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Regrettable Business Decisions

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Leveraging Five Leadership Pitfalls into Business Lessons

These five lessons from business decisions failures provide insights that leaders can leverage to navigate challenges more effectively, fostering resilience and sustainable success within their organisations.



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key points

- Delaying decisions on underperforming employees can exacerbate issues and erode team morale.
 Leaders must face performance facts promptly, seek honest feedback, and be decisive when supporting improvement or facilitating respectful transitions.
- Isolating decision-making from key stakeholders and established company frameworks can lead to strategic misalignment and cultural discord.
 Leaders should value collaborative input and involve executive teams in critical decisions.
- Relying solely on past successes and gut instincts without rigorous market analysis can lead to costly strategic errors. Leaders must prioritise thorough market assessments, leverage industry expertise, and avoid overconfidence in their organisational capabilities.
- Disengagement in critical business activities, such as outsourcing contract oversight, can lead to operational inefficiencies and client dissatisfaction.
 Leaders should maintain active involvement and adhere to governance practices to mitigate risks and uphold service standards.
- Violating client trust through broken promises can have profound, long-lasting repercussions.
 Organisations must uphold commitments to confidentiality and ensure rigorous adherence to ethical standards even in challenging legal contexts.

In the dynamic business world, decisions can make or break an organisation. While successful choices are celebrated, it's often the missteps that provide the most valuable lessons. This article explores five of the most regrettable business decisions, ranging from personnel management to strategic planning. By examining these cases of errors, missed opportunities, and resource allocation pitfalls, we aim to shed light on common traps and provide insights to help leaders avoid similar costly mistakes in their own organisations.

The following scenarios are contributions from five senior executive healthcare colleagues, all with lifetimes of experience. They are shared anonymously as the value is not in the who but the what: the problem and the solution.

Wishful Thinking in Personnel Management

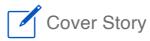
In the first scenario, from a former provider organisation CIO and retired HIT company executive, the challenge is personnel

management and an issue that most of us will easily recognise.

More than once, I waited too long to act when it became clear that a lieutenant was not up to the job. If someone lies or harasses a colleague, my anger is quick, and the person is dispatched as soon as possible. However, if a person was good at some aspects of their job but not so good at other aspects, I would work with them to take steps to up their game.

I have had multiple instances where the performance issues remained despite their and my efforts. I wound up trying to convince myself and them that the problems were not too bad and that if we just kept working on them, we could make them disappear.

That can be wishful thinking and there are several problems with wishful thinking. The job that needs to be done is not getting done. Other lieutenants see the issues and wonder why I am not more decisive. The person who is struggling knows they are struggling, and their head may not be in a good place.



What should I have done? I should have faced the facts and recognised that the performance improvement plan was not working and that wishful thinking would not make it work. I should have sought the advice of colleagues to get their honest feedback about whether the person and I should keep trying or call it a day. The employee and I needed to have a very candid discussion about the situation, setting clear goals to be accomplished in a short period of time.

If it was time for them to seek employment elsewhere, we should ensure that we handled their exit with dignity and humanity.

Isolated Decision-Making

The second scenario is from a retired healthcare consulting company CEO. Here, he explores the fallout from not utilising his management team and trusting in the value they could have provided.

One way decision-making can lead to negative outcomes is if it is performed in a vacuum, without guidance from others, or, as I did in the following example, while ignoring the greater framework of a company's decision-making guidelines.

We once lost an IT strategy deal to a much bigger competitor. I was upset that a competitor who was far less qualified to handle IT strategy than we were had beaten us. After pondering the situation, I decided that we needed to expand into the strategic-market-planning business to ensure that we didn't miss out on future opportunities.

I surveyed the industry and eventually acquired three boutique strategic planning companies. I architected and executed the acquisitions with our CFO and then made the biggest mistake of my career: I did not include my executive team in the decision-making process. Instead, I made a command decision.

I should have faced the facts [...] and I should have sought the advice of colleagues to get their honest feedback about whether the person and I should keep trying or call it a day.

Once the acquisition had been completed, some of the CEOs of the acquired companies joined our executive management team. What ensued became the most significant lesson in my career.

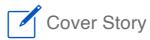
The acquired executives didn't share the same set of values as our original executive team. I gave these

new executives a lot of leeway, and they made some awful decisions with it. Management meetings became contentious, and I found that I had to make command decisions, whereas previously the team would have reached a consensus. The strategic planning companies' business models differed from ours, and our company wasn't built to execute multiple business models.

In one meeting, one of the acquired executives, Sally, had developed a list of strategic planning services we could take to market. All the managers were in the room, including her former boss, Bill, who, it turned out, was her nemesis. Sally filled four whiteboards with list after list after list of services. When she was done, I counted the number of services we had to develop plans for; there were more services than we had employees. On top of that, as she went through her presentation, her nemesis sabotaged it line item by line item.

We were an hour into the meeting when I finally said, "Stop!" I looked around the room and told everyone to leave except Bill, to whom I said, "You, stay." Everyone sheepishly left. I looked at Bill and said, "This isn't working. You're going to have to go." Bill acted surprised and started rationalising his behaviour. I cut him off and said, "This isn't up for discussion. I've had enough. Please collect your things and leave now." Soon thereafter I also asked Sally to leave the company.

