



American College of  
Healthcare Executives  
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Fellow of the American College of Healthcare Executives

## ***Becoming Board Certified in Healthcare Management and a Fellow of the American College of Healthcare Executives***

**Knowledge Area Covered in the Board of Governor's Exam:**

# **Management and Leadership**



**ACHE - SouthEastTexasChapter**

*An Independent Chapter of the American College of Healthcare Executives*

# Management and Leadership

## Introduction

This topic covers general management principles, planning, organizing, directing, and controlling in addressing overall organizational objectives.

26 questions (13%) from this specific knowledge area will be asked on the Board of Governor's Exam related to the following:

- Knowledge of implementation planning
- Knowledge of contingency planning
- Knowledge of organizational (systems) theory and structuring
- Knowledge of management functions
- Knowledge of leadership styles/techniques
- Knowledge of mediation, negotiation, and dispute resolution techniques

## Learning Objectives

- Management Functions and Decision Making
- Managers Managing and Leaders Leading
- “Organization” within an Organization
- Strategic and Operational Planning
- Contingency Planning in Health Services Organizations
- Managers as Negotiators
- Non-judicial Means of Resolving Disputes

## Learning Objective:

### 1. **Management Functions and Decision Making**

(five management functions of planning, organizing, controlling, directing and staffing are brought to life and connected by decision making, which is itself a subset of the essential process for managers that is known as problem solving)

## Learning Objective:

### **1. Management Functions and Decision Making**

A few Definitions to get us started...

#### Planning

- The process of making resource-allocation decisions about the future, particularly the process of involving organizational associates and selecting among alternative courses of action

#### Organizing

- A scheme or method of acting, doing, proceeding or making. Developed in advance

## Learning Objective:

### 1. **Management Functions and Decision Making** continued.....

#### Controlling

- to exercise restraint or direction over; dominate; command.

#### Directing

- to manage or conduct the affairs of; regulate. To cause to move toward a goal; aim.

#### Staffing

- to provide with workers, people or resources

## Learning Objective:

### **1. Management Functions and Decision Making** continued.....

#### Decision making

- the cognitive process of reaching a decision



## Learning Objective:

### 1. **Management Functions and Decision Making** continued.....

- Managers must use specific skills and show that they possess a number of competencies
- Performance of management functions and the decision making of problem solving should be evaluated using explicit and measurable criteria

## Learning Objective:

### **2. Managers Managing and Leaders Leading**

(based on a view that managing is more caretaking and maintaining status quo (transactional) whereas leading is more visionary and dynamic (transformational; successful managers integrate roles that include interpersonal, informational and decisional and are likely to engage in them without making a clear distinction; leaders are able to exercise leadership behavior that influences followers' behavior to achieve objectives because they have authority or power)

## Learning Objective:

### **2. Managers Managing and Leaders Leading continued.....**

One definition of Leadership:

Vision, Structure, People with “People” being the  
single most important aspect

## Learning Objective:

### 2. **Managers Managing and Leaders Leading** continued.....

- Leaders
  - Able to influence followers' behavior to achieve objectives because they have authority or power
  - Sources of power
    - » Formal, reward, coercive, expert, referent.
- Effective leaders understand risks and benefits of using each kind of power and use it appropriately

## Learning Objective:

### **2. Managers Managing and Leaders Leading continued.....**

- Leadership Traits
  - Assertive
  - Cooperative
  - Decisive
  - Dependable
- Leadership Skills
  - Intelligent
  - Creative
  - Persuasive
  - Conceptually skilled

## Learning Objective:

### **2. Managers Managing and Leaders Leading** continued.....

- Managers typically use technical, conceptual and interpersonal skills.
- Three Different roles of a manager
  - Interpersonal – includes figurehead and influencer
  - Informational – includes monitor and spokesperson
  - Decisional – includes entrepreneur and negotiator

## Learning Objective:

### **2. Managers Managing and Leaders Leading continued.....**

- Important Concepts in Management
  - Span of Control
    - » States a Manager can effectively supervise only a limited number of people. In a Hospital, span of control between 5 and 10 people in a given functional area is normal to achieve operational effectiveness

## Learning Objective:

### **2. Managers Managing and Leaders Leading continued.....**

- Hospital Organization
  - Traditional hospital structure is a pyramid or hierarchical form of organization.
    - » Individuals near to the top of the pyramid have a specified range of authority which is passed down to lower levels of employees (Chain of Command)
  - Alternative is Service Line Leadership



## Learning Objective:

### **2. Managers Managing and Leaders Leading** continued.....

- Differentiation between “Line and Staff” work.
  - Line authority is best thought of as advocating direct supervision over subordinates (traditional nursing director, manager or supervisor)
  - Staff work is generally thought of as a function that supports line authority (i.e. nurse education, patient relations)

## Learning Objective:

### **2. Managers Managing and Leaders Leading continued.....**

- One last thought...
  - » Do you have to be a “Manager” in order to lead?

