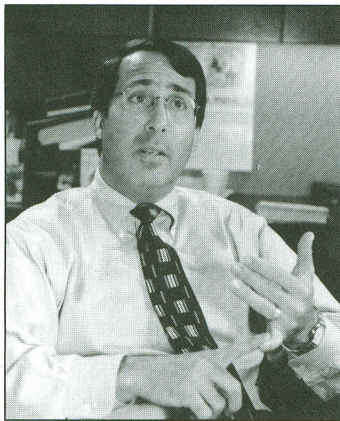


# Issues & Initiatives

Issues & Initiatives is a series of activities providing employees information about current health care issues and Lehigh Valley Hospital / Lehigh Valley Health Network initiatives.

AUGUST 1995

## *Issue:* *A New Way to Work*



We're all familiar — more or less — with the traditional organizational chart that describes how work gets done and decisions get made. In a hospital, it has typically started at the top with the board of directors and the CEO, and ended at the bottom with the people who do

the work — directly or indirectly — of patient care. This classic structure worked fine in the past, but the current and future health care environments have different requirements for success.

The “old way” of doing business has its “up” side. It's familiar, easy to manage, easy to budget for. Roles are clear: I have my job, you have yours. It puts us all in compartments and that's all very neat and tidy, very “functional.” But it has its “down” side, too. A focus on “customer” or patient expectations takes a back seat to organizational efficiency. It's a model that can't adapt to change easily or quickly. It's slow to make decisions and take action simply because there are so many layers to navigate from top to bottom. It builds walls between people and closes doors to creativity, innovation and flexibility. It's the “silo” mentality, the vertical organization at its best. Or worst. Lehigh Valley Hospital is proud to have capable, committed managers. It's the structure that needs to change.

As we all know by now, what the old way of doing business doesn't do is precisely what is needed in health care today. Enter patient centered care, where customer needs come first, decision making is swift, work processes happen faster, people are multi-skilled. Patient centered care

breaks down barriers and bridges gaps. It's organized around process, not function. It's horizontal — crossing several traditional departmental lines — not vertical. And it's working. It's time for the rest of us to follow suit.

What does the creation of a horizontal organization mean? It means creating a flatter structure, reducing the number of layers between the patient and top management, increasing the span of control for those in newly defined manager roles while decreasing their actual number, and empowering those directly involved in patient care to act in their customers' behalf.

Those in business and industry who have been at this a lot longer than we tell us that business processes (as opposed to “functions”) cannot flourish in an organizational structure that is subdivided along functional lines. It's somewhat like mixing oil and water: they blend only temporarily, and then only if you constantly shake the container. That's wasted energy that could better be spent on patient care.

Bottom line: We need more people directly involved in patient care, and fewer people managing that work and those workers. The “new” manager manages processes, not people, and as more and more of our processes cross departmental lines, we need to restructure our management to make sure that happens. The result: a leaner, less top-heavy organization; a more skilled and responsible work force; and a more satisfied customer.

Lou Liebhaber

**LEHIGH VALLEY**  
HOSPITAL



# Initiative: Management Restructuring

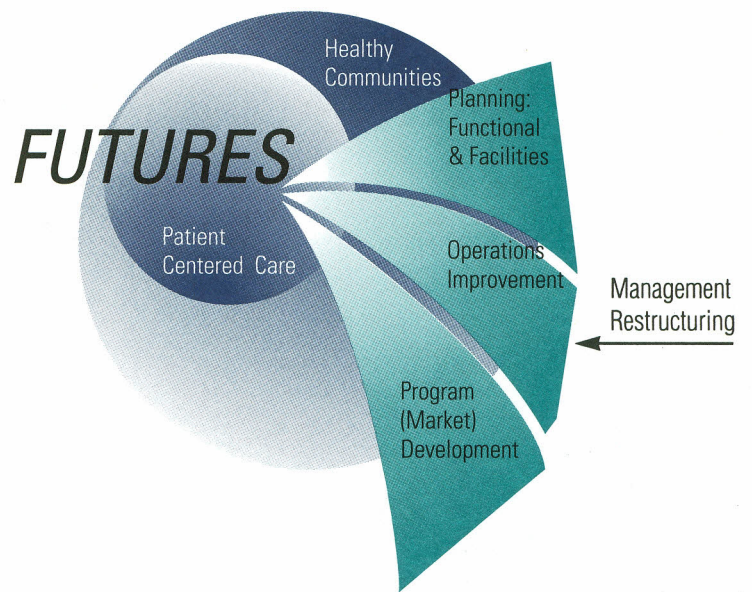
There are no two ways about it: These are difficult times. We know we must reduce our costs while maintaining our same high level of quality. We've been doing that, and doing it well. But hard as we've been working at that, we must work harder, because our competitors are doing the same, and doing it better.

We've made the easy cuts, as well as some harder ones. Now it gets tough. Now we have to fundamentally rethink how we work if we are to reduce our costs further. That involves moving from a functional organization to a process-driven one, and that requires management restructuring.

We've determined that we must reduce our management costs by \$2 million annually. That translates to a reduction of 40-50 positions. Some of that goal has already been achieved, with the restructuring that has taken place in nursing management, the laboratory redesign and various operations improvement activities. More needs to be done, however, and teams of individuals in senior management are conducting an organized review, with staff involvement, to be completed by mid-September.

It's a matter of survival. Despite our work to reduce costs, when you examine our cost structure relative to the market, we are not making a lot of progress. If we don't take heed, the competition will simply eat our lunch. But beyond surviving, we want to succeed in the new world of health care, and that success will be characterized by greater accountability of the front line of patient care, a largely self-managed work force and a strong management team that has acquired new skills and roles.

It will be an ongoing effort. There will be no "Black Friday" of layoffs and pink slips. As we are becoming a process organization, so will this be a process of redefining work and roles and skills and talents together. There will be several possible outcomes for affected individuals: a new, redefined management role; a project management responsibility for a defined period; job training along a different career path; a return to direct patient care; or a transitioning out of Lehigh Valley Hospital and Health Network. In the latter case, our historical commitment to respect and support affected individuals remains firm and includes ample lead times, training and counseling. But whatever the outcome, we'll all benefit from our shared efforts to build careers and support transitions.



Employee involvement must extend beyond the management ranks. Over the next year, the efforts, energy and sacrifices of all LVHN employees will be shared to help us achieve the \$20 million operations improvement target. And if our collective aim is true, we'll celebrate our success together.

These are tough times that require difficult decisions. And we all must choose. Management consultant Peter Block in his 1990 book "The Empowered Manager" wrote, "We choose between maintenance and greatness, between caution and courage, between dependency and autonomy." I think the choice is clear, even though it's not easy. In the end, what we create together is a health care system that can thrive in the future.