Physicians and health organization management.

Manuel L. English

ABSTRACT
This article discusses the four principles of management i.e. planning, organizing, controlling and leading and why these principles are important to physicians who hold or will hold managerial appointments. Each principle is covered in some detail as to its significance in helping physicians understand the nature of the managerial process.

Keywords: Common leadership, plan, administration, management.

As an increased number of physicians are appointed to medical administrative positions serving as department heads and medical directorships. In these non-clinical positions, physicians are placed in an environment where their clinical skills are less needed but where management and leadership skills are now in high demand. Physicians who have studied health management through a degree program should have the skills and techniques which will benefit them in their new position. Administrative positions as they have not been exposed. This article is designed to serve as an introduction to the basic management principles and concepts for physicians in order for them to better understand management and what it means in their new role and in carrying out their responsibilities.

From a managerial point of view, physicians should have knowledge of what causes health organizations to succeed and stay successful, especially over the long run. Are successes or failures due to external forces, for internal reasons, or do they just happen without any causes or reasons? When an organization experiences success it should be caused by effective actions taken by those who have responsibility for that organization and it should be quite evident why the organization was successful. While there are significant external reasons (i.e. political, demographic, economic, environmental changes) as to why a health organization fails, it is the internal reasons for failure which physicians as department managers should be concerned with because it is in this departmental environment that they as managers can directly influence!

To help understand and appreciate the role that management plays in helping organizations become and stay effective, the physician manager needs to start with understanding the principles of management and how these principles are utilized in managing the organization. These principles are planning, organizing, controlling and leading; principles that managers must live by. These four principles serve as the foundation for scientific management. Physicians as department managers and leaders must know that effective use of these four basic principles of management are essential for their success whether their administrative position is with a private hospital, governmental hospital, a university hospital or private clinic. In all cases, and in all health organizational environments, these management principles must be performed effectively by managers if the organization is to have a chance of surviving in an intensely competitive and more limited health resource environment now emerging in Saudi Arabia.

A newly appointed physician serving as a manager in a health organization who ignores these management principles is creating a disaster that is waiting to happen! Therefore, all physician managers from the president, or general directorate, down to the department manager must be actively involved to insure these management principles are followed. When you have responsibility for a department or for the entire organization, and you fail to plan, or you fail to properly organize, or you fail to provide organizational wide leadership and you fail to control your organizational resources, it is just a matter of time before your department, and as a consequence,
the total organization begins to disintegrate. No matter how favorable the external environment may be it will never compensate for internal deficiencies resulting from poor management!

Planning. With this background let us introduce and explore these management principles in more detail and perhaps make a commitment to their importance in effectively managing the health organization. Everything starts with planning and a plan. The authors recall a catch-phrase made by a distinguished professor who stated: “Health organizations tend to be very good at planning for their future, when they have no future”. No physician manager would welcome this type of situation! Planning means determining where your department as well as the entire health organization needs to be in the future. It is not an exercise to review the past! Whether you have just started as a new clinic manager or have been managing a hospital department for twenty years, continuous planning is essential. Planning starts with top management putting into a deliberate focus a vision statement and then writing a basic mission statement for the entire health organization. This process is then continued down and is performed at all management levels of the organization including your own department. Vision means the process of seeing where your department is now and where it needs to be in the future. A mission statement tells your patients as well as your employees the primary purpose of your department, its philosophy, and why it exists!

It is important to know that planning is a formal process and functions and consists of eight (8) steps: creating or requiring the mission statement, assessing your current situation (determining where you have been and where you are now). Stating your goals and objectives, evaluating the gap between your current position and your goals, specifying external and internal assumptions about the future (i.e. political, economic, environmental, etc), creating your plan, implementing your plan, evaluating the results of your plan.

Each one of these steps requires careful attention on the part of all departmental managers who must perform various responsibilities to help insure that the planning process is effective. Health planning is broken down into three levels:

(1) Strategic plans, which are the responsibility of top level management, and deal with such items as major expansion, restructuring/downsizing, receiving a new mission to serve a new population group, and other types of major decisions that can fundamentally change the internal environment of the total organization. One would expect that when implementing a strategic plan, a new organization chart would be necessary as such plans normally cover a two to three year time period.