## Learning Objective:

3. **“Organization” within an Organization** (within the formal structure is the informal organization, which describes the numerous interpersonal relationships that develop outside the formal relationships established in the formal organization and that reflect the wishes and preferences of people who work in the organization)

## Learning Objective:

### 3. “Organization” within an Organization continued.....

- Often referred to as “culture”
- Is the organization “formal or informal”
- What are the values?
- How are decisions made?
- Supportive or cutthroat, encouraging or demeaning?
- Do meetings start on time or do they follow Memorial Hermann Standard Time (10 minutes late?)
- Can staff freely speak up or do they wait for cues?
- What are some of your organization’s cultural norms?

## Learning Objective:

4. **Strategic and Operational Planning** (*strategic planning* addresses the longer-term direction and goals selected by the organization through its governance and management in order to accomplish its goals, whereas *operational planning* focuses on the direction and activities of individual units and departments of the organization)

## Learning Objective:

### **4. Strategic and Operational Planning continued.....**

#### Strategic Planning – Main Components:

- Environmental Scan of Political, economic, regulatory, social, economic, and technological
- Demographic trends
- SWOT Analysis
- Goals, strategies and tactics developed to achieve stated goals
- Measurable timetable

## Management

### Learning Objective:

#### 4. **Strategic and Operational Planning** continued.....

##### Strategic Planning

- Annually with a three – 5 year look ahead
- Long Term planning done for 15 year thought plan
- Implications for master facility planning

## Learning Objective:

### **4. Strategic and Operational Planning continued.....**

#### Operational Planning

- Focuses on Direction and activities of individuals units and departments of the organization
- Subordinate to the strategic plan
- Example: Plan for improving patient satisfaction in the Department of Radiology, Reducing Cr-BSIs in a specific unit which drives strategy of improving quality



## Learning Objective:

- 5. Contingency Planning in Health Services Organizations** (planning that anticipates unknowns mitigates their potential negative implications for the organization and, if possible, turns them into an economic or competitive advantage is called *contingency planning*)

## Learning Objective:

### **5. Contingency Planning in Health Services Organizations continued.....**

- Best known example for hospitals is disaster planning. A Memorial Hermann example of Hurricane Ike (as compared to TS Allison). Many lessons learned!
- H1N1

## Learning Objective:

- 6. Managers as Negotiators** (the art of negotiating or bargaining applies to all internal or external transactions in which the parties decide what they will give and what they want to get; successful managers are effective negotiators)

## Learning Objective:

### **6. Managers as Negotiators** continued.....

- Effective healthcare leaders recognize that healthcare is a “relationship” based business as compared to “transactional”
- Steven Covey’s principal of “Win-Win” applies. The most successful organizations find partnerships where both parties benefit
- Great example of this is medical staff relationships. Do you view physicians as partners or competitors?
- Often must leverage past relationships and accomplishments to achieve desired goal

## Learning Objective:

### **6. Managers as Negotiators continued.....**

- Formalized negotiations are concretized in a written, binding contract
- Two components
  - Resource Division: Money, goods and services
  - Psychological dynamics and satisfying the personal motivations of the negotiators

## Learning Objective:

- 7. Nonjudicial Means of Resolving Disputes** (legal action should be the last resort when disputes arise in health services organizations; methods that can be used to settle disputes other than by recourse to the legal system are known as alternative dispute resolution [ADR])

## Learning Objective:

### **7. Non-judicial Means of Resolving Disputes** continued.....

Alternative Dispute Resolution ("ADR") refers to any means of settling disputes outside of the courtroom. ADR typically includes arbitration, mediation, early neutral evaluation, and conciliation.

## Learning Objective:

### **7. Nonjudicial Means of Resolving Disputes continued.....**

#### Arbitration

- a form of binding dispute resolution, equivalent to litigation in the courts

#### Mediation

- aims to assist two (or more) disputants in reaching an agreement. Whether an agreement results or not, and whatever the content of that agreement, if any, the parties themselves determine the result rather than accepting something imposed by a third party.



## Learning Objective:

### **7. Nonjudicial Means of Resolving Disputes continued.....**

#### Early Neutral Evaluation

- aims to position the case for early resolution by settlement

## Learning Objective:

### **7. Non-judicial Means of Resolving Disputes** continued.....

#### Conciliation

- utilizes the services of a conciliator, who then meets with the parties separately in an attempt to resolve their differences.
- No legal standing



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Management is the constant balance between risk and rewards. Styles and theories may differ but one thing is for certain – it is all about the people.



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## Management (the real story)

- Great management takes daily diligence
- Metrics must be developed, measured, and benchmarked externally for everything important
- If it isn't measured...it must not matter!



