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Value-Oriented Management

A leadership model for the health care sector

In medical institutions, leaders are required to ensure, through delegation of responsibility, that working conditions are characterised by interdisciplinary thinking, team-oriented work and ongoing improvement.



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Leaders in the health sector must be aware of the fact that hospitals operate in a market, which is not in fact a market in the classic competitive economic sense. Nevertheless, in a medical world characterised by increasing patient expectations, expensive innovative treatment opportunities and limited budgets hospital managers are forced to perform higher medical quality and containing costs simultaneously.

In this complex VUCA world (volatile, uncertain, complex, ambiguous), convincing and successful leadership conveys binding values and norms (why do we do something?) and creates legitimation (for whom do we create what value-added?), provides orientation (what are we doing?) and how to transform plans into successful organisational development (how do we do it?).

Those in leadership positions can obtain assistance through the leadership and organisational approach of the CKM leadership model for value-oriented management. It serves as an orientation for action and a compass for managing medical organisations.

Initial situation

Internationalisation, digitalisation, changing societal values, the impact of the economy on medicine, and demands for ecological sustainability are all confronting “leadership” with new challenges. What constitutes “good” leadership? When can leadership be regarded as “successful” and what characterises a good leader? Can one learn to lead, what leadership instruments have stood the test of time and what behavioural rules provide support along the path to successful leadership? Leadership is also always a reflection of the political, societal and economic framework and prevailing situation.

It is also influenced by the specifics of a particular industry, which applies all the more to the health care sector (see **Figure 1**).

Below, the CKM Leadership Model is described in terms of its basic dimensions and design elements (see **Figure 2**).

External conditions, that is, political, economic and societal trends, as well as the dynamics of the health sector, substantially determine the nature and organisation of leadership in medical institutions.

In this context, the management of hospitals, rehabilitation clinics and nursing homes find themselves in a difficult balance between financial constraints, a shortage of qualified personnel, digitalisation, employee expectations and calls for family-friendly working conditions. In addition, there are rising quality requirements and a growing demand for medical services by multimorbid, chronically ill and aged people. As a reaction to such developments, there are changes in the content and nature of work, qualification profiles, work processes and forms of cooperative work. Furthermore, altogether new forms of jobs are also emerging.

Values and behavioural guidelines for leadership are represented through the formational dimensions of sense and purpose, responsibility, entrepreneurial thinking and resource orientation (= efficiency and effectiveness; evidence-based practice).

The following questions are to be answered: “What mode of thinking characterises leadership?” and “What ethical rules guide leadership?” and “How can the efficiency and effectiveness of clinical processes be ensured in order to achieve sustainable financing for a medical business?” and “What are the key performance indicators for measuring and evidence-based steering of all medical and nursing activities?”

Sense and purpose determine the legitimation of an enterprise in a competitive market and within the community. The sense and purpose demonstrate what the client (patient, relatives, referring doctor, cooperation and business partner, community) can justifiably expect from an enterprise. And this is an internally fundamental source of intrinsic motivation for employees. In dilemma situations of decision-making where managers are forced to decide, for instance between financial limitations and patient needs, “sense and purpose” assumes the role of “referee institution,” in terms of a “meta level goal:” In case of doubt, patient comes first!

“CAN ONE LEARN TO LEAD, WHAT LEADERSHIP INSTRUMENTS HAVE STOOD THE TEST OF TIME AND WHAT BEHAVIOURAL RULES PROVIDE SUPPORT ALONG THE PATH TO SUCCESSFUL LEADERSHIP?”

In an exceptional situation, customers (patients and relatives) experience such “moments of truth” and sense the social quality of a corporate culture.

The CKM leadership model advises “sense and purpose” to focus not primarily on economic constraints, but on patient and family-centredness, as well as on patient experience (see **Figure 3**).