I then called a management meeting with only my top executives and apologised for the disrespect I had shown them in executing the acquisitions independently. I apologised for not seeking their advice, for not listening, and for not forming teams to help make these critical decisions. Over the next few months, I unwound all my



acquisitions and allowed the acquired employees and executives to return to the marketplace as independent companies.

The result was a very difficult and painful lesson about what happens when you forget your values, when you believe you are above everyone else, and when you personally experience culture slapping you so hard that it knocks you down.

We all know that our greatest lessons come from our mistakes. In this case, I made two mistakes: losing our focus on being the best at a few things rather than trying to master four whiteboards' worth of product solutions and failing to respect a culture that I had helped to build—a culture that was inclusive, not exclusive; a culture in which trust was based on transparency, respect, and teamwork.

When Analysis Trumps Overconfidence

The third scenario is from a former healthcare association CEO who learned the hard way that market analysis always trumps gut feeling.

Arrogance from an early success was the basis for my most regrettable business decision. The business decision was to build vs. buy. That is, was it smarter to build a new company or buy one that was already in existence?

I was once approached by several media executives who wanted to enter the health IT space with a new publishing company. They offered a royalty arrangement in exchange for access to members, events, and branding. Multiple media companies were already

in the HIT space, but none were closely associated with the association. I believed our brand would make a difference. So, I countered with an offer for the association to build the company with them as a partner. They accepted, and the result was a very successful diversified media company that achieved market prominence and significant profitability.

That first success at building a new company made me believe that we had the people, the smarts, and the brand to do it again.

Shortly after that venture was underway, we identified a different product line that we felt was perfect for the organisation—conducting surveys on IT adoption in hospitals. There was only one other company in the space, and the prevailing opinion was that this other company had below-average data quality and was not particularly well regarded among HIT executives. So, again believing that our brand was a powerful differentiator, I decided to build a competing company although this competitor was looking to sell. We spent two years and significant financial resources to build

this company only to shut it down after a brief, very unsuccessful effort to break into this market. Shortly after, we did what we should have done in the first place—buy the company that was already there. That acquisition turned out to be one of the association's biggest reputational and financial successes.

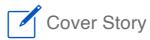
That first success at building a new company made me believe that we had the people, the smarts, and the brand to do it again. What I didn't recognise were the factors outside of our organisation that made that first venture a success: experts in that field who understood that market and who had the business expertise to build that type of company.

The Cost of Disengagement When Outsourcing

In this scenario from a current healthcare CIO, we see the consequences of not paying close attention and staying engaged in critical business activities.

Our handling of an IT infrastructure outsourcing contract is certainly the worst business decision I've been involved with. Several years ago, we entered into a new contract, and it was not long before things went south.

I was letting our CTO manage the contract and learned much too late that I should have been more involved. We didn't follow our contract governance practices, and we didn't send dispute letters per the contract when the company didn't perform as expected. There was a point where normally very polite and calm hospital presidents voiced frustration because we couldn't get simple things done, like hooking up a new ultrasound machine.



Finally, we came to a mutual separation and did an RFP and a new contract with a new company. Honestly, I had no experience with such a large outsourcing contract and was counting on my CTO (who did have experience). He dropped the ball, and I was accountable.

Broken Promises and Trust Violation

In the last scenario, contributed by the founder of an HIT Company, we see the consequences of violating a client's trust.

The fallout from broken promises can have powerful consequences with a long-lasting impact. Our business model's success is based on confidential interviews about the performance of technology products. Individuals willing to be interviewed are guaranteed anonymity and rewarded with open access to the vendor differentiation findings. Willing participation is based upon a strong relationship tied to individuals' trust in the model.

A lawsuit between a participating organisation and their vendor requested that we share candid vendor performance statements from individuals in the participating organisation which we had promised would be kept anonymous. We had denied similar requests due to the anonymous nature of the relationship with participants. This time the participating organisation

pled with us to share the comments from interviewed participants that were part of their organisation. In this case, we aimed to benefit and reward the participating organisations for their abundant sharing. We provided the statements from those individuals who had provided their vendor assessments.

Business leaders can cultivate a more astute approach to problemsolving, ultimately fostering resilience and long-term success in their organisations.

The fallout was a shock. One of those individuals who was deposed for the civil lawsuit had left the participating organisation and was no longer near or involved in

the disagreement. The individual was surprised when contacted by the court system and was extremely displeased with our organisation for not keeping the commitment to their anonymity. We missed it big time, thinking the participating organisation would have embraced its participants by preparing them for the lawsuit activities. It was a wake-up call for us, never to be forgotten. We have never broken that promise since.

Conclusion

These five case studies underscore the far-reaching consequences of poor decision-making in business. From neglecting employee performance issues to mismanaging contractor relationships, each scenario highlights the importance of thoughtful, informed choices. The lessons learned emphasise the need for proactive management, collaborative decision-making, strategic humility, vigilant oversight, and unwavering commitment to client trust. By reflecting on these regrettable decisions, business leaders can cultivate a more astute approach to problem-solving, ultimately fostering resilience and long-term success in their organisations.

Conflict of Interest

None