

Re-engineering changes to the healthcare industry

The US healthcare system is undergoing turbulent changes in its financing and delivery mechanisms as it seeks to improve quality, increase access and contain cost. The evolving system utilizes managed care to drive down costs and the formation of alliances to lessen competition.

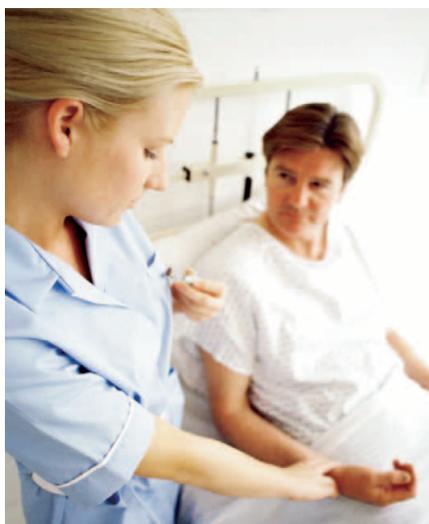
However, complexities in the system cannot be easily resolved by incremental efforts made to alter delivery. In fact, such minimal changes have led to the demise of hospitals and other healthcare facilities. To improve their market shares, organizations have engaged in integration and consolidation aimed at achieving economics of scale. Even these strategies have not placed them in better positions. Instead, more dramatic changes are needed for organizational success.

The solution lies in the use of the re-engineering concept coupled with a greater emphasis on the critical players of the organization to lead the transformational process. The most essential organizational component for effecting change is leadership. Healthcare leaders are responsible for making crucial decisions under intense pressure to cut costs and maintain quality. They must know what to do, when and how to make changes. To bring about successful changes within the organization, leaders must drive the change process.

Re-engineering and healthcare

Re-engineering began in the business industry and was defined by Michael Hammer and James Champy as “the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed”.

There are several reasons that re-engineering has failed to work for healthcare organizations. The primary cause is lack of leadership in dealing with work processes, performance measurement and skills requirements. In other words, without fully understanding what the re-engineering process really entails, demise is the ultimate result.



However, re-engineering can work in healthcare if it focuses on the methodologies about work, organizational purpose and performance. Strategies must understand the evolution of the industry and the effects of managed care. Furthermore, re-engineering cannot be viewed as a solution, or even an answer for all the problems in the system. Re-engineering represents the recognition of problems and outlines methodologies for resolving them.

An integrated step-by-step leadership process of re-engineering

Re-engineering occurs in a series of four steps, which can feed back into the first step, if necessary, with leaders conducting activities to aid that effort on a daily basis. Most importantly, leaders must initiate the re-engineering process and monitor its progress throughout. They must dedicate their energy, time, thinking, patience, hard work and commitment to achieve the desired results. Specifically, the leader's roles consist of the four Es: Examination, Establishment, Execution and Evaluation.

Examination

The thorough examination process begins from the inside out, but could be outside in. Leaders who are responsible for determining the most appropriate time to re-engineer conduct the process of internal and external examination. Leaders must be able to answer questions such as: What are the changes? Why must changes be made? Who is to make them? How are changes to be made? When should the changes take place? Categorically listing these questions and finding answers is part of the examination process:

- timing for the re-engineering process;
- market challenges and opportunities;
- organizational strengths and weaknesses;
- purpose of the organization;
- future direction of the organization; and
- outcomes of the organization.



the four Es process start all over again, with organizational leaders initiating a new cycle, beginning with a re-examination of the organization and environment.

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Successful re-engineering

In order for re-engineering to be successful and to effect meaningful changes in the organization, organizational leaders are a crucial component for they are responsible in bringing innovation and change to enhance their organizations. The four Es process is an integrated model describing leadership functions in each step of the changes made through the utilization of the re-engineering method. Leaders must utilize their skills and perform activities directed by the four Es process to result in performance improvements and productivity. Inadequate, ineffective, unskilled and incompetent leaders will result in the demise of re-engineering. Likewise, without the specific steps illustrated by the four Es, the re-engineering process will inevitably fail.

The key to success lies in leaders who immerse themselves in the re-engineering effort and communicate that energy throughout the organization.

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Establishment

A long-term plan is established to determine the direction of the organization as it deals with the complexities in the environment. This strategic plan is especially crucial to healthcare organizations and should illustrate precise instructions of all necessary activities. Whether to target all current processes or select only a few processes at a time, the decision is made based on the answers found in the examination step.

Establishing a plan should emphasize quality, customer satisfaction, cost effectiveness and improved work environment for employees. In addition to incorporating these aspects, establishing organizational value is also important to the process, so that every activity that does not add value to the organization is deleted and thus re-engineered:

- realistic goals, timeline and budget;
- focus on quality, cost effectiveness and customer satisfaction; and
- organizational culture and values.

Execution

Execution is hard work and requires the evolution of organizational culture and tested leadership capability. Here, teams are important and have significant responsibilities in communicating the process and co-ordinating all work effort. Furthermore, essential to maintaining harmonious and productive teams is the ability of organizational leaders to utilize their interpersonal skills to energize all

employees within the organization. Consequently, leadership strengths combined with stable staff will result in progress. Execution of the plan to re-engineer the healthcare organization encompasses leadership functions to educate, train, and motivate staff to bring the plan to fruition:

- allocate resources (financial, human, capital);
- redefine roles and responsibilities;
- manage conflict;
- educate, train managers and staff; and
- communicate and co-ordinate work efforts.

Evaluation

Evaluation is vital to the re-engineering process in two ways. First, it allows the organization to determine whether it has achieved the outcomes established in the original plan of action. Second, the result of multiple outcomes may be negative in nature. For instance, only concentrating on reducing cost may compromise employees' satisfaction. To ensure that only desired outcomes are produced, the key lies in appropriate leadership skills to effect change.

The evaluation step finalizes the first phase of the re-engineering process. However, re-engineering is not an end. Evaluation must continuously take place to encourage feedback of all adjustments made to the organization. In this way, if evaluation determines changes need to be made then