

Chapter 2

Leadership and Governance

Abstract Healthcare organizations such as medical practices, clinics, and hospitals operate with a set of principles or foundation blocks. These principles are normally part of the vision and mission statements of a company. The mission and vision chart the course of action in day-to-day operations and future business planning and development. Leadership is then called upon to implement these principles and guide your organization to be successful in its mission. Strong leadership in any business setting is critical to the success of that organization. These leaders will perform their functions in different leadership styles, but all leaders need to learn how to be good. Some may argue that some leaders are born and some leaders are created. In reality, this is a mixture of both, but in any case, all good leaders need to learn the fundamentals of leadership and then continually educate themselves and learn from experiences to be a better leader in the future. John F. Kennedy once said, “Leadership and learning are indispensable to each other.” Governance is how the leadership and the company are organized. There are different types of governance structure, depending on the size and type of organization. Hospital systems will have a board of directors as their governance, while a small medical practice may just have the physician as the president of the company and a less structured governance system. The governance team, the mission and vision of the hospital, and the leadership team must all be in sync together to be a successful organization.

Leadership Versus Management

Leadership is the ability to create an environment based on guidance, respect, and empowerment of the people to act consistently in the direction of the mission of the organization. Leadership deals more with influencing, motivating, and enabling others to be successful in the organization. Leaders have followers. Leaders are more of the charismatic or transformational style where they coach, mentor, and enable their people for success.

Table 2.1 Leadership role types in healthcare

Organization type	Sample positions
Physician practice	Physician president
	Practice manager
	Office coordinator
	Billing supervisor
Clinic or outpatient center	Chief administrative officer
	Human resources manager
	Director of admissions
	Supervisor of housekeeping
Hospital or healthcare system	President/CEO
	Chief medical officer
	Chief nursing officer
	Vice president
	Director of pharmacy
	Supervisor of maintenance

Management is the coordination and oversight of the business division or task in order to accomplish desired goals and outcomes of an organization. Management deals with directing and controlling individuals or groups to accomplish goals. They focus more on goals, structure, and human resources. Managers have subordinates. Managers use more of an authoritative or transactional style, where they tell the people what to do and how to do it.

The definitions of leadership and management are very similar yet are also very different. They are both driving individuals to desired results, but their approach to the accomplishment is different. If you are in an administrator’s position, are you a leader or manager or both? The difference between managers and leaders is philosophical. It can be said that managers manage processes and leaders lead people. In other words, a manager is a person who achieves their desired results by working through people in more of a bureaucratic approach. Leaders work with their employees and coworkers by encouraging communication and feedback to accomplish their goals. This text will focus on the leadership model that is needed in healthcare.

Leadership

Leaders can play many roles in the organization. They are put in positions of authority in the organization to lead the people to carry out the mission. They not only ensure that patients receive adequate and high-quality care, they must assure that this care is appropriate, timely, and effective, while meeting the financial goals and mission of their organization. There are many different kinds of roles in management. They can vary from company to company, from industry to industry, and are also dependent on the size and the corporate structure as well. Some different roles and leadership are displayed in Table 2.1.

Physician Leadership

Over time, there has been a transformation in the leadership of healthcare systems from nonphysician leaders to physician leaders. Traditionally, in smaller operations such as medical clinics and physician offices, the physician has always been the top-ranking administrator in their office, and they had a very limited formal management structure. In a larger, hospital-type atmosphere, administrators have mainly been people with healthcare and/or business-type backgrounds. The typical hospital administrator would have been someone with a healthcare background that pursued educational goals of a Master of Business Administration or a Master of Nursing and then moved up the ranks. Over time, there has been an increase in physicians becoming administrators in hospitals and other types of healthcare businesses. Examples of this include physician CEO's of major institutions such as the Cleveland Clinic, Duke Medical System, or UCLA Health System. Physicians are filling positions such as the CEO, COO, vice president's, and department leaders in hospitals. This trend has increased in proportion to the movement of physician employment from independent physician to employed physicians.