# Daily Productivity Tool



MHHS - TMC											
0776810 Children's Respiratory - Daily Report FY'10											
			Target	Productive	Total	Unworked	Budget	Util	Bi-weekly Util	OT Hours	Comments
		Actual	Hours	Hours	Hours	Hours	0.0227	%			SEE COMMENTS
Day	Date	Volume									
Sun	7/5	13459	306	282	330	48	0.0210	108%			
Mon	7/6	15043	341	314	358	44	0.0209	109%			
Tues	7/7	14341	326	339	371	32	0.0236	96%			
Wed	7/8	15084	342	306	354	48	0.0203	112%			
Thu	7/9	14530	330	331	353	22	0.0228	100%			
Fri	7/10	14384	327	343	346	3	0.0238	95%			
Sat	7/11	13261	301	295	295	0	0.0222	102%			
Sun	7/12	13879	315	288	312	24	0.0208	109%			
Mon	7/13	13755	312	326	362	36	0.0237	96%			
Tue	7/14	15603	354	352	388	36	0.0226	101%			
Wed	7/15	17066	387	334	370	36	0.0196	116%			
Thu	7/16	16229	368	374	410	36	0.0230	99%			
Fri	7/17	16582	376	352	380	28	0.0212	107%			
Sat	7/18	17066	387	305	329	24	0.0179	127%	105%	373	8.21% of productive hours
Sun	7/19	17522	398	300	312	12	0.0171	133%			
Mon	7/20	17676	401	317	329	12	0.0179	127%			
Tue	7/21	17046	387	362	374	12	0.0212	107%			
Wed	7/22	16417	373	344	376	32	0.0210	108%			
Thu	7/23	14968	340	351	375	24	0.0235	97%			
Fri	7/24	14770	335	343	367	24	0.0232	98%			
Sat	7/25	13830	314	290	302	12	0.0210	108%			
Sun	7/26	13906	316	293	321	28	0.0211	108%			
Mon	7/27	13919	316	300	317	17	0.0216	105%			
Tues	7/28	14673	333	335	371	36	0.0228	99%			
Wed	7/29	14328	325	357	381	24	0.0249	91%			
Thu	7/30	13001	295	342	374	32	0.0263	86%			
Fri	7/31	13877	315	310	317	7	0.0223	102%			
Sat	8/1	14728	334	275	302	27	0.0187	122%	106%	240	5.3% of productive hours
Sun	8/2	13842	314	270	306	36	0.0195	116%			
Mon	8/3	11920	271	295	330	35	0.0247	92%			
Tue	8/4	12188	277	317	403	86	0.0260	87%			
Wed	8/5	11991	272	285	352	67	0.0238	96%			
Thu	8/6	13252	301	288	363	75	0.0217	104%			
Fri	8/7	13220	300	300	330	30	0.0227	100%			
Sat	8/8	11514	261	251	305	54	0.0218	104%			
Sun	8/9	12841	291	259	299	40	0.0202	113%			



# Children's Memorial Hermann

Monthly Operating Report  
(MOR)

Example

# Executive Summary

People

Customer Experience

Quality

Growth

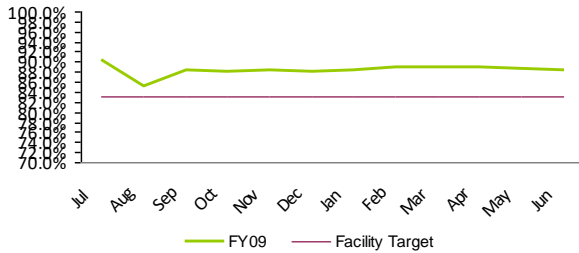
Operational Excellence



# Dashboard

## PEOPLE

Retention Rate



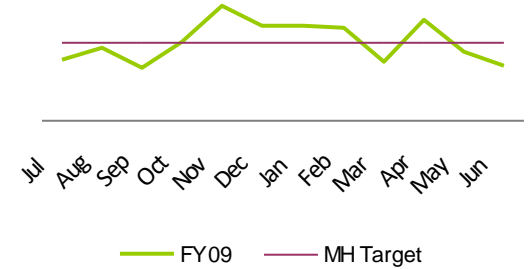
## OPERATIONAL EXCELLENCE

EBIDA Margin, Normalized



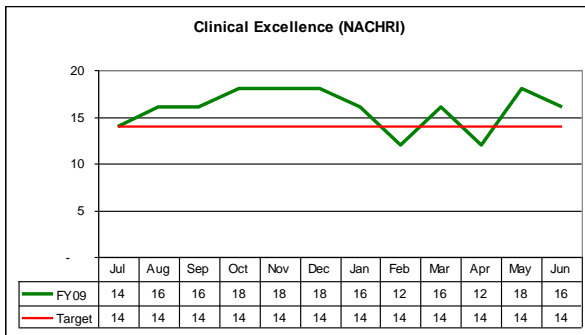
## CUSTOMER EXPERIENCE

Overall Patient Satisfaction

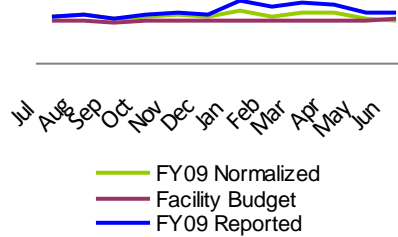


## QUALITY

Clinical Excellence (NACHRI)

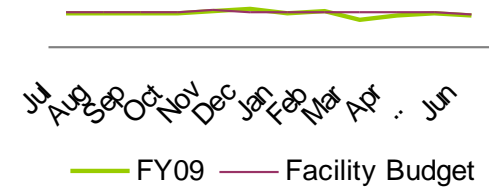


Controllable Costs, Normalized



## GROWTH

Compensated Adj. Adm.