Responsibility on the part of leaders in the medical business are primarily concerned with the wellbeing of the patient. Their decisions and actions are subject to the medical ethics principle: primum nihil nocere (first do no harm), patient wellbeing, autonomy and dignity. They use economic principles (eg causality principle, equal-treatment principle) in order to overcome the challenges presented by the health system with regard to sustainable finance, as well as an equitable allocation of health services.

The patient is not an autonomous, decision-making client, but a sick person with anxiety and pain, often in a physical and psychological borderline situation. Accordingly, the service process is particularly subject to ethical and behavioural guidelines. The leadership principle of shareholder value is the short-term orientation as a managerial philosophy, and revenue maximisation and thinking in terms of quarterly results is entirely inappropriate for the medical industry. By contrast, the stakeholder-value approach, with particular attention being paid to patient risks and fairness within a solidarity-oriented

Leadership

The CKM Leadership Model incorporates the holistic interaction between individual, organisation and environment.

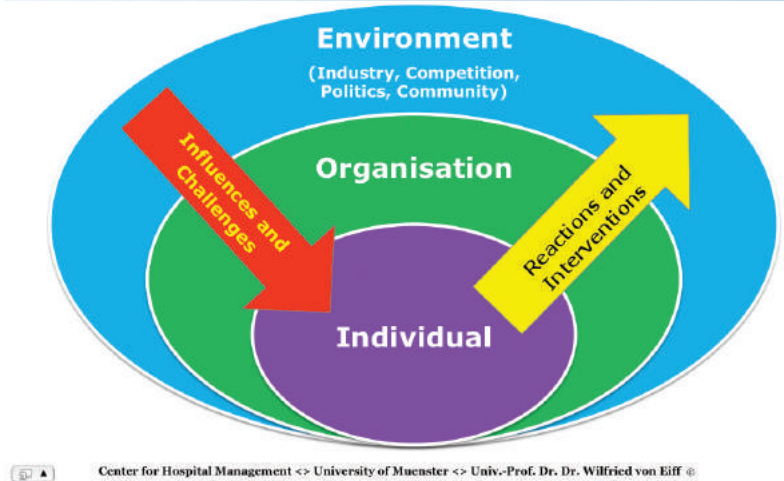


Figure 1. Leadership transforms the influences and requirements of the socio-political and economic corporate environment into strategies and interventions for corporate development.

CKM Model: Value-driven Leadership

A Leadership Model is like a compass and provides direction in a disruptive health care system challenged by economic pressure, patients' needs and ethical conduct.

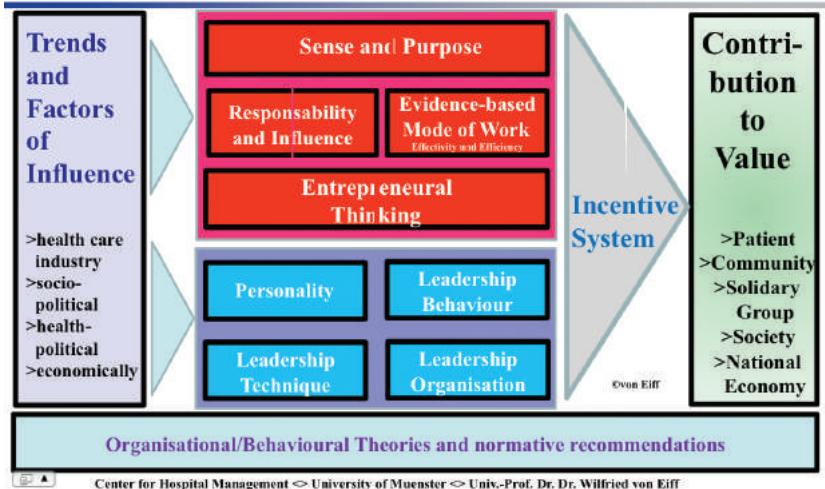


Figure 2. The leadership model is a compass for “credible” and “successful” leadership.