Physician Leadership Skills

Physicians go through many years of school, residency, and internships before they are able to practice medicine. During all this training, the focus is in medical training in order to care for a patient in their discipline. There has never been a traditional focus on training in skills needed for business and hospital administration. Physicians may depend on outside consultants such as accountants, attorneys, and business managers who they hire to operate their practices. This philosophy has changed over time to where the physician needs to learn and use business administration skills in any type of practice or employment that they enter into. Physicians can now be tasked with the financial analysis of the business, the understanding and use of contracts, managed care, and growing a business if they are in administrative positions.

Non-physician Leadership Skills

Many current administrators of hospitals, medical practices, and clinics have been either people who have started out as nurses or some type of technician and have moved up through the ranks of the company into management positions or individuals who have focused their education on Masters Programs of Health and Hospital Administration and have moved straight into an administrative role. While many of these people seem to be educated in healthcare and/or business, additional skills and training are needed for them to be successful in today's world of healthcare. A nurse or a respiratory technician who moves up to an administrative level may not know

how to look at an income statement or balance sheet in order to give a financial assessment of the company. They may not know how to formulate a business plan in order to grow the business. These skills are normally learned through additional schooling, on-the-job training, or self-growth.

Leadership: Functions, Traits, Skills, and Actions

Leadership can mean many things to many people. Good leaders are individuals who believe in themselves and others as well. Leaders tend to create environments where people can use their talents and strengths to promote a productive working environment. A good leadership environment is one where there is cooperation among individuals, groups, and organizations.

Functions

Some leadership functions are as follows:

Planning—This is a function of any management style. It requires the leader to review the mission, vision and goals of the company and form a strategic plan of how to achieve those goals. It is accomplished by setting priorities, targets, and a timeline.

Organizing—This function involves coordinating and orchestrating all resources of the organization, including people, plants, property, and equipment. It also involves the determination of positions, teams, relationships, and scopes of responsibility.

Decision-making—This is a critical function that seems basic but can be difficult for many people. People must be able to make wise decisions in order not to impede operations of the company. They will need to make decisions based on facts, vision, and observations in a timely manner.

Control—The leader must monitor the operations of the business and keep them in line with budgetary and strategic initiatives. The leader must realign the workforce in organizations when strategic alignment is out of place. A good leader also holds his people accountable for their actions and the results of their job.

Traits

Leaders are said to have good traits or bad traits in regard to managing and leading people. The following are a list of what can be considered good traits and another list of not-so-good or bad traits:

Good and bad leadership traits	
<i>Good traits</i>	<i>Bad traits</i>
Inspirational	Incompetent
Ambitious	Rigid
Loyal	Insensitive
Transparent	Callous
Committed	Corrupt
Decisive	Temperamental
Energetic	Overreactive
Selfless	Rude
Humble	Lazy
Proud	Indecisive
Enthusiastic	Selfish
Humorous	Forceful
Consciousness	Offensive
Self-assured	Intimidating
Dominant	Overbearing

Skills

The following are skills that are necessary for a good leader. Many of these skills can be taught and acquired by leaders through training, education, and experience:

Communication	Business administration
Listening	Negotiation
Motivation	Conceptual
Interpersonal	Persuading
Coaching, mentoring, and training	Evaluation
Team building	Counseling
Relationship building	Leading by example
Development	Organization
Planning	Delegation
Decision-making	

Do's and Don'ts

Actions speak louder than words and your employees recognize this. The following is a list of some good actions and some bad actions presented by leaders:

Do's:

Always treat others as you want to be treated yourself.
Be loyal to your team and your organization.

Research and think before you make a decision.
Be respectful above and below you, as well as outside of you.
Lead with honor and respect.
Do the right action as opposed to the easy wrong one.
Lead by example.
Build relationships in both your area and outside areas.
Keep an open line of communication.
Always be transparent.
Empower your people.
Remember that democracy always rules.

Don'ts:

Don't be disrespectful.
Don't be overreactive.
Don't make decisions out of haste.
Don't speak in language that is unbecoming, unprofessional, and uncharacteristic of a leader.
Don't forget where you came from.
Don't fear in making decisions.
Don't intimidate or put fear in your people.
Don't humiliate people.
Don't push your blame on others.