## Performance Indicators

### Retention Rate

#### FT/PT Retention indicators

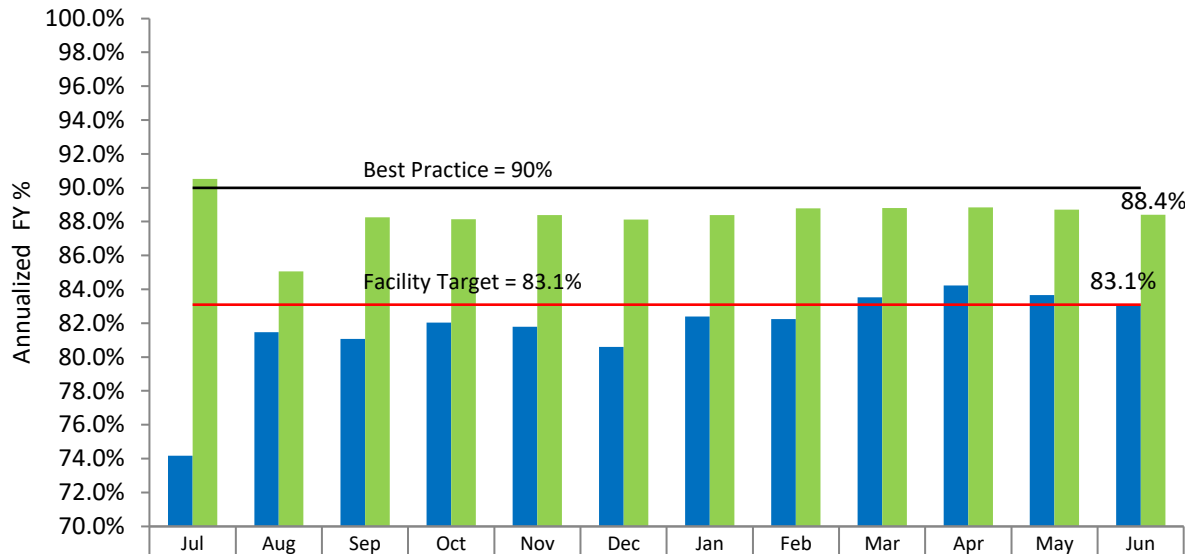
- FT/PT Retention Rate
- FT/PT RN Retention Rate
- FT/PT Controllable Retention Rate
- FT/PT RN Controllable Retention Rate

# PEOPLE

#### Reference

- *Controllable* definition: Termination reasons for which MH has control over (e.g. excessive absence, rules violation, compensation related, etc) and can take appropriate action to decrease turnover. Please see *MHHS Term Codes* reference document for details.

## Total Retention Rate



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<span style="color: blue;">■</span> FY08	74.2%	81.5%	81.1%	82.0%	81.8%	80.6%	82.4%	82.2%	83.5%	84.2%	83.7%	83.1%
<span style="color: green;">■</span> FY09	90.5%	85.1%	88.2%	88.1%	88.4%	88.1%	88.4%	88.8%	88.8%	88.8%	88.7%	88.4%
<span style="color: red;">—</span> Facility Target	83.1%	83.1%	83.1%	83.1%	83.1%	83.1%	83.1%	83.1%	83.1%	83.1%	83.1%	83.1%
<span style="color: black;">—</span> National Avg	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%

