

MASTERING LEADERSHIP

*A Vital Resource for
Health Care Organizations*

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Dedication

This book is dedicated in memory of my mother, Daisy Belasen, a woman of many talents and languages with the courage, passion, and respect for what is different (“Sovlanut”), who was always there for me and my family. I love you, Ema.

—Alan

I am honored to dedicate this book to my mother, Sylvia Eisenberg. She has endured life challenges that have tested her resilience and spirit, and she has come through with bountiful love and strength. She has my unwavering love and respect.

—Barry

I would like to dedicate this book to my wife, Diane Mastin, who has given me tremendous support, encouragement, and love throughout my career. She has inspired me with her unfailing kindness and consideration for all.

—John

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Foreword

Dr. Richard Boehler, President and CEO, St Joseph Hospital, Nashua, New Hampshire

In evolutionary biology, the theory describing rapid change between longer periods of relative stability is called punctuated equilibrium. Subsets of a species develop characteristics that give them an adaptive advantage to survive, and natural selection defines who will prosper and who will falter. We are in a state of change in health care today that closely mirrors this phenomenon.

There have been brief periods of flux: Medicare in 1965 and DRG payment mechanisms in the 1980s are perhaps the best examples. But between these changes there has been relative stability—until now. In response to rising costs, an explosion of healthcare information technology, growing numbers of under- and uninsured, and the Affordable Care Act, healthcare organizations are maximally stressed to rapidly evolve in order to survive.

In some respects, changing overnight to adapt to new payment mechanisms and incentives and to effectively do population health management is akin to walking out of the tidal pool or being the first to fly. When you consider how we have conducted our business, gotten paid, and delivered patient care to date, the necessity to quickly evolve or fall behind those who can is not all that different.

It follows that expectations for healthcare leaders are changing quickly as well, and that expanded content knowledge, strategic acumen, and self-awareness are requisites to succeed. Of course, no one individual can do this alone. This is where *Mastering Leadership: A Vital Resource for Health Care Organizations* can play a role. Whether an experienced practitioner or a student exploring a career in healthcare management, Belasen, Eisenberg, and Huppertz provide valuable insights into effective leadership behaviors and the characteristics of a motivated management team. The competing values framework helps to focus leaders on quadrants of personal strength or relative weakness and create a gap analysis for themselves and their team.

The text also gives the reader a strong sense of the growing importance of community collaboration and the moral obligation to become a high reliability organization—all necessary to succeed in the short run. Whether it's the incessant drive to eradicate hospital-acquired infections or implement error-free medication administration, we have to radically and quickly evolve to those states. The

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good news is that there are a growing number of organizations that are well along on this path, and we have unprecedented tools to help us get there. Successful practitioners will recognize the opportunities that exist and guide their organizations, using tools like *Mastering Leadership: A Vital Resource for Health Care Organizations* in that journey. I, for one, am optimistic about our adaptability and resilience to succeed, however fast the change needs to be.

Acknowledgments

Writing this book was particularly challenging because the Patient Protection and Affordable Care Act has altered the landscape of healthcare environments significantly by requiring a magnitude of organizational transformations (e.g., value-based purchasing, integrated care delivery) characterized by higher levels of depth, scope, and complexity never before experienced by the healthcare industry. It required us to be on the lookout for relevant and current knowledge, run ideas by different audiences and external reviewers, and constantly update the material while ensuring the integrity of content and quality of presentation. Writing this book was also challenging due to the publisher's tight deadlines and production schedule. This is exactly why this book benefited from considerable support in release time, research funds, data collection, case applications, feedback on earlier drafts, family and collegial support, and help from network enthusiasts, associates, and friends.