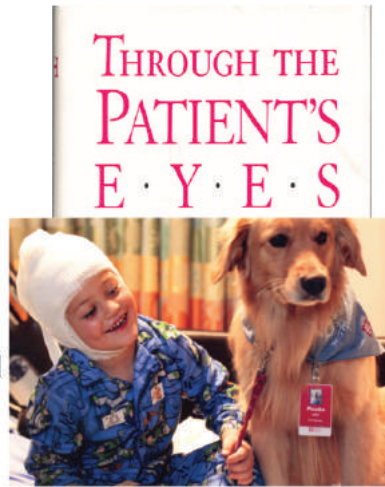
financial system, is the philosophy of choice.

Responsibility is the central controlling instrument of an entrepreneurial incentive system: the assumption of responsibility is both expected and rewarded (financially and ideally), and structures associated with an organised lack of responsibility will not be tolerated. Value-oriented leadership in the medical business is committed to medical-ethics principles.

Sense and Purpose: Patient and Family Centeredness

The patient desires...

- Painless Procedures
- Risk-free Environment
- Fast Procedures
- Privacy
- Individual Service and communication, informed consent
- Autonomy and Dignity



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Figure 3. What patients can justifiably expect from a hospital stay.

Patient Risks and non-ethical decisions in health care

Hospital decision-makers have to manage the balancing act between appropriate medical provision, controllable risks and cost restrictions.

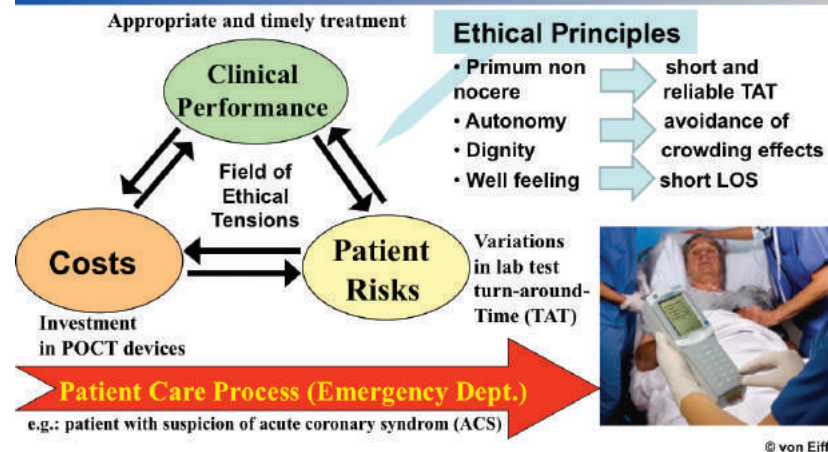


Figure 4. Value-oriented leadership overcomes the problems associated with economically motivated decisions, through taking into account patient risk as a primary decision-making criterion.

As a criterion of ethical evaluation for each managerial decision, what matters is the extent of risk that the patient bears, if, for example, there is rationing of medical services needed for appropriate treatment for cost reasons (see **Figure 4**). The more emphasis hospital manager's place on cost containment, budget restrictions and economic criteria, the more medical quality will decrease and, simultaneously, the risk of the patient suffering harm rises.

Entrepreneurial thinking and behaviour aims at securing innovation and the ability of the organisation and of the community to survive. An organisational culture, in which entrepreneurial thinking has a compelling value, is characterised by a constructive handling of errors, and oriented towards problem solving and contributing to continuous improvement.

Entrepreneurial leadership is constructively aligned with the "New Management Paradigm", according to which rising quality in the medical industry, together with a tendency towards declining cost, is to be achieved. Entrepreneurial leadership is also constructively aligned with "New Management-Entrepreneurial Awareness and Behaviour" and is necessary at all levels of an organisation and has to apply across professional groups and boundaries. This is conditional on the assumption of responsibility by colleagues as well ("Every Employee a Manager").