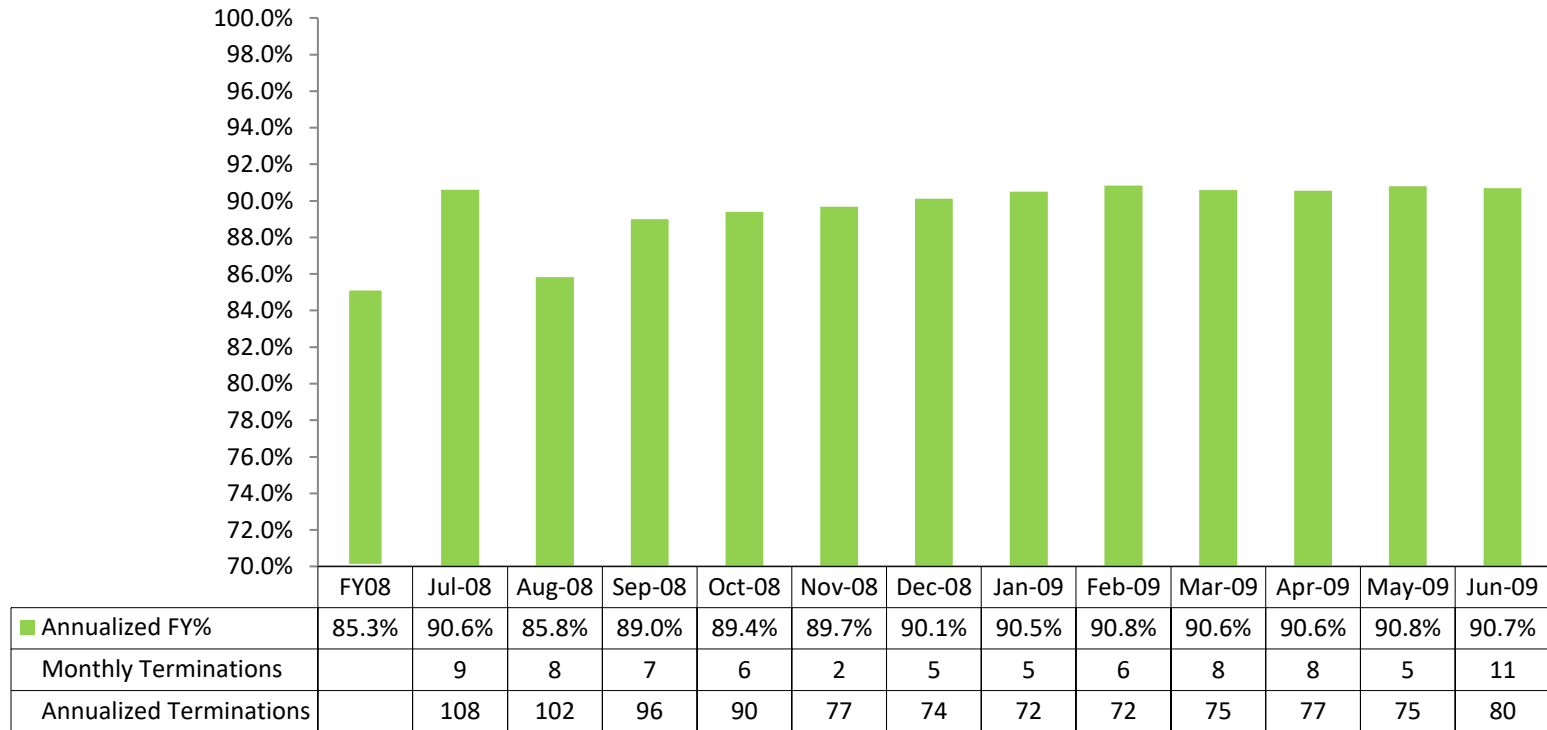
Highlights

Strategic Actions

### Reference

- Retention Rate = 100% - Total Turnover Rate
- All data is Annualized FY% unless otherwise indicated
- MH Target = National Average. Using national average RN Turnover Rate of 21.3%, Retention Rate = 100% - 21.3% = 78.7%. Source: *Acute Hospital Survey of RN Vacancy & Turnover Rates, AONE, Jan 2002* (see references)