A number of individuals reviewed earlier drafts of the manuscript and helped improve the quality of this book and shape its overall direction: Dr. Richard Boehler, President and CEO, St. Joseph Hospital, Nashua, New Hampshire, whose rich skills and talent that combine clinical, administrative, and academic knowledge, stimulated our thinking about transformations in the industry, and Dr. Margaret Tally and Dr. Nancy Frank, who encouraged us to take the outside-in perspective by focusing on patients and communication. Many thanks go to Amy Eisenberg for the feedback and suggestions that shaped the discussion on patient satisfaction and patient-physician communications. Thanks to Dr. Ari Belasen of Southern Illinois University-Edwardsville who provided useful comments about hospital optimization and reimbursement models without the hardship of econometric and estimation models, making the discussion convincingly clear.

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Alan, Barry, and John

Introduction

LEARNING OBJECTIVES

Students will be able to:

- Learn about the purpose and structure of this book
- Gain insight into the leadership challenges in the environment of health care
- Recognize the components of the analytical framework used in this book
- Develop a broader view of the internal and external environments surrounding the master leader
- Become familiar with the tenets of the competing values framework (CVF)
- Appreciate the complexity of the interdependent roles that master leaders assume
- Learn about the importance of using transformational and transactional leadership roles

Managing and Leading

For decades, experts have highlighted the difference between managers and leaders, noting that managers are not automatically leaders, and the expectations of managers and leaders differ significantly. Managers deal with the present, leaders deal with the future. Managers work in a structured and predictable environment, leaders foresee and embrace opportunities brought about by the unpredictability of change. Managers organize and supervise people to produce expected results, leaders motivate others to achieve beyond expectations.

Implicit in this dichotomy is the assumption that one is either a leader or a manager—not both. In addition, we often assume that management is the easier of the two roles, in which leaders emerge from the ranks of successful managers, and that upon becoming a leader, the task of managing falls to those below, whose talents and skills are more suited to operating a day-to-day enterprise.

In health care, it is not so simple. Long considered an industry characterized by incrementalism and predictability, health care has entered an era of unprecedented change. Historically, the preponderance of management duties focused

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on operational soundness, a requirement that importantly, has not disappeared but has intensified in the face of increasing regulatory scrutiny and decreasing financial security. However the skills essential for this role are likely to prove insufficient as challenges descend on healthcare organizations with unparalleled fury. An inward management focus will ill-equip leaders who must now define a role for the organization in the context of relations with stakeholders external to the institution and environmental conditions that will weed out those unable to link a vision with a plan to achieve it. Healthcare leaders who can map their futures to a blueprint for actualizing their organizations' missions are more likely to succeed. At the same time, the work of the organization must continue, amid an extremely high level of scrutiny by outside regulatory authorities that are examining the quality of care, operational processes, and financial soundness. Operational failures cannot be tolerated, and the financial penalties for errors—not to mention the costs to our patients who entrust their well-being to us—are severe. Organizations with leaders who are able to integrate innovation and operations, planning and coordination, and adaptability and reputation management will have a more prosperous and enduring presence in the industry.

Managing and leading—creating an environment in which these roles are complementary and integrated—may emerge as the paramount challenge for healthcare organizations in the coming generation. It will take considerable organizational fortitude to prevent leadership and management from succumbing to the natural tensions between the two. Can one individual perform both roles successfully? Leadership and management function differently and are guided by different goals and orientations: management functions best when it seeks to establish control and predictability for the organization, while leadership is required to move an organization and position it for success in a dynamic environment (Kotter, 2013). Rather than control, leadership relies more on tools of persuasion and influence. Rather than striving for permanence and stability, leadership focuses on change and adaptability. These seemingly contradictory orientations are synthesized, integrated, and unified in the concept of *master leader*.

Master leaders are capable of establishing a balance between the forces of certainty and transformation. Healthcare institutions will not be able to sustain themselves if excessive emphasis is placed on the former. Conversely, too much change, or change that is not designed and implemented effectively, can prove destabilizing to an institution that must carry out its duties with precision and care. We posit that in the upcoming era, healthcare organizations will transition successfully when they are led by individuals who can define, embrace, and execute their roles in the context of this delicate balance.

Target Audience

This book can help executives master the leadership skills essential for performance credibility, high reliability, and commitment to the value of quality care.

