycle
 - Competing regionally and nationally

This can be accomplished only with an enterprise perspective



Organizational Strata

"We are moving toward a more corporate model."



Stratum	Time Span	Title	Function
VIII	50Y	Super Corp CH / CEO	
VII	20Y	Corporation CEO / COO	Strategic Corporate
VI	10Y	Strategic Groups of BU EVPs	
V	5Y	Business Unity President	Integrative General
IV	2Y	General Manager	
III	1Y	Unit Manager	Operational
II	3M	Front Line Manager	
I	1D	Front Line Worker	Front Line

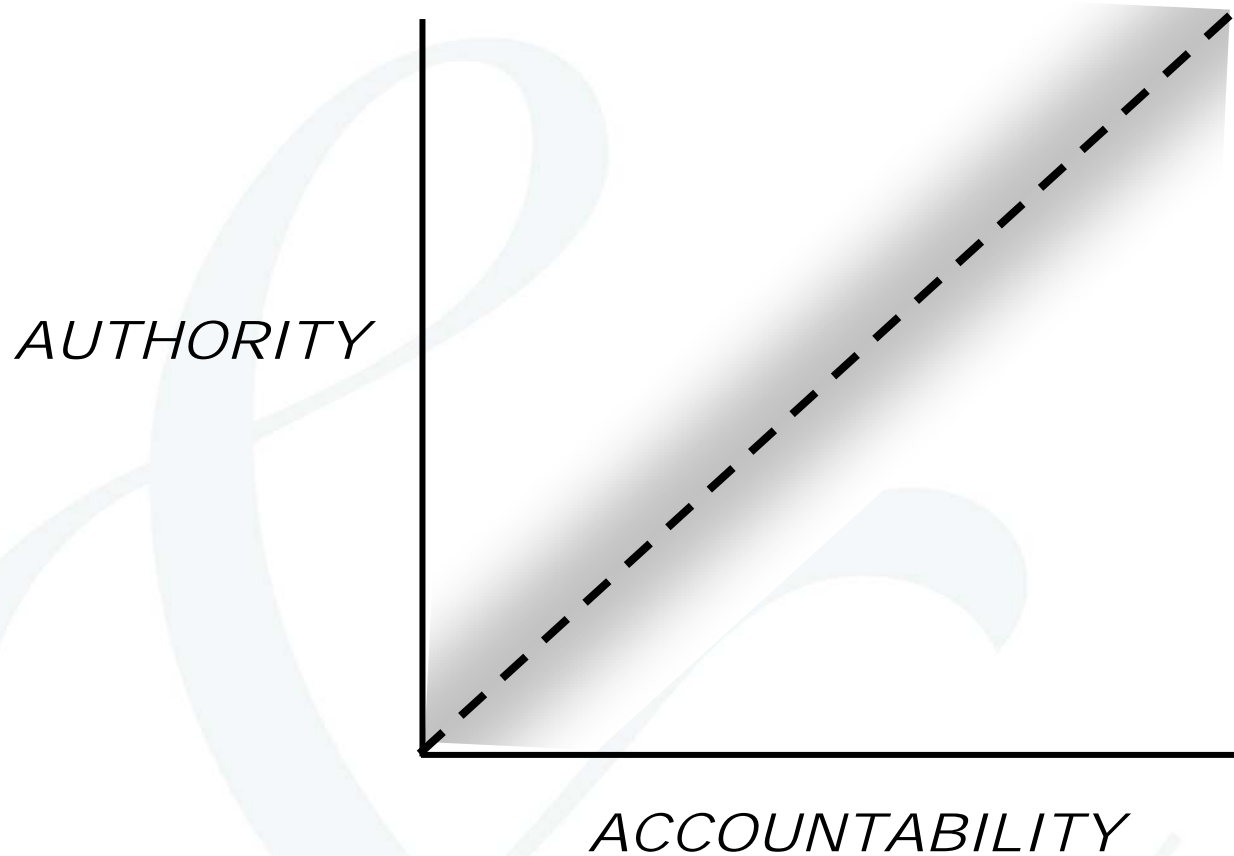
Have we designed the right tiers and roles?

Physiology: How things work



- Forums (who is at the table?)
 - Shared vision and joint planning
 - Decision-making and review
- Transparency (who knows what, when?)
 - Funds flow
 - Information
- Accountability and authority (Whom can I count on about what?)
 - Aligned goal setting
 - Authority over subordinates

What Critical Change Is Required For Success?



Sociology: “Culture eats strategy for lunch every day”



Culture is organizational character

- Qualities of the culture
 - Patient-centered
 - Excellence
 - Trust
 - Respect
 - Loyalty
 - Interdependence and mutual support
 - Openness
 - Continuous learning and improvement

“Enlightened self-interest” and “Shared destiny”

Cultural Signals

How senior leaders frame and manage the debate

“No institutional philosophy can succeed unless it is put into practice, unless it is a major consideration in every new faculty appointment, unless institutional leaders are chosen who embody it and will act on it.”

Rodin, 2004

Case studies

University of Kentucky

Richard P. Lofgren, M.D.

Vice President for Healthcare Operations

Chief Clinical Officer

University of Kentucky

Rush University Medical Center

Thomas A. Deutsch, M.D.

Dean, Rush Medical College

Provost, Rush University

Senior Vice President, Medical Affairs