“ THERE ARE RISING QUALITY REQUIREMENTS AND A GROWING DEMAND FOR MEDICAL SERVICES BY MULTIMORBID, CHRONICALLY ILL AND AGED PEOPLE ”

The process is ensured through the participation of colleagues who are capable of delegation in decision-making processes, through setting up task areas, which are suitable for delegation, with clearly defined decision-making autonomy, as well as through clinically oriented compliance management. Entrepreneurial leadership also aims at including and integrating employees in decision-making processes, in order to solve problems and contribute to continuous improvement.

Resource-orientation commits the institutions within the health system to ensuring efficiency and effectiveness, because, in the health sector, wastage, redundant (double) work and errors lead to investment and quality gaps, which jeopardise the sustainability of financing. In the health sector, the generally accepted principle for a market economy of "creative destruction" leads to patient risks and is associated with additional costs, which ultimately cause the care situation to deteriorate in the future. Effective leadership converts "sense and aim" into goal-oriented behaviour, overcoming complexity through coordination and resolving goal conflicts constructively.

The dimension of leadership competence comprises the formational attributes of leadership techniques, leader behaviour & personality and leadership organisation. The central questions are: “What attributes characterise leadership and how can they be influenced and formed? What leadership instruments have proven their worth over time? What relationship prevails between successful leadership and personality?”

Leadership techniques

Leadership techniques subsume leadership methods and instruments into goal-oriented, transparent and understandable control of colleagues and employees. One method is that of using structured processes to recognise a problem and solve it in a systematically understandable and transparent manner. An appropriate methodology, as a systematic approach supporting decision-makers in managing the process from identifying a problem-to-problem solving, ensures that a leader can understand at any stage of the decision-making process, how an intermediate result arises. By so doing, learning processes for future decision-making, in the sense of experience formation, are possible. Suitable instruments include surveys, analysis, communication and decision-making techniques, which can all provide tangible support in achieving leadership objectives.

The leadership technique of “Management by Objectives” (MbO) entails a recommendation for a structured process of objective formation, agreement and control, and further employee development on the basis of constructive criticism. As leadership instruments, the documented agreement on objectives, evaluation systems, reward systems and personal development systems, are used.

The MbO concept works on the basis that agreed-upon objectives, in combination with a reward and personal-development system that is regarded as fair, foster the intrinsic motivation of employees. The basic condition for the successful implementation of MbO is firstly the establishment of organisational units that are capable of delegation, and which create congruence between task (objective), competence and responsibility. Secondly, a transparent system comprises agreement on objectives, and is accompanied by performance control and employee development.

The CKM leadership model provides leaders in the institutions of medical service providers with

INSIGHTS Leadership Check

People align their way to act and communicate to dominant guidelines. That makes behaviour predictable.

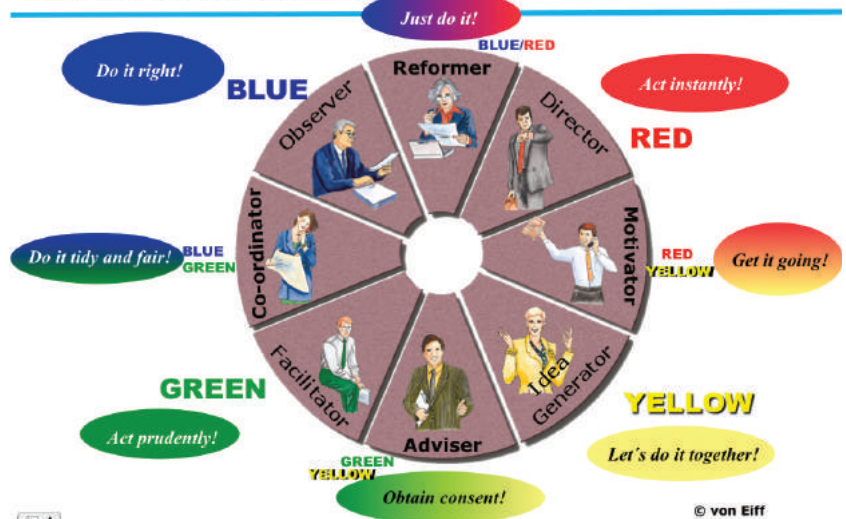


Figure 5. The eight personality types of the INSIGHTS concept

Organisational Change

Behaviour cannot be changed by appeals, but by establishing an organisational framework that meets both the requirements of the organisation (task, responsibility, competence) and the preferences of the employees (working conditions).