The book is geared toward educators and students of healthcare management; senior healthcare executives, CIOs, CMOs, and clinicians who wish to expand their skills and knowledge of healthcare leadership; and board members interested in identifying the core competencies of senior managers and executives.

The book has two goals: (1) define and clarify the extraordinary challenges that leaders in the healthcare industry are facing and will continue to confront in the coming years, and (2) advance a model of leadership that enables executives to steer their organizations through the quagmire of uncertainty created by legislative, economic, demographic, clinical, information management, and political change. Our approach demonstrates how the transformational demands of leadership can be effectively integrated with the transactional and operational necessities of managing. We employ the CVF as the fundamental structure for guiding leaders toward an aptitude for assimilating vision development, strategic planning, and operational management.

More specifically, this book will help executives, professionals, and learners to do the following:

- Map out important stakeholders in four critical domains of healthcare environments
- Acquire knowledge, skills, and abilities in the four domains of leadership
- Learn to align the leadership roles and competencies with organizational goals and strategies
- Assess personal strengths and weaknesses through understanding of gaps between where our skills are and where they need to be
- Identify areas for self-improvement and further development
- Develop skills that have a seemingly paradoxical relationship yet are essential for effective performance
- Learn to realign leadership profiles during transitions and with future organizational goals
- Use strategies and apply new knowledge and skills to maximize leadership effectiveness

You have embarked on a journey of learning and continuous improvement that will take you through the intricacies of healthcare organizations and their transition toward a value-based organization. We hope that this book will stimulate innovative thinking and new ways of doing business based on collaboration and transparency, quality of care, and accountability for outcomes.

Competing Values Framework

The CVF serves as the theoretical basis for the approach and structure of this book as it describes the paradoxes leaders encounter and the delicate balance they must maintain. The integrative nature of this framework allows us to chart internal

and external stakeholders, map out their needs and interests, and help executives choose the right set of roles and type of responses for effective management. As a **development tool**, the CVF helps executives to identify strengths and weaknesses and align their competency profile with organizational goals and strategic objectives (Belasen, 2012). As a **diagnostic tool**, the CVF helps executives to see the competing tensions that exist in the complex environment of healthcare organizations and expand the repertoire of their strategic responses. In other words, the CVF helps executives increase their managerial effectiveness and at the same time improve organizational performance. As such, the CVF **creates value** at both the personal leadership competency level and the organizational capability level. A version of this framework developed specifically for this book is offered in **Figure I.1**. Note how the framework provides a roadmap for identifying the main topics of this book while at the same time it charts the critical domains of healthcare organizations.

Organization of the Book

The CVF comprises four quadrants formed by the transactional and transformational roles that leaders must play in order to deliver results today and prepare for an uncertain future tomorrow. In Chapter 1, we describe this framework in detail, examining its roots in organizational theory, and discussing its application

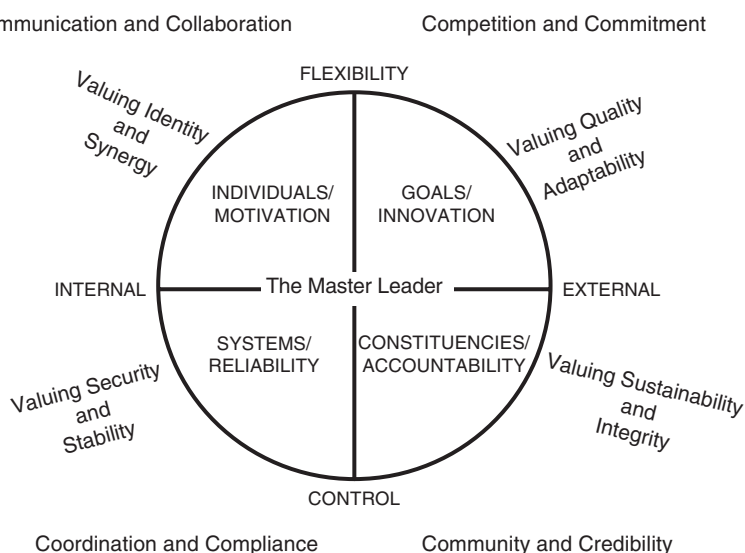


Figure I.1 Leadership in Healthcare Organizations: Constraints and Opportunities

to contemporary healthcare management. We also provide context for the CVF and the demand for *master leaders* as we summarize some of the trends that are shaping the environment for healthcare organizations today.