Everyone has been asked at some point what type of leadership style they have or what type of leader they are. There are different leadership styles, from autocratic to participatory to coaching. Table 2.2 displays some of the more popular leadership styles and definitions.

Leadership Styles

Governance

Governance can be defined as the system in which the organization or corporation is directed and controlled. It defines who is in charge of the organization, the mission and vision, and delineates the organizational structure including the levels of authority and responsibility. The size and scope of the governance body vary by the type and size of an organization. Generally the size of most boards will be between 6 and 12 people and is composed of members from within and outside of the organization. A small physician's office probably will not have a board of directors, but as corporations grow in size and complexity, there becomes a need to establish some type of board for control of the organization. For-profit organizations will have a board of directors that are made up of owners of the corporation and sometimes

Table 2.2 Leadership styles

Leadership style	Definition
Autocratic	A style in which the leader makes all decisions without any input from his staff. They possess total authority and use their power to force their substituents to complete their tasks. This style is most effective when the employees have close supervision
Laissez-faire	The laissez-faire type of leadership is one in which the leader gives very little feedback to the employees. It works well where the employees do not need much supervision and require very little input from the actual leader
Participative/democratic	This style is one where the leader values the input from their employees and uses input to make decisions. This is quite effective in boosting the morale of employees since they are part of the decision process. Changes are more easily accepted with this style due to the level of employee involvement
Transactional	In this style there is a reward for completion of a goal. Employees are given rewards or punishments based on the outcome of a task. The manager sets the goals with the employees, reviews their performances, and then decides on the reward or punishment
Transformational	The style of leadership is one in which the leader coaches and mentors his employees to make them better performers and better managers. Employees are motivated through good communication and positive coaching from the leader. This is effective when the leader is planning for future leaders or their eventual replacement
Charismatic	This type of leadership is one in which the leader uses their personality and charm to motivate and encourage employees to complete their tasks. The leader normally uses a lot of enthusiasm and positive feedback to direct their employees to success

non-owners of the corporation. Not-for-profit companies will have the board of trustees made up of individuals from the community along with the CEO of the organization.

Establishment of Mission, Vision, and Goals

The mission, vision, and goals of the organization define the reason the business exists, the direction the business wants to go, and the roles of key players who will accomplish these goals.

Mission—The mission is your statement that defines your existence. This statement reflects the beliefs about life, patients, practice, employees, and business objectives.

It serves as a guide to carry on business in a way defined by the core principles of the governance of the hospital. It should include some of the following:

Customers: Who are our customers?

Products or services: What are our products or services?

Markets: In what areas do we compete?

Concern for survival, growth, and profitability: What is our commitment toward economic strength and survivability?

Philosophy: What are our core beliefs, business philosophy, and values?

Concern for public image: What is our image in the community?

Concern for employees: What are our beliefs toward employees?

The mission statement can be very complex or very short. Here are a couple examples of mission statements:

The Ohio State University Wexner Medical Center: “to improve people’s lives through innovation in research, education and patient care” (Medicalcenter.osu.edu 2013).

Akron Children’s Hospital: “Akron Children’s Hospital is dedicated to providing:

- Medical care to infants, children, adolescents and burn victims of all ages, regardless of ability to pay.
- Multi-level professional education for residents and students of medicine, nursing, and the various allied health professions.
- Basic and clinical research into the causes, treatment and cure of childhood illness and injury and burn injury.
- Community service intended to improve health status through lay education.
- Child and family advocacy efforts to improve the status of children and adolescents in our region of service.
- Continuing medical education to facilitate and encourage the process of lifelong learning for physicians and other health care providers involved in the care of children” (Akronchildrens.org 2013).

Duke University Hospital: “To provide exceptional and innovative care to patients, families, and the community through the finest integration of clinical care, education, and research while respecting the needs of the human spirit” (Dukehealth.org 2013).