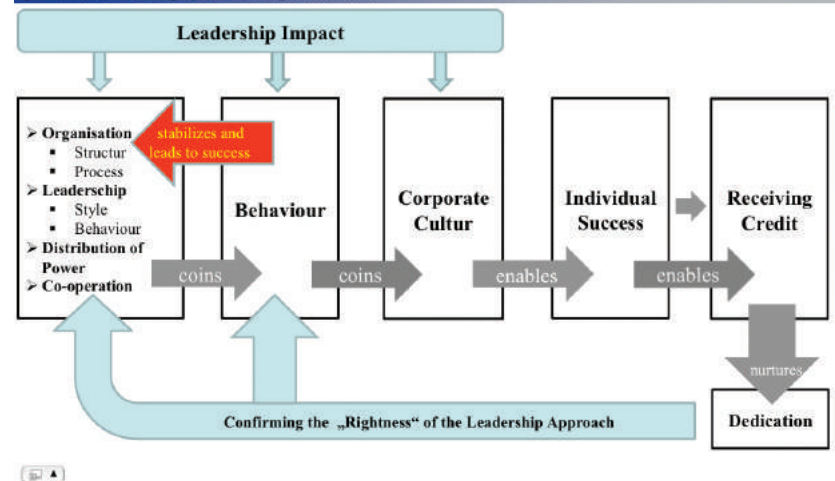


Figure 6. Leadership and organisational structure determine behaviour

the normative, strategic behavioural recommendation not to form any goal-agreements with an exclusively economic focus, because this would generally lead to ethical conflicts. Thus, agreements on the quantity of certain types of operation (eg total hip replacement) run contrary to the requirements of indications quality, and transgress the ethical maxim of “primum nihil nocere.”

Behavioral elements of successful leadership

Successful leadership ...

- transforms resources into results
- creates direction and determines objectives
- explains the point (of actions and behavior)
- gives FEEDBACK and conveys what is expected
- creates positive working conditions
- creates rules and promotes adherence to them
- has a clear position and basic orientation
- is calculable
- enables employees to develop themselves further
- prevails in conflict situations (through setting meta-objectives)
- communicates directly (I - messages)
- is emphatic and takes things seriously
- establishes a balance between autonomy and obligation
- respects individual life paths
- ensures clarity and transparency
- ensures employee responsibility
- bonds through rituals.



Florence Nightingale

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Figure 7. Leadership and "managerial competence" in the medical industry: How successful leaders are recommended to behave, act and communicate

Leadership behaviour

Leadership behaviour characterises the active communicative impact of a leader on employees in terms of goal attainment. This also entails the balancing act of harmonising an employee orientation (degree of fulfilment of employee expectations) and a task orientation (importance of the enterprise's requirements of its employees). Successful leadership behaviour is based on proven rules of communication, eg establishing rituals, providing feedback and ensuring transparency pertaining institutional needs, as well as employee expectations (career opportunities, family-friendly workplace conditions, work life balance).

Personality and leadership

All individuals have their own unique personality profile. Even in antiquity, philosophers such as Hippocrates and Empedocles attempted to create a typology of human behaviour, in order to predict how certain personality types could be expected to behave. The early typologies so derived entailed four basic types: choleric, sanguine, melancholic and phlegmatic.