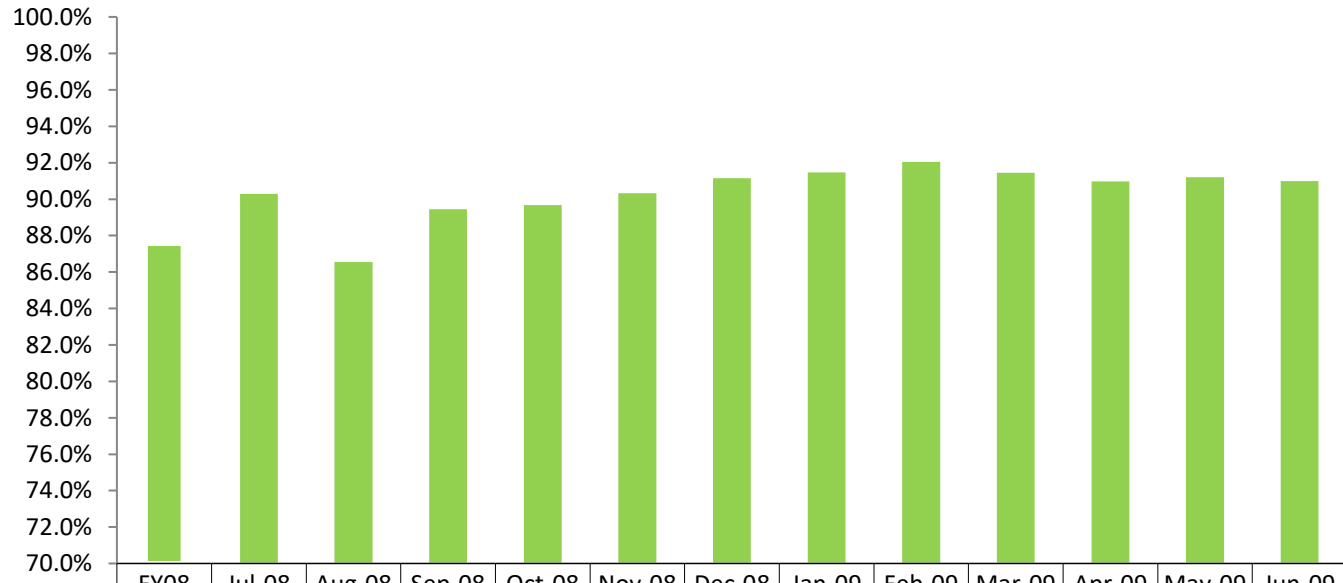
### FT/PT Retention



#### Reference

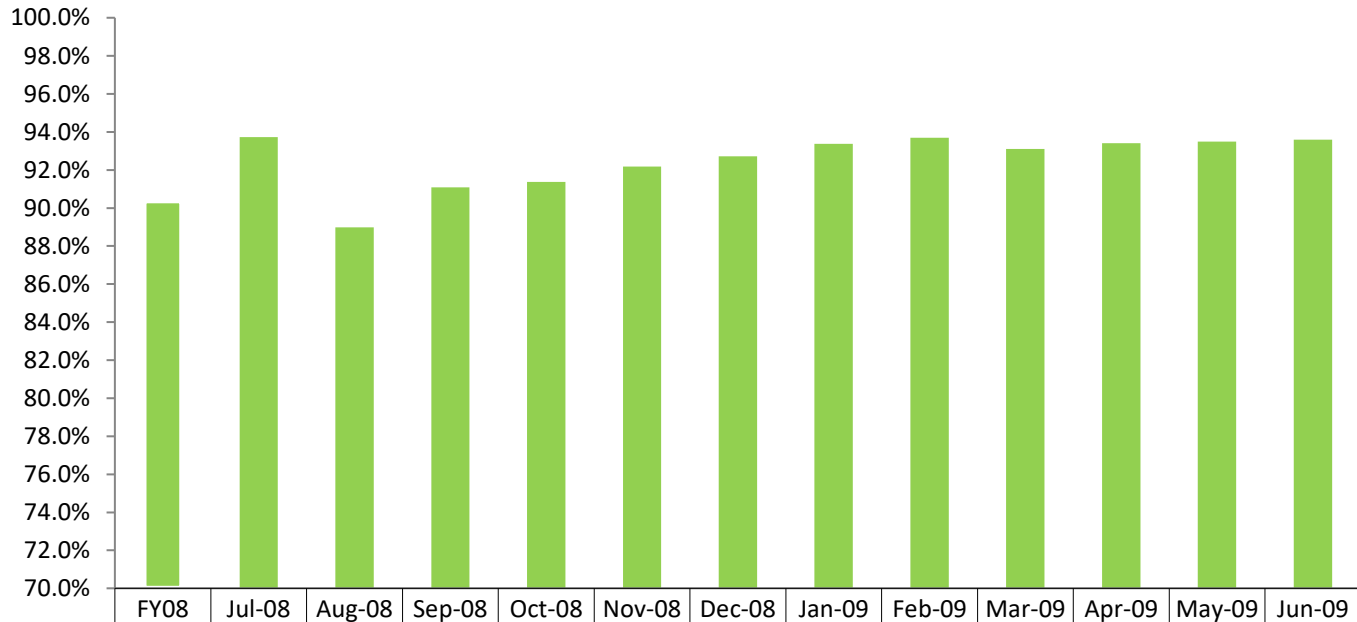
- See Reference section of Retention Rate.

