

Physician Alignment Strategy


7 levers health organizations can use to resist misalignment.



Introduction

Over the past two decades, health systems and provider organizations have invested considerable time and resources to align with physicians and other providers. While there are bright spots, many have failed to achieve intended outcomes or even partial success. One underlying cause is that many such initiatives focus on structural integration—the financial and legal side of the business—while ignoring the critical issues of cultural, organizational, and people alignment. As a result, there is still little cohesiveness between the providers and the health systems.

The healthcare industry is experiencing tremendous upheaval. Adoption of meaningful use, value-based care, increased consumerism, financial and regulatory pressure, and disruptive competitors require healthcare organizations to react quickly and decisively. However, this often exceeds their core services and capabilities. New strategic initiatives and alignment opportunities are pursued with little regard to their interconnectivity and interdependence. Despite good intentions, an organization might make a number of changes in an attempt to achieve greater alignment but fail in the end anyway.



Physicians, clinicians, and employees must be mobilized around a shared strategy and purpose.

The roots of misalignment

Enterprise-wide initiatives often become misaligned—or are so from the very beginning—resulting in failure to achieve expectations. This is particularly common among efforts to improve outcomes (e.g., population health, clinical or financial performance). Networks have become too broadly focused, so operating models and support infrastructure lack alignment and integration, amid deteriorating physician engagement. Much of this stems from having been conceived in a fee-for-service environment, conflicting with the core business model of value-based care.

Another set of problems lies with the failure to focus on sustainability:

- As with many value-based care strategies, the operating model, organizational structure and alignment has been isolated around the ACO or CIN, as opposed to integrated throughout the enterprise.
- Ambiguity across reporting lines and accountabilities has continued “turf wars,” and duplicative infrastructure (e.g., people and technology solutions) persists.
- Leadership has been based on availability versus competency and experience.

Consequently, conflicting and misaligned initiatives continue unabated. Disruptive forces and economic pressures have led to reactive versus integrated strategies. Incentives and rewards for physicians and executive leaders present conflicting messages and misaligned communication across key stakeholders (e.g., volume versus value). Organizations want physicians to improve care (e.g., the health status of a

population) and reduce variability (e.g., readmission rates or ambulatory care-sensitive admissions), but may not provide incentives or aligned resources for them to do so.

Fortunately, sustainable solutions to these problems exist. They require that an organization look carefully at the human capital part of the equation:

- Leaders must be aligned around a shared and compelling mission, vision and values.
- Management must clarify a strategy so that it's fit for purpose and can be implemented seamlessly and they must design effective structures consistent with the company's model of operation and which focus employees on doing the right things.
- Physicians, clinicians, and employees must be mobilized around a shared strategy and purpose.

A framework for success: the seven levers

Achieving alignment among health systems, provider organizations, and physicians requires a systematic approach. But how best to undertake this much-needed change? Begin by exploring an organization's ability to execute a sustainable strategy, starting with:

- *Leadership*, the power brokers in an organization, who design and implement strategy.
- *Individual and team competence* looks at people's capability to support the mission and realize the strategy.
- *Management processes and systems* is about key management planning and measurement processes that influence people and support performance targets.
- *Organization, team and job design* focuses on the ways that structures and accountabilities are organized to support strategy and work processes.
- *Work processes and business systems* is the sequence of activities through which resources are deployed to meet customer needs.
- *Values, engagement, and culture* analyzes the leadership's ability to create a compelling vision to mobilize the organization.
- *Reward and recognition* is the way behavior, capability and results are reinforced.

Barriers often arise in some areas but not others. Perhaps leadership comprises the wrong people or a team doesn't address a critical void. Members lack competency or an organization's reward system is outdated. It is not uncommon for an organization to discover that it is strong in three or four areas, while lacking in the rest.

Figure 1

What do you want to achieve?



The seven-lever framework offers a comprehensive diagnostic that can serve to build a customized action. It provides quantitative measures to pinpoint issues. It monitors the purposes of progress, as well as issues, and prioritizes needed interventions. This way, an organization can implement or optimize strategy while overcoming existing barriers and anticipating those that might arise in the future.

The seven levers must be coordinated and aligned before an organization can execute successfully. Since management creates the conditions for change, prioritizing leadership is critical. Executives must model the right behavior and introduce specific and measurable goals.

It is incumbent on senior leaders to get the right people in the right roles at the right time. Do the individuals and teams understand the organization's goals? Do they trust and respect the leaders, and are these leaders in the right roles? Since leaders must act as role models, they must adopt a unified message, which they express in both public and private. Then the behaviors become part of a message cascaded to staff.

To better align physicians with the health system, it is vital that physicians be brought into the conversation and stay engaged in the process. Of course, compensation (part of the reward and recognition lever) plays a key role. Physicians' pay may be below market, or they are burdened with excessive administrative duties. Paying physicians at or above market will likely attract talented physicians. However, that's only one element, and it values them in only one way.

The physicians' incentives must also be aligned with the interests of the organization. Traditional productivity measures incentivize physicians to cram as many patients as possible into a workday, undermining quality of care and patient experience and health, thus additionally impacting physician well-being and satisfaction.

Problems may also stem from management processes and systems. If physicians feel they don't have a voice in the ultimate decision-making, simply paying them more won't bring their goals into alignment with the hospital's. Decisions are being made for them, not with them, resulting in further disengagement and fueling burnout.

Culture is often mentioned but seldom addressed. Is it oppressively hierarchical? Are team members empowered to speak up if they have a concern or suggestion? If managers don't create the conditions for people to work to the best of their ability and hold people accountable, it can derail the entire strategy.

Only when all seven levers are completely aligned can an organization run efficiently.

To move from concept to reality requires several steps:

Step 1. Define the business case. Clarify strategic intent, diagnose business and organizational issues, clarify the business model, and create a business case for change.

Step 2. Develop an operating model. Clarify market segments, define core operating units and core services, align business processes, and determine governance.

Step 3. Design an organizational structure. Determine the size and scale of the organization, and identify job and people capabilities.

Step 4. Implement and sustain. Plan and implement a communication plan, define the culture required to implement the strategy, develop and execute change management strategy, and build leadership commitment.

Smart next steps

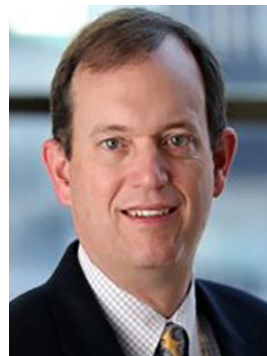
To begin planning for the future, one must first ask some hard questions. Are network affiliates realizing the intended value from services rendered? How aligned is the infrastructure (e.g., people and technology) to support the health system and provider network strategies? Beyond process and performance reporting, what initiatives has the provider network undertaken to drive down costs and variability across populations—are health system leaders unified and aligned? How engaged are the employed medical group physicians in system initiatives? Are network strategies aligned with those of the health system and strategic partners?

Regardless of intentions, one cannot simply focus on the structural framework. The people, the organization, and the culture must be aligned in a manner that can optimize strategy—whether the idea is to scale across a state or deploy resources locally. The focus must be on people and the organization to achieve the intended outcomes and success.

Authors



Harry Grenspun, M.D.
Chief Medical Officer,
Managing Director,
Health Solutions



Chris Rowe
Managing Director



Christine Rivers, PH.D.
Senior Client Partner

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