Vision

The vision statement is a view of the company looking at where it wants to operate in the world and how it will operate. This should be a clear statement that is motivating and inspiring to those who read it and should convey the direction of the

organization. The value of the statement is to provide high-level direction that the company will live by. It further defines your vision and mission and reflects the values of your organization. Some of the headings of the high statements include integrity, trust, ethics, quality, respect, healing, excellence, and teamwork.

Some examples of company's visions are:

The Ohio State University Wexner Medical Center: "working as a team, we will shape the future of medicine by creating, disseminating and applying new knowledge, and by personalizing health care to meet the needs of each individual" (Medicalcenter.osu.edu 2013).

Ann & Robert H. Lurie Children's Hospital of Chicago: "We are guided by the belief that all children need to grow up in a protective and nurturing environment where each child is given the opportunity to reach their full potential. We believe this vision can provide a brighter future for all children." "Our vision is inspired by the courage of children and families. It is sustained by the extraordinary contributions of compassionate, knowledgeable and dedicated staff and volunteers, and built from our tradition of providing unsurpassed health care for children dating back to 1882" (Luriechildrens.org 2013).

Duke University Hospital: "To be the recognized leader in patient and family-centered care, providing the finest environment for clinical education, improving the health of our community through clinical research, collaborative work culture that brings out the best in each of us, and supporting and investing in our community" (Dukehealth.org 2013).

Goals—Goals set by the governance of a health provider are tangible, well-thought-out strategic goals that your organization wishes to accomplish. A couple of goals could be:

- Perform financially to have 4 % operating margin.
- Use state-of-the-art medical technology to treat patients in the community.
- Coordinate comprehensive medical social services for the life of our patients.
- Maintain active partnerships with community and government services.

Governance Structure—The governance structure of an organization includes the bylaws of the organization and the structure of the authority in the organization. The bylaws of the company are the rules by which it operates as a business. These include both business and medical rules of operation for the business. The structure of authority in the organization is normally demonstrated by an organizational chart. Organizational charts start at the top with the board of trustees or board of directors and step down to the CEO and/or president at the second level of the chart. The next level of the chart will be the COO, CFO, and CMO. Following the third level of the chart is normally the vice president of the organization and then a split out of their divisions and subordinates in the next levels down. Below is a sample organization chart (Fig. 2.1).