(2) Tactical plans are used to further break down your health organization’s strategic plans into assigned major projects and responsibilities and are the responsibility of middle level managers. Such items as the introduction of new services, or construction of a new building addition, come under tactical planning. The time frame for tactical plans is six months to one year.

(3) Operational plans describe requirements and outline explicit actions and activities which are performed at the departmental level and are the responsibility of departmental managers. Disaster plans, workload assignments, shift schedules, inventory levels, and recruiting of new employees are types of operational planning. The time period for operational plans can vary from a few days to a few weeks.

It is important to understand that managers at each of these three levels must perform activities and perform actions that clearly support the overall strategic plan. In other words, activities performed at the operational planning level must be linked to those actions and activities carried out at the tactical planning level and what is done at the tactical level must be directly linked to the health organization’s strategic plan. When your organization proceeds through the various planning steps a clear breakdown of responsibilities is assigned to these three levels of planning and the three levels of management, again, guided by the goals and expectations of your strategic plan. By knowing whether your department is considered middle or lower level management will indicate to your level of planning.

Due to the rapid pace of health program development experienced during the past twenty years in both the private and public sectors, it has been easier for managers to be successful because success was relatively easy while having such an abundance of resources which stemmed from high government funding levels. Now, however, there is a growing recognition that continued development and funding of health organizations is a long-term process requiring strategic planning. This is made clear by the fact that resources for health care in the Kingdom are now more limited and competition for those resources has intensified. A point for managers to remember: planning at all levels must be dynamic and responsive, focused and effective! Physicians as managers and leaders at all organizational levels are responsible and accountable for obtaining results from the planning effort.

Organizing. If the planning function is where it all begins the next management principle is organizing. This is not a one-time process due to external and internal changes produced by your health organization’s strategic plans. Strategic plans are generally of such importance that they would almost automatically cause or drive the entire organization and its various departments to
reorganize due to the changes it produces. In all cases the manner in which your health organization or your department is organized and structured is always designed to support your plans! In other words, the way you organize your department and your resulting organizational chart must be directly linked to support your organization's strategic plans. If this is not done, you will probably have a disorganized and inefficient department. When one sees an organization chart and it is more than 2 years old -- what does this tell you of your strategic, tactical, and operational planning? The answer is that the planning function is probably not being performed. If you are disorganized, how do you expect your organization and your department to be competitive and effective in using resources wisely? Whether you are managing a new clinic, a new program, or managing a hospital department that has been ongoing for many years, the organization structure (and, yes, your organizational chart) is designed to support your strategic, tactical, and operational plans. Your organizational chart must show lines of authority which includes a "chain of command" from the top to the bottom levels of authority. Your chain of command must insure a "unity of command", that is, an employee should have only one supervisor.

The challenge here is to organize your departmental activities in a way that complement each other and then assign subordinate managers to help you get your goals accomplished. Once again, each department manager in meeting his operational plans has a function to perform that supports the tactical and the strategic plan. The idea here is to insure that a division of labor is done based on skills and activities required to insure efficiency of your department while utilizing minimum resources. Having the best form of organizational structure is going to help in minimizing your costs while achieving your departmental goals. In all cases, as a physician manager, you must insure the best form of organization is achieved and that the resulting organizational structure not only supports your department’s plan, but the entire health organization’s strategic plan as well! When all of the above actions are in play, this represents the principle of organizing at its very best.

Control. The third principle of management is control. A system of management control helps your department determine if it is achieving its goals. Like planning and organizing, it is a deliberate function to help you and your department adjust to a changing internal and external environment. An effective control system should identify your operational errors before they become destructive. The control principle, by establishing operational standards (i.e. workload standards, performance standards, quality standards, cost standards, etc.), allows your department to treat patients or perform a service with the highest quality at the lowest cost. It involves having a monitoring or detection system that sends a signal to you when your department is behaving outside or beyond its established standards or targets. Keep in mind, too, that various, exacting, standards are difficult to establish in some areas involving patient services and clinical activities.