### FT/PT RN Retention



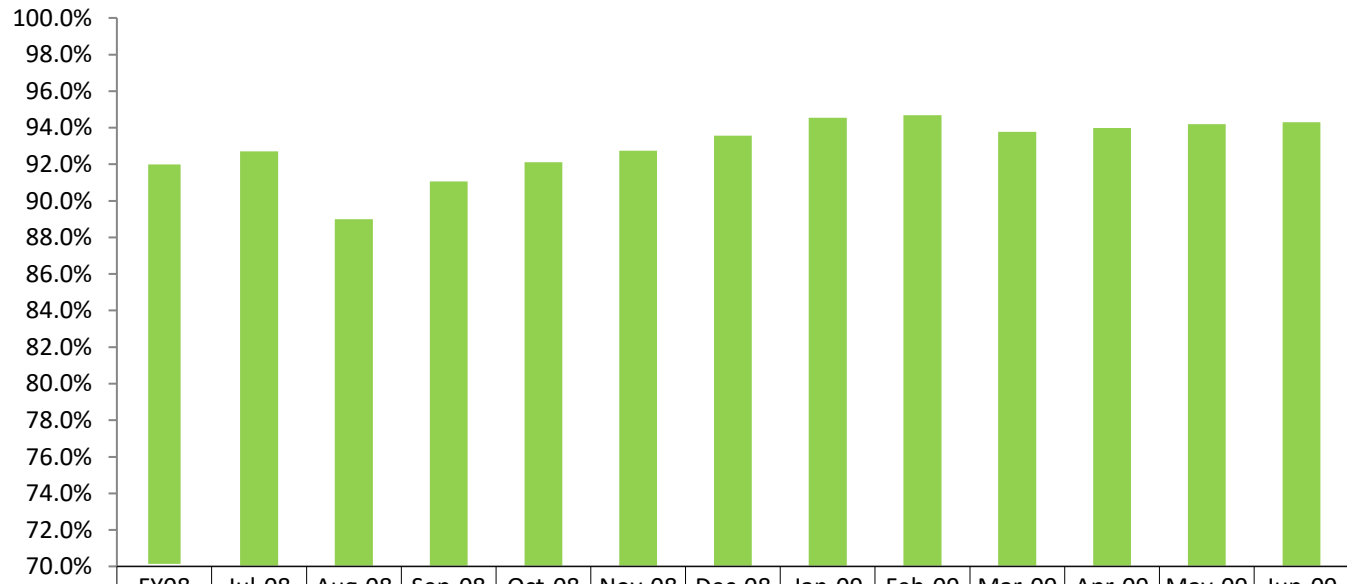
	FY08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
■ Annualized FY%	87.6%	90.3%	86.6%	89.4%	89.7%	90.3%	91.2%	91.5%	92.0%	91.5%	91.0%	91.2%	91.0%
Monthly Terminations		6	4	6	3	0	2	3	3	6	7	3	8
Annualized Terminations		72	60	64	57	46	42	41	41	44	48	47	51

### FT/PT Contr Retention



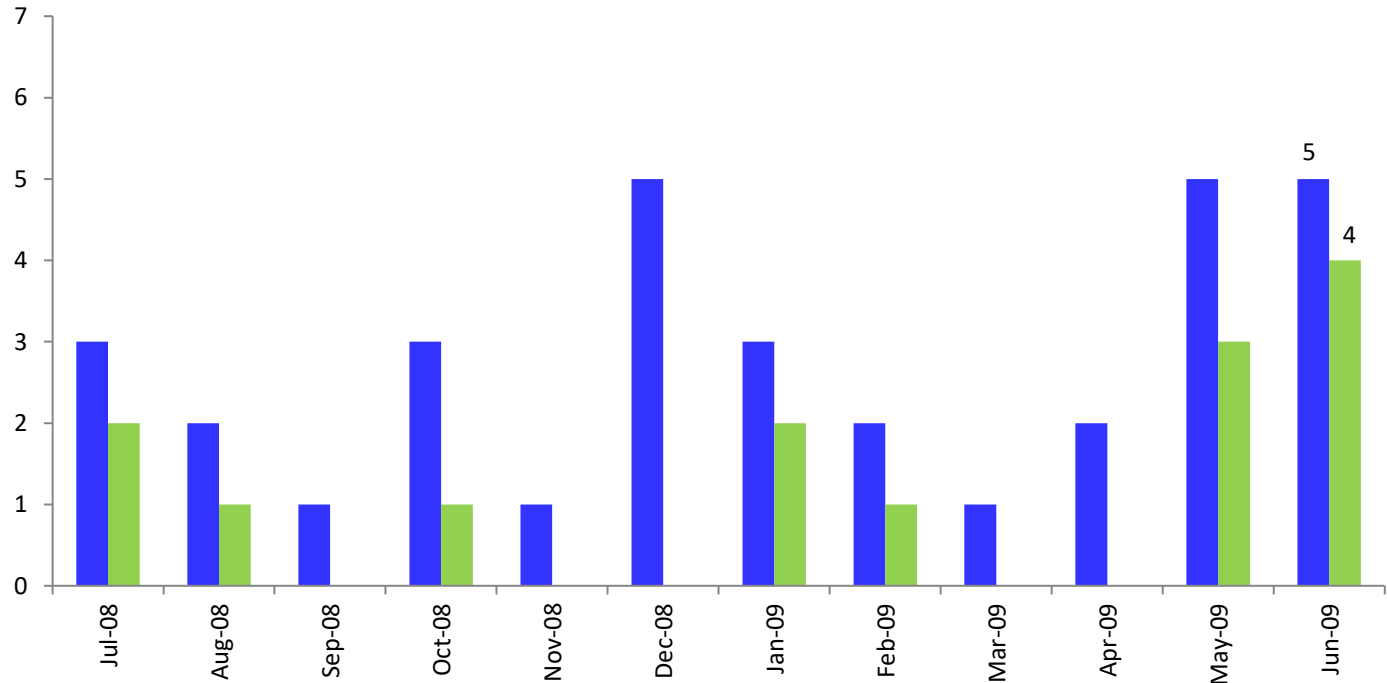
■ Annualized FY%	90.4%	93.7%	89.0%	91.1%	91.4%	92.2%	92.7%	93.4%	93.7%	93.1%	93.4%	93.5%	93.6%
Monthly Terminations		8	7	5	4	1	3	2	3	8	4	4	5
Annualized Terminations		107	90	80	72	60	56	51	50	55	54	53	54

