Healthcare is steeped in the scientific method tradition. Placebo controlled double blinded studies are front and center of evidenced based medicine. But research has lagged far behind in management science. Very little evidence exists for the best management practices in healthcare. This has left a void which has been filled with a soup de jour of management practices most of which are ineffective. My study of now 167 organizations around the world has identified a universal flaw. Healthcare is stuck in 20th century management system. The same system that bankrupted GM. It is characterized by top down management practices that smother the people that could actually change the system. The people that do the work every day, nurses, technicians, etc. have the answers to the problems but the antiquated management system does not allow front line workers to address problems and solve them.

A few bold organizations are pushing back on 20th century management. UMass Memorial Health Care has come back from the brink of financial disaster (3) by applying a management approach first introduced by Toyota. It is working. Cost and quality has significantly improved. In the past two years since starting the program, management has instituted over 20,000 ideas from the front line staff which has helped reduced cost per patient day by 2–5% at its four hospitals while improving quality in both outpatient and inpatient areas. Major improvements have occurred at San Francisco General Hospital as well as others (4). The difference is a management approach that begins with defining a set of competencies for managers and executives based on a set of principles.

For example, one of the competencies I see in the successful management approach is a daily "status sheet" (5). Middle managers have a dialogue each day with front team leaders. This involves a set of questions that are open ended and intended to uncover the problems the front line workers are experiencing. For example, the morning "status sheet" at San Francisco General Hospital is a dialogue between the middle manager and the nursing lead. The conversation is scripted by standard work and includes questions related to the most important potential problems nurses may encounter that day. This could include a discussion regarding patients at risk for falls that day, or the disposition of a frail elderly patient. This management competency is based on a fundamental principle of respect for every individual. The middle manager respects the opinion and knowledge of the front line worker to identify and solve problems. By handing the power to the front line worker to solve problems the manager empowers her team members. She also unleashes the creativity of the team. Imagine the impact of unleashing the creativity of the millions of healthcare workers who care for patients in the U.S.

Each level of management has a different role to play. The middle managers work directly with front staff to assure they have the tools, training and environment to do meaningful work and solve problems. Whereas senior management plays a much different role. The competency required at this level is to assure clarity. A second important principle of the management system is defining purpose. Senior management must identify the most important metrics. These metrics guide the organization and are True North. It’s not 100 indicators – like I observed in a hospital recently. It is the handful of metrics that make it clear to staff what leaders believe is important for the organization. These measures must matter to staff and patients. For example, the one thing caregivers should not do is cause preventable harm to a patient. If there is evidence this is occurring (in most places there is), a measure such as Hospital Acquired Infections would be appropriate for True North.

At the same time senior management needs to articulate the strategic direction of the organization. When I was CEO, we had 33 strategies which drove 150 initiatives. That’s too many. We whittled away at them over a few months and got our key breakthrough strategies down to four. Defining the purpose for the caregiving team is the important work of senior management. One hundred and fifty initiatives fills their plate up to the point there is no bandwidth for continuous improvement. Staff are too busy managing senior management’s initiatives instead of adding value for patients.

Two more principles in the new management system include building in quality at the source and focusing on process. We do not have bad people in healthcare; we have bad processes. Leaders must relinquish control to workers to design new processes. Caregivers will not be able to do it without some help. Establishing a system of help is important for them to be successful. Most organizations are doing this by creating a central improvement office. The expertise to facilitate radical care redesign is housed in this department. The role of these facilitators is not to solve problems, but to teach staff how to do it themselves. For example, the team at Palo Alto Medical Foundation completely redesigned ambulatory care. They opted to first transform half of the operation, comprising the 50-physician primary care clinic in Fremont, California.

Cross-functional teams – including doctors, assistants, nurses, patients, and administrative staff – began redesigning the workflow and offices in late 2011. Specifically, they wanted to know if they could simultaneously improve service to their patients – measured by better outcomes – cut waiting time, and create better
work flow in order to take some of the pressure off of their often overworked staff. The details of their work have been reported elsewhere (6). Some of the elements of the work are elimination of physician offices in lieu of co-location of the physician and medical assistant. That team meets each morning to huddle and create an agenda for the day that allows for smooth patient flow. In addition, back up teams step in if flow stoppages are happening. These changes led to PAMF being rated by Consumer Reports in 2014 as one of the best performing medical groups in the Bay Area and all of California (7). But maybe even more importantly, doctors at the clinic got out on time each day improving their work life balance.

The science of management woefully lags behind the science of clinical medicine. But with the multitude of emerging case studies throughout North America it is clear there is a better way to manage healthcare. It is important that the research community recognizes healthcare management is every bit as important as clinical medicine for research. In fact, it may be the most important research area from a patient safety standpoint. But until this research is done, forward looking organizations like the ones mentioned above will be pulling the healthcare industry into the 21st century.

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