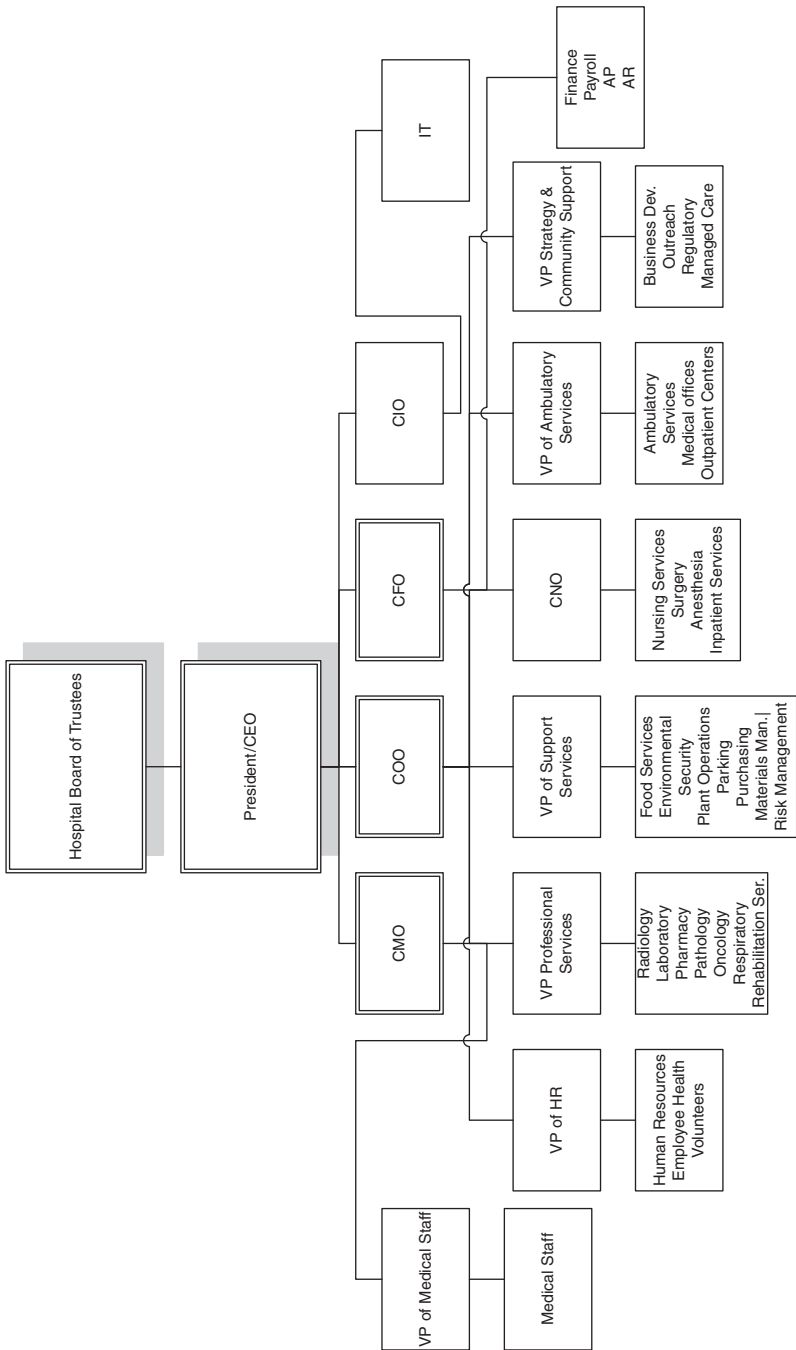


Fig. 2.1 Sample organization chart

Titles

There can be many different titles of administrators in the hospital, doctor's office, or other business. Below are some titles with their definitions:

Chairman of the board—The highest officer of the corporate board of directors or board of trustees.

Chief executive officer (CEO)—The top-ranking position in the company. The CEO can also hold the title of president.

President—Legally recognized highest corporate officer of the firm. If a company has both a CEO and a president, then the president will be the second highest-ranking officer in the organization.

Chief operating officer (COO)—This person answers directly to the CEO of the organization and is responsible for the overall operations of the business.

Chief financial officer (CFO)—This individual also answers directly to the CEO of the organization and is responsible for the corporate finances of the company.

Chief medical officer (CMO)—Answers to the CEO of the organization and is responsible for the medical staff of physicians in the organization.

Chief information officer (CIO)—Individual responsible for the information technology and all related operations.

Chief medical information officer (CMIO)—Individual responsible for the information technology dealing with any medical information and data in the hospital including electrical medical records.

Chief compliance officer (CCO)—Corporate official in charge of overseeing the management of compliance with issues within an organization.

Chief nursing officer (CNO)—individual responsible for all divisions within the hospital in which nursing is involved, normally answers to the COO.

VP—Middle or upper manager of the corporation, normally answers directly to the COO, CFO, or CMO and is normally responsible for a range of departments in the organization.

Director—Individual that has different departments of an organization, such as the director of nursing.

There are many other titles, terms, and acronyms used in business than those mentioned here. The majority of the upper-level management positions are normally included in these titles. One should be familiar with these different titles and their duties in order to properly operate in an organization.

The goal of this chapter was to define the leadership and governance as it may appear in different types of organizations. All businesses need leaders and structure in order to be successful, to be compliant with authorities, and to complete the

purpose the business was created for. This chapter has laid the groundwork of how organizations are set up, operated, and managed. The balance of the text will be introducing knowledge, tools, skills, and explanations of how a physician or a non-physician can operate in an administrative position in a healthcare setting. Some of these tools will be financial such as the financial statements of the organization, while some will be explanations and descriptions of different pieces and parts of the healthcare business such as insurance, managed care, and the future of healthcare in the country.

Further Reading

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