

Change in the Group Medical Practice: Customers, Consequences, Control, and Culture



James Smith, MBA

Note from Mary Pat: *Please welcome my guest columnist Jim Smith, MBA who has written on the subject of change. His original article was written about the Washington State Department of Transportation, but he has been kind enough to let me change WSDOT to ABC Medical Practice, a very large and fictitious medical practice that resembles almost every practice you and I know.*

Over the past twenty years many changes have been made at the ABC Medical Practice. Almost always they were changes which improved employee production and modified the then current way of doing things. I have noticed the staff employed at the practice are only interested in doing things the “way we have always done it.” My point is this; people are not creatures of change, do not like change, will not suggest change, and when confronted with change quite often reject change.

Reinventing healthcare and group medical practice is a mammoth task, much larger than any change efforts at a big corporation. The ABC Medical Practice has many employees and dozens of departments. How do you begin to change something so large and bureaucratic?

To begin with, you have to recognize that you’re dealing not with one large organization but with lots and lots of individual bureaucracies,

each of which has its own concerns and needs. Each unit must move through the change process in its own particular way. Every department is going to have to approach change on several different levels. The first step in any change""and it doesn't matter if you're running a division of GM or Kiser Permanente ""is to begin to ask the basic questions: What business are we in? What's our mission? Who are the customers we're aiming to serve? You must answer those questions carefully.

Then, if you're truly going to understand the most important problems and begin to look for answers, the second step is to draw on the experience of people from all organizational levels. How do the services you provide look to employees in the field? **How does it feel to be a customer of your company?**

In healthcare, the answers aren't necessarily the same as those in business. Who are the customers of the ABC Medical Practice? Patients? Referrers? Payers? The federal government? The state government? The owners? Those questions""and their answers""are important, but they aren't obvious. After you have defined your mission and your customers and then learned what those customers want, you need to articulate a vision of change and sell that vision to every employee.

Look at change from four thematic perspectives: customers, consequences, control, and culture. First, you need to revamp the relationship between your organization and its customers. You have to ask customers what they want and then restructure your organization to deliver it. Second, you need to create consequences for what people and organizations do. In business, if employees can't deliver what they were hired to deliver, they leave or are fired. If the business can't make money and keep customers happy, it doesn't survive. Somehow, managers have to create a feeling that what people do day-to-day to advance the mission of their practice really is important. And healthcare leaders have to create performance measures, budgets and other systems that reward success and force weak performers to improve. Healthcare workers are no different than other employees; they want to see their efforts matter and their progress measured.

Third, you need to look at who has control. In healthcare, control is

vested at the top much more than in almost any business. If you want an organization to become more entrepreneurial and alert to customers, **you must give a lot more control to the people on the front lines who deal with customers and deliver the services.** That's as true of healthcare as it is of business.

Finally, you need to ensure that the culture of the medical practice supports the work that people need to do to deliver value to the customer. In the workplace, long-standing cultures have taught people to keep their heads down, stay out of trouble, and, unfortunately, they have accomplished little. The key is to craft a different kind of culture.

Conversations about the vision of the future and your mission have to start at the very top. The doctors have to get out there and talk about that vision again and again. The leaders must do the same, but they need to be more detailed-oriented and talk about specific goals. And so on down to every level.

A crisis helps enormously. Companies like Harley-Davidson and Ford have used crises in a similar manner. If you don't have an obvious crisis, sometimes you have to try to manufacture one or at least create an overwhelming sense of urgency. You can say, "This is the level of performance we need to attain, and we're doing a miserable job." You can talk in quantitative terms about where you are and where you want to be and involve everybody in choosing the strategies to get there. And then, when you reach the point where you hit your goals, you shouldn't be shy about trumpeting it. Successful results can protect you from the internal and external opposition you're almost certain to run into.

Until now, change in healthcare has been an either-or proposition: either quickly create economic value for owners or patiently develop an open, trusting corporate culture long term. But new research indicates that combining these "hard" and "soft" approaches can radically transform the way businesses change.

The new economy has ushered in great business opportunities" and great turmoil. Not since the Industrial Revolution have the stakes of dealing with change been so high. Most traditional organizations have accepted,

in theory at least, that they must either change or die. And even Internet companies such as eBay, Amazon.com, and America Online recognize that they need to manage the changes associated with rapid entrepreneurial growth. Despite some individual successes, however, change remains difficult to pull off, and few companies manage the process as well as they would like. Most of their initiatives installing new technology, downsizing, restructuring, or trying to change corporate culture has had low success rates. **The brutal fact is that about 70% of all change initiatives fail.**

In our experience, the reason for most of those failures is that in their rush to change their organizations, managers end up immersing themselves in an alphabet soup of initiatives. They lose focus and become mesmerized by all the advice available in print and on-line about why companies should change, what they should try to accomplish, and how they should do it. This proliferation of recommendations often leads to muddle when change is attempted. The result is that most change efforts exert a heavy toll, both human and economic. To improve the odds of success, and to reduce the human carnage, it is imperative that executives understand the nature and process of corporate change much better. But even that is not enough. Leaders need to crack the code of change.

To Recap:

- Each medical organization is made up of official and unofficial departments and each department will have its individual perspective, needs and culture. Who is your customer? (Examine this carefully – you might be surprised.)
- Are there any consequences for not being willing to change? Is the culture really going to change, or is it just a lot of talk?
- Are those in control the ones talking about the vision? If the doctors own the practice and they don't truly believe in the change, neither will the staff.
- Is there a crisis? If you are in healthcare, whether you believe it or not, there is a crisis.
- Don't overwhelm the practice with initiatives, unless they are important and not just the flavor-of-the-month.
- Celebrate successes!