The personality type determined the work, communication and behavioural style. This style is situational and influenced particularly by work stress,

“RESPONSIBILITY ON THE PART OF LEADERS IN THE MEDICAL BUSINESS ARE PRIMARILY CONCERNED WITH THE WELLBEING OF THE PATIENT”

time pressure, errors and so on. As an instrument for analysing and predicting the work, communication and behavioural style of a particular person, the INSIGHTS Leadership Check has proven its worth.

INSIGHTS refer to the interrelationship between personality and successful leadership on the basis of eight standardised personality types (see **Figure 5**), whose typical modes of behaviour in typical situations can be categorised into normal situations, stressful situations and those with extreme stress.

In the context of the dimension of an incentive-contribution system, the following question is posed: “what function and significance does the corporate culture have and how is it possible to develop a goal-oriented incentive system that is regarded as fair by all participants?”

The incentive system comprises monetary components (salary, special payments, bonuses, overtime), contains fringe benefits (child care, employer-sponsored housing benefits, public transport tickets), includes the working conditions (work

place design and equipment, working times, holiday regulations) and also regulations for personal development (continuing education, career opportunities as specialists or in management) as well as a system for internal company suggestions.

The corporate culture is characterised by the manner in which the following are dealt with: conflicting opinions, suggestions for improvement, employee initiatives, errors, resource wastage and a failure to disclose information. Formulated behavioural principles and leadership guidelines render an enterprise's culture transparent and understandable. What is important is that any contravention of the corporate culture values be followed up and investigated. The incentive-contribution system and corporate culture are the sources of motivation and willingness to perform.

The CKM model is based on the "Structure-Behaviour Theory of Motivation" (von Eiff 2018). According to this theory, behaviour is not changed through appeals alone, but rather through the formulation of conditions (organisational structure, work conditions, rules of corporate culture, forms of cooperative work, power relationships), all of which enable employees to develop enthusiasm for their work.

Leadership has the primary function of avoiding demotivation (lack of feedback, no evident purpose of the work, the expertise of employees is not utilised, obviously dysfunctional work processes are not improved). Through partial autonomy, the formation of work and decision-making processes of employees can be experienced successfully within defined competence fields through their own decisions, which fosters recognition and commitment (see **Figure 6**).

The dimension of valued added through leadership (with regard to the patient, community, solidarity system, economy) considers the following question: "What value is added by leaders in terms of reasonable stakeholder expectations?" Accordingly, leaders not only have a responsibility for employees and enterprises, but must also take account of the impact of their decisions on society and the community.

A hospital is part of the infrastructure of a region and contributes to the security and quality of life of the citizens. As an employer, its duty is to provide attractive, stimulating and secure jobs, and such enterprises constitute an important economic factor within a region. With regard to health policy, the value added by leadership is concretised through the

Triple Aim Strategy (> quality-oriented remuneration; > population-oriented care; > patient experience/patient care in a recovery-promoting environment) (von Eiff 2018).

From the five dimensions of the leadership model, specific recommendations for action can be derived, which provide the basis for internal organisational discussion between current and potential leaders. Through such recommendations on leadership techniques and behaviour (see **Figure 7**), leaders obtain assistance in dealing with classic leadership situations. That is: How do leaders communicate in a manner that is clear and unambivalent? What typical leadership errors should one avoid? What organisational conditions support goal-oriented leadership? What is the significance of rituals for determining a stable corporate culture and how should they be formed and formulated? ■

Conflicts of Interest

None.

KEY POINTS



- ✓ Leadership is a reflection of the political, societal and economic framework and prevailing situation
- ✓ In the health sector, managers must provide a high level of medical, economic and ethical competence to deal with the balance between a limited budget and a demand for suitably qualified medical services
- ✓ Before every decision, the leader must ask the question: Does my decision conform to the ethical guideline "Above all, do no harm!" or "To what risk could my decision expose the patient?"
- ✓ The CKM Leadership Model is a compass, with the help of which requirements can be targeted, structured and implemented in a sector-specific manner.



REFERENCES

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