The second principle is used to determine whether your planning goals are or were reached and whether the manner in which you have organized your department was correct. It can also be an indicator of whether you are effective as a leader. When your actions and their measured results fall outside the standards which you established during your planning phase, it raises the question as to whether your current plan needs to be altered. To determine this, simply compare your total departmental performance to your predetermined established standards. If there is a deviation try to understand why this occurred and then institute corrective action. Depending on your analysis of the deviation, perhaps the standard needs to be changed. Don't be too concerned, for example, if your goal is a forty percent increase in quality and you reach only thirty-eight percent improvement. This, in most cases, will be close enough as the resources required to gain the extra two percent may not be cost effective. Control over your budget, manpower levels, supplies, equipment and other departmental resources is vital as deviations from approved standards in these areas may signal that you are having a serious management problem. You must manage within your allotted budget and with the minimum usage of other resources.

Information and data that compare your predetermined established standards with your actual performance may come from finance, admission, medical records, personnel, quality management and other departments. In both medium and large sized health organizations most of the reports are centrally produced by the management information systems (MIS) department. If this is the case, you must insure that all data given to MIS is timely and accurate or misrepresentation will be the result. Finally, be cautious of over-control as this may restrict innovation and willingness on the part of your junior managers to make necessary changes and take risks. It must be emphasized that it is your responsibility as a manager to insure the control principle is adhered to!

Leadership. With the knowledge of planning and organizing and control in making the assumption that these functions are being performed at their very best, the next management principle that comes into play is leadership. Leadership is most often defined as the ability to influence people to accomplish assigned goals. Of the four principles leadership is the most difficult to perform as it is widely recognized that this is a function that not everyone can do. It is the most important of all the four
principles as the lack of leadership will cause your
department and, thus, your entire organization to lose
its effectiveness. Once an organization is in
operation it is leaders and leadership that insure all
four of these management principles are maximized.
If the leadership principle is missing the other three
principles will be missing, as it is leadership that
pulls all of these principles together. Leadership
and management are different functions. Leaders lead
people while managers manage things. A good
manager may be a good leader, and this is always the
hope, but management and leadership are different
functions requiring different skills.
As a leader, you must have the vision to see not
only what your department needs today, but where it
should be in the future, and you must then make the
necessary decisions that will move your department
toward that direction. This involves dealing with a
great deal of uncertainty and good leaders thrive in
such an environment. Indeed, leaders are often
defined and measured by their ability to make
effective decisions under conditions of uncertainty.
You may find situations where minor, non-risky type
decisions, which could and should be made at your
level of the organization, are shifted up the chain
of command, and are being made at higher levels, thus
distracting senior managers from focusing on larger
and more important issues. Leadership is taking your
employees and your department to places that they
may not want to go, but must! Leadership is
inspiring your employees to exceed their own
expectations. Communication skills are essential in
the leadership process. Keep in mind an old adage
that states when leaders get big ideas, followers get
big headaches, unless they understand what is
expected of them. Leadership at all organizational
levels is demonstrate by performing your assigned
mission and in making your department perform in
an extraordinary way as opposed to just barely
getting by.
The success of any health organization is directly
dependent on those who hold leadership positions.
Having good intentions and wanting your department
to do well, but not achieving your goals, is not
enough and is contrary to good leadership behavior.
As a leader you must also remember to demonstrate
an exemplary work style which will inspire
followership. As managers you must also lead in a
manner which corresponds to your Islamic and
cultural values. There is no reason why this cannot
be done! Stemming from traditional customs and
culture, you may have the tendency to use a
diplomatic or negotiated, non-confrontational style of
leadership. This is particularly true when you have to
make decisions that carry a high degree of risk,
sensitivity, or uncertainty. If this style works for you
and you are getting results - fine! If, however, you
are not achieving your goals you may want to try a
different approach. As a leader you should know
where your department has been, where it is now, and
where it needs to go into the future and you should
know how to take it there! You must also have the
courage to seek out others as a team for help and
sound advice. Managers at all levels must lead --
there is no other choice!

Conclusion. As physician manager of your
department you are being paid to get good results
from the management process. Using planning,
organizing, control, and leading principles on a daily
basis can only help you and your department be
efficient and able to use resources effectively.
Regardless of the level of your administrative
appointment you must bring your key staff members
together frequently to discuss and insure that these
generally important management functions are being
performed. When you as the senior person makes a
clear statement to your key people that it is your
expectation that effective planning, organizing,
control, and leading are paramount to the survival of
your department and that you will use these
principles to evaluate their overall performance, don't
be surprised if, suddenly, these principles take on a
much more important role to the benefit of your
department!

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