The remainder of the book is structured in four parts, corresponding to the four domains of action (quadrants) in Figure I.1, and each part contains two chapters. Together, the eight chapters parallel the eight CVF leadership roles. While these roles and their relationship to organizational success are elaborated in Chapter 1, the remaining chapters represent the values identified with the domains of action: communication and collaboration, coordination and compliance, competition and commitment, and community and credibility.

A synoptic view of the topics covered in each chapter is provided below.

Chapter 1: Becoming Master Leaders in Healthcare Organizations

The healthcare system is in a state of substantial change, and the need for transformational and transactional skills to meet the challenges for effective organizational transitions is explored in this chapter. But what is the right balance between management and leadership? The CVF is employed as the theoretical model for explaining and identifying how tensions between transactional and transformational leadership may be reconciled. The concept of *master leader* represents an integration of the roles and functions associated with preserving order, stability, and control on the one hand, and constructing a vision, directing change, and inspiring a workforce on the other. Master leaders possess the capability, flexibility, and dexterity to implement a broad range of communication options to achieve organizational goals. This chapter provides a detailed review of the landscape of change confronting healthcare leaders and the implications for leadership roles. It identifies communication orientations and message construction strategies associated with the responsibilities of the master leader in healthcare organizations.

PART A: COMMUNICATION AND COLLABORATION

Part A, *Communication and Collaboration*, covers the upper left quadrant of the CVF. The values associated with this quadrant (or domain of action) are associated with integrity and identity. Creating a culture of interprofessional collaboration and cross-functional synergies requires participative forms of leadership and communication, empowerment and self-management, and the use of motivational strategies that match the needs of employees and the complexity of the task environment. While Chapter 2 focuses on the critical role of middle managers in designing and leading teams and work units in healthcare organizations, Chapter 3 examines the importance of situational motivation for incentivizing employees in complex healthcare organizations.

Chapter 2: Leading from the Middle Out

Historically, the forces that fostered employee identification with the unit or department were considerably more potent than those that encouraged identification with the organization as a whole. After all, healthcare organizations are made up of individuals with very specific and typically very intensive training and who work in departments that perform only those tasks for which such training applies. Thus, organizational integration and teamwork at the cross-functional and interdepartmental levels, though highly desired and holding considerable benefit, often appear elusive. Studies indicate that the failure to mobilize teamwork has considerable costs and that it contributes to inefficient and wasteful resource consumption, excessive lengths of stay for patients, and diminished quality of decision making. In Chapter 2, we discuss the critical communication roles middle managers play in healthcare organizations. Although these individuals work in units or departments that historically operated as more or less isolated silos, they can prove invaluable in efforts to improve organizational integration and teamwork at the cross-functional and interdepartmental levels, which is increasingly important for healthcare organizations trying to adapt to new demands. This chapter identifies the constraints and barriers to teamwork in healthcare organizations, articulates the benefits and advantages of establishing an environment in which teamwork can flourish, and advances strategies for promoting teamwork on both lateral and vertical bases. This chapter also covers competencies associated with facilitating cross-functional and multidisciplinary teams, empowerment, self-management, and motivation.

