

# Estimate of the Situation

*Critical Information for Critical Times, Edition of Wednesday, May 7, 2014*

---



## Culture First!

"Hospitals," the famed management guru Peter Drucker once wrote, "are the most complicated organizations ever designed by man."

We agree with Dr. Drucker, except for the "designed" part. In reality, hospitals are not designed organizations.

Rather, they evolved, growing out of what were originally pest houses for the care of the indigent and the friendless - with a quality of treatment and nursing from which few emerged alive - to today's modern provider of life-saving care. Thanks to the progress of medicine and surgery and an explosion in technology, the modern hospital is able to accomplish near-miracles.

With progress came specialization and over specialization within an organization is the enemy of coordination. The more specialized that individual components become, the more fragmented and complicated the organization itself becomes, making it necessary to pour more and more resources into the work of organizational maintenance. *Resources expended in organizational maintenance are not available to do the organization's work.*

### The Operating Environment

Not only is the modern hospital a complicated organization, it is a complicated organization operating in the midst of constant, unremitting change. Long before the Affordable Care Act, the modern American hospital operated in an environment defined by change. There are changes in medical knowledge, in technology, in laws and regulations, in policies and procedures, in reimbursement methods and amounts and in the people who work in the departments. Change happens on a daily basis. Because of the relationships among hospital departments, changes that take place with a single department often produce ripples across the organization. If it is to serve its patients at a level of excellence, information must flow quickly and reliably across department lines and activities among departments must be coordinated. Since even relatively small hospitals can easily have more than 40 unique departments or operating units, and since changes are taking place within each of them, the ability to periodically survey operations and identify performance-limiting factors is critical.

### The Classic Hospital Institutional Culture

Many hospital department managers are primarily educated and trained in technical or professional specialties. Although some have obtained additional management training, many were promoted to management from within and developed their management focus on the job. Often these highly intelligent and well-educated people either have not fully developed or are not authorized to employ the planning, organizing, directing, and controlling skills that literally define the management process.

The bad news is that the resulting culture tends to be bureaucratic, internally focused on short-term "maintenance" work, and limited by unnecessarily low expectations of department manager performance. The good news is that many hospitals have—or should have—a tremendous wealth of stored up and virtually untapped management potential at their disposal, the deployment of which will have a liberating effect on executive management's time and on the speed with which the hospital can move ahead. Look for more on this in subsequent issues.

FJB



7667 N.W. Prairie View Road, Suite 204  
Kansas City, Missouri 64151  
(816) 587-2120  
<http://bradyinc.com>