### FT/PT RN Contr Retention



	FY08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
■ Annualized FY%	92.1%	92.7%	89.0%	91.1%	92.1%	92.7%	93.6%	94.5%	94.7%	93.8%	94.0%	94.2%	94.3%
Monthly Terminations		5	4	4	2	0	1	0	2	6	3	2	3
Annualized Terminations		76	54	52	45	36	32	27	27	32	32	32	32

### Supplemental Retention



	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
Overall Monthly Terms	3	2	1	3	1	5	3	2	1	2	5	5
RN Monthly Terms	2	1	0	1	0	0	2	1	0	0	3	4



## Performance Indicators

Overall Patient Satisfaction

Inpatient Patient Satisfaction

ED Patient Satisfaction

# CUSTOMER EXPERIENCE

### Reference

- Physician and Employee Satisfaction not included as the surveys are not conducted monthly. The MOR currently captures monthly trends, for most part.

## **Performance Indicators**

No Unexpected Complications – Hospital Acquired Infections Rollup  
Do No Harm – AHRQ Patient Safety Indicators Rollup  
Clinical Excellence – Core Measure Perfect Scores  
Saving Lives – Mortality (NACHRI)  
Patient Safety - SSER (Serious Safety Events)

# **QUALITY**

## **Performance Indicators**

Compensated Adj. Admissions

External Transfers (Leakage Rate)

Pediatric Market Share

Neonatal Market Share

Women's Market Share

# **GROWTH**

## Performance Indicators

### Overall

Operating Income, Normalized  
EBIDA Margin, Normalized (i.e. Cash Flow)

### Revenues

Net Revenues, less Bad Debt, Normalized per Adj. Admission, CMI Adj.  
Payer Mix - by Revenues  
Payer Mix - by Volumes

### Expenses

Salaries per Adj. Admission, CMI Adj.  
Salaries per Adj. Patient Day  
Productivity – Paid FTE's per Adjusted Occupied Bed  
Productivity - Worked Hours / AA, CMI Adj.  
Productivity – Worked Hours / APD  
Supply Expense per Adj. Admission, CMI Adj.  
Controllable Costs, less Bad Debt, Normalized per Adj. Admission, CMI

### Adj.

### Other

CMI – Hospital, Medicaid  
Average Length of Stay (ALOS) - Pediatric, Neonatology, Women's

**OPERATIONAL EXCELLENCE**

## ***Becoming Board Certified in Healthcare Management and a Fellow of the American College of Healthcare Executives***

### **Practice Question**

**Which of the following describes the conflict management strategy that would have the most immediate effect on reducing conflict behavior?**

- a. Imposition of formal authority to resolve or suppress conflict.
- b. Implementation of substantial, super-ordinate goals that require cooperation among units.
- c. Rotation of members of one unit into another unit.
- d. Provision of intergroup training that requires listing of perceptions and identifying differences.



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**Practice Question**

**What type of review involves evaluation of management staff by their superiors, subordinates, and internal and external customers?**

- a. Annual review.
- b. 360-degree review.
- c. Competency review.
- d. Peer review.

## ***Becoming Board Certified in Healthcare Management and a Fellow of the American College of Healthcare Executives***

### **Practice Question**

**How should supervisors behave toward informal leaders in the organization?**

- a. Maintain a positive attitude toward informal leaders.
- b. Ensure informal leaders remain at a moderately low status within the work group.
- c. Grant informal leaders occasional favors.
- d. Pass information on to informal leaders before giving it to formal leaders.

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**Practice Question**

**Which of the following management styles allows the highest subordinate freedom and lowest personal authority?**

- a. Autocratic.
- b. Participative.
- c. Democratic.
- d. Laissez-faire



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**Practice Question**

**A manager who seeks input from others prior to making a decision is engaging in which leadership style?**

- a. Autocratic.
- b. Participative.
- c. Democratic.
- d. Laissez-faire

## ***Becoming Board Certified in Healthcare Management and a Fellow of the American College of Healthcare Executives***

### **Practice Question**

**A successful healthcare organization usually has a unique and well-articulated company philosophy that presents a clear picture of the organization's objectives, norms and values. Employee motivation to support this philosophy would be greatest when the company:**

- a. Maintains a program that provides employees with a wide variety of social, cultural and recreational activities.
- b. Emphasizes financial rewards, including strong employee benefits.
- c. Provides a training program that is well communicated, understood by employees and enforced by executive management.
- d. Continues a major effort to articulate employee rights in such areas as grievances, affirmative action and human rights issues.



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**Questions?**



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**Good Luck!**



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