

Leading the health care enterprise in uncertain times

Seismic shifts in the environment

The current recession has created a perfect storm of pressure on the nation's already stressed health care system. Decreased access to capital, flattening Medicaid reimbursement, a rise in charity care, a decline in inpatient volumes as well as outpatient activity, and a steep drop in investment and philanthropic income headline the challenges faced by hospitals, health systems and academic medical centers (whose research and educational missions are also being sorely tested). Physicians cope with shrinking availability of hospital resources and lower practice compensation. Patients are postponing elective surgeries. Capital spending is in the deep freeze. Medical education suffers from a shortage of teachers and a reduction of funding from virtually every source, even as new medical schools come online in an effort to stem a widely predicted physician shortage. Research funding is evaporating. Volume and reimbursement are down across the entire system, and more patients are less likely to pay. Health care employees see diminishing resources and fear job loss. In short, there is less of *everything*.

Flight or fight?

When scarcity rules, it can be difficult to recognize opportunity for organizational transformation when the choices feel paralyzing: how do you cut costs while preserving long-term stability and competitive advantage? How do you manage the balance sheet while upholding quality of care and patient safety standards? How can you strengthen operating performance with diminishing resources? How do you sustain morale when fear seems legitimate?

While cost-cutting will be unavoidable, CFAR also believes that the scale and complexity of management challenges faced by today's health care leaders offer an unprecedented opportunity, perhaps even an imperative, for organizational renewal. Our approach—which blends business analytics with social science insight—"changes the game." We help our health care clients leverage instances of fracture to make strategic choices that contain costs while improving performance, flexibility and efficiency, and enable leaders to steward core values and advance mission at the same time. We understand organizations as social systems, so we reframe the present challenge as an opportunity to engage employees and other stakeholders in ways that make them part of the solution, rather than the cause of the problem. The net organizational result is resilience, coherence and sustainable quality improvement—and a more powerful enterprise built for the long haul.

Proven methods for lasting results

CFAR offers health care organizations distinctive methods and experience that deliver results in three key areas central to effective management in conditions of recession—strategy, change, and collaboration:

Telling the Strategy Story—making smart choices for the future

We help organizations assess options and focus on core assets when capital is in short supply. Because we deeply understand the business of health care and today's marketplace, and what motivates people in an organization, we help clients clarify strategic choices in both quantitative and organizational terms. We use several tools—including Strategic Options[®] and Backcasting[®]—that allow clients to understand and make choices, plot the steps needed to reach goals and design sustainable action plans. Our approach to developing strategy allows employees to see their role in enacting strategy, thus deepening their engagement in the organization's strategic responses to market forces.

Campaign Approach to Change[®]—getting it done

The same economic pressure that drives the need to reduce costs can also create the opportunity to make changes that improve productivity—and to build a climate that stimulates innovation. In tough times, there is a tendency to “hunker down” and pull in the reins at the very time staff and managers need reassurance that leaders have their hands on the tiller: in this moment is an chance for leaders to create a compelling strategic theme for navigating rough water that engages employees in realistic and appropriate ways. CFAR's approach to change initiatives engages employees directly around activities that support new direction, and helps leaders create “pull” for the needed changes. CFAR's method also builds structures that allow change to spread and stick. The result is faster improvement, more effective results, and the skills to transform again when the future demands it. As part of this method CFAR offers a customized workshop that helps leaders set clear goals and develop sustainable action plans to implement needed change.

Collaboration—effective teamwork

Effective teamwork is essential for efficiency and quality of care in the best of times. In the current environment, the stakes are even higher around the thoughtful use of people, knowledge and skills across the multiple disciplines and points of view involved in the delivery of care. This is particularly true in an environment that demands creative partnering and alliance-building to support integration, innovation and efficient use of limited resources. When the pressure is high, people naturally retreat to their “trenches,” but CFAR's approach to collaboration pulls people together, creating connection rather than division, thus generating more value from the same resource pool.

Crisis contains opportunity

The urgent can easily crowd out the important in today's environment, and many health care leaders are inclined to count heads and retract through deep layoffs and sweeping cost-cutting as they seek ways to slow financial hemorrhage. However, this kind of “flight to safety” can be profoundly demoralizing for employees who remain—thus negatively impacting performance, quality and trust—and can create a serious ‘brain drain’ that eventually will cost more to correct than it saved in the moment. The cultural loss that can result from such strategies can be deeply corrosive to an organization's long-term stability and competitive advantage.

We know that the white water conditions of today's health care marketplace will not allow leaders to adopt a ‘wait and see’ attitude. Organizations that embrace transformation in the face of change will emerge with renewed market strength and enjoy long-term competitive advantage.

We invite you to learn more about CFAR's capabilities and point of view in materials available on our website, www.cfar.com.