REQUIRED READING

"CREATING THE NEW AMERICAN HOSPITAL"
By V. Clayton Sherman
Jossey-Bass, San Francisco, 1993

Hundreds of hospitals have gone out of business in the past decade. We will lose more as competition becomes even more intense.

Why do hospitals fail?

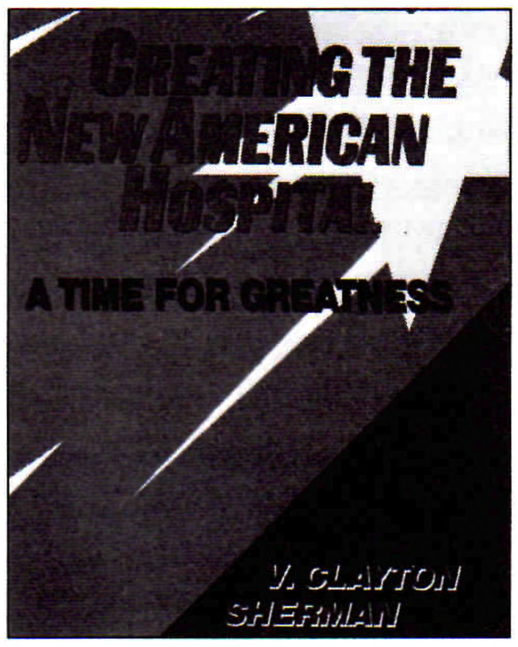
The conventional reasons chanted by hospital managers: reimbursement, regulation, business pressures, reimbursement, lack of physician support, rising costs, reimbursement, and all of the above.

Clayton Sherman's deduction, in his outstanding new book, strikes like a very heavy hammer: "Organizations fail because of poor management." Wham! The pain of the blow is in its accuracy.

Do you recognize the Walt Kelly deduction in Sherman's statement? "We have met the enemy and he is us." Hospitals fail because managers fail to make swift and effective changes in services and systems in response to the demands of an ever changing market place.

Sherman's book is not for the faint of heart. He pinpoints the problems with American hospitals and healthservice organizations with laser-like accuracy. "Hospitals do not meet new demands because they have not improved their basic capability to process change, structure new work relationships, and develop a coherent organization."

He believes that there isn't a "better motivated or harder working group" than the people who currently run America's hospitals. But he is firm in the fact that hospitals fail because of "...an obsolete approach to management." He feels that we don't need new managers, but managers who are willing to change.



The challange, according to Sherman, is to create a new kind of hospital, that must be "...cut from new cloth and will break the mold."

He urges a "New American Hospital" that is radically different and led by managers who support a new set of assumptions. The power in Sherman's book is the new set of assumptions.

The Sherman Assumptions

1. The customer is king.
2. Associates (employees) are empowered and have the brains to deliver what the customers require.
3. We must completely destroy the old "nonsystem" in favor of a new management machine .

The assumptions are exactly right. They may not seem bold or revolutionary until you reflect on the sad fact that the concept of customer and the word customer are not really embraced by many healthcare administrators or middle managers.

The New Leader

Sherman's philosophy is certainly in tune with this publication. He points out that good management (presumably, even good management embracing his assumptions) will not get the job done. He devotes a chapter to the need for new leadership. He contrasts the old order of administrators with a new model.

"In the old definition, the executive was the speaker from Mount Olympus, the order giver, the superior, the boss, and the power center. In the New American Hospital, the executive's job becomes that of listener, facilitator, integrator, servant and visionary. This strongly suggests some title changes."

And that leads me to a suggestion for Mr. Sherman. Why not dispense with health care administrator and use the term healthservice leader? It is a superior new title.

While on the subject of titles, Clayton Sherman makes the point that The New American Hospital is "...not a location or a physical place, but rather a set of beliefts and practices about how Customers should be served, how associates are utilized and motivated, and how the hospital should be managed." He extends this point to all healthservice organizations.

How To Create The New American HealthService

While Clayton Sherman's analysis of the problem is outstanding, he also delivers a wealth of how-to-do-it information. He describes successful management

"I am tempted to believe that what we call necessary institutions are no more than institutions to which we have become accustomed."
Alexis de Tocqueville

models from some of America's best companies and tells you how they can be applied in a health- service organization. In subsequent chapters he details how to motivate your people, deliver superior service, master quality improvement, create a streamlined management system, work the system, and how to lead the associates.

It is clear that Sherman is most comfortable with the business of making change happen. Fortunate for us in view of Mages Law #102: Resistance to change is the greatest force in the world.

He provides guidance on preparing an organization for change, implementing change, accelerating the change process, and recognizing and reinforcing your associates to sustain the change.

Management Malpractice

I like Sherman's language. He feels that every manager must produce results in Key Result Areas (KRA). "To fail to produce results in any of these areas, whether as an individual manager or a management team, is to participate in ***management malpractice."***

Sherman's KRA's:

1. Customer satisfaction
2. Quality
3. People Growth
4. Organizational Climate
5. Innovation
6. Productivity
7. Economics

The reader must take care to notice the order of the list. In most healthservices the list would be inverted.

The Sherman KRA list is a wonderful model. Although I know it is implied, I would add **Personal Leadership** to the list. In a service business the people are the product. I learned an important lesson in Army infantry training: you don't manage people into battle, you lead them; you don't send people into battle, you must take them.

Clay Sherman offers an extremely valuable list of KRA Goals and Measures in Chapter Two that will excite managers with the right stuff and will strike fear deep within the hearts of the others.

On this point Sherman is of a mind to keep the good ones and get rid of the others. He attacks another established convention in the old healthcare order: we have tolerated managers and employees who did not deliver on customer service, support change, contribute to the team or live the values. We did this because they were good technically. In the healthcare world, if you were good technically you could get away with murder as a manager. I've misused the past tense, the practice continues.

V. Clayton Sherman

Sherman urges us to remove managers at the beginning of the trip toward a New American Hospital. He wants us to give them every chance to learn as we prep for change and if, to use Sherman's words, they "...do not have the inclination, talent or willingness to learn they should be removed." In his experience this will be between 5% and 10% of your managers.

Notes and Quotes

You can feel the spirit of a book by noting the author's choice of quotes.

He quotes Samuel Johnson. "Nothing will ever be attempted if all possible objections must first be overcome."

He quotes MacDonald's founder Ray Krock. "None of us is as smart as all of us."

And the 20th Century's greatest leader, Winston Churchill who had a standard opening for his memos. "Action. This day."

Sherman also describes a creative step taken by one hospital president. The pres took the title of Chief Servant. Said the chief, who feels his primary role is to serve: "It created a very interesting problem for my vice presidents. They couldn't figure out how they could be called a vice president reporting to a Chief Servant." Find him. Clone him.

Reading Clayton Sherman's book should be a condition of employment for all healthservice managers. Action. This day.

V. Clayton Sherman

The author is the founder of Management House, Inverness, Illinois.He received an Ed.D. degree in 1975 from Western Michigan University. He served as director of human resources for Upjohn Healthcare Services, with responsibility for 70,000 personnel, prior to developing his consulting business.