Chapter 3: Understanding and Motivating Healthcare Employees

Some healthcare organizations experience high levels of employee satisfaction, retention, and productivity, while others contend with dispiritedness, lack of consistently acceptable performance, and turnover problems. Not surprisingly, environments characterized by the former tend to experience higher levels of patient satisfaction and loyalty, a less pronounced consumer predisposition toward litigiousness, and enhanced organizational efficiency. Instituting and sustaining such an environment requires leaders capable of helping employees develop positive associations with colleagues in both their particular areas of professional specialty as well as with the organization as a whole. Striking the right balance can be baffling for and feel beyond the reach of organizational managers. Leaders capable of achieving identity alignment at both functional and organizational levels understand the relationship of culture and motivation, and create what we term a *patient-centered* approach in the construction of systems by which standards of performance are defined, monitored, evaluated, and

rewarded. This chapter focuses on competencies associated with emotional intelligence, supportive communication, mentoring, and resolving conflicts as well as the relationship of such competencies to organizational culture and human resources policy.

PART B: COORDINATION AND COMPLIANCE

Part B, *Coordination and Compliance*, covers the lower left quadrant of the CVE. The values associated with this quadrant are associated with security and stability. Effective healthcare leaders complement the adaptive culture (discussed in Chapter 1) with a highly reliable culture that supports integration of processes, efficiency of program delivery, and security and stability. While Chapter 4 focuses on technical processes and human systems and the execution of strategies aimed at promoting excellence of care; Chapter 5 examines the drivers of healthcare quality improvement, utilization of data-driven measurement programs, and compliance with Centers for Medicare and Medicaid Services (CMS) regulatory requirements and value-based purchasing. The importance of patient protection and evidence-based leadership is highlighted as well as the need to synchronize the sociotechnical systems in healthcare organizations.

Chapter 4: Becoming a Highly Reliable Healthcare Provider: The Role of Leadership

The definition of reliability with respect to health care is on the precipice of a fourth generation of change. Historically, the notion of reliability was characterized by “do no harm.” As medicine modernized in the late part of the 18th century, reliability came to be characterized more by adherence to defined processes for administering care. Quality was assured or controlled to the extent that an organization could demonstrate that established protocols were followed in the administration of care. Toward the latter part of the 20th century, a new movement to define reliability began to take shape. Rather than focusing almost exclusively on procedures, the industry was encouraged to also focus on clinical outcomes. Today we are witnessing a paradigmatic shift in which evidence will play a more vital role in determining reliability. But most critically, evidence is unlikely to be related exclusively to assessments of the patient’s condition in the confines of the healthcare organization, but on a longitudinal basis and in the patient’s environment. This chapter reviews this phenomenon and identifies the implications and management obligations associated with provider organizations assuming a broader and more externally focused role in the continuum of care. Competencies examined in this chapter relate to performance evaluation, quality management, planning and coordination, and managing health information and informatics.

Chapter 5: Leading the Value-Based Organization: Championing Quality and Improving Safety

The concept of *quality* tends to be characterized most notably by the degree to which care is delivered properly and effectively. Yet quality has profound associations with operational soundness, financial and resource utilization, legal and compliance activity, stakeholder relations, and human resource management. Quality is at the center of an institution's principles. Among the most significant challenges healthcare organizations face is establishing a definition of quality that is integrative and that defines a common institutional ethic. Healthcare organizations are experiencing mounting pressure to abide by stringent regulatory and financial rules and constraints. This chapter describes the emerging and more comprehensive approaches to defining quality and identifies how strategic planning can integrate quality with operational management. Competencies discussed in this chapter relate to ethics and integrity, health policy and law, compliance, and healthcare cost control.

PART C: COMPETITION AND COMMITMENT

Part C, *Competition and Commitment*, covers the upper right quadrant of the CVE. The values associated with this quadrant are associated with goals and innovation. The external environment of healthcare organizations is rapidly changing, with a level of competition that requires leaders to act strategically and proactively. Effective healthcare leaders align resources and capabilities with external needs to ensure that the organization operates optimally. Chapter 6 identifies strategic objectives and marketing strategies that help to position the organization well within the market; Chapter 7 builds on the ideas and strategies discussed in Chapter 6 by covering goal setting, strategic planning, and allocation of fiscal resources aimed at attaining the vision of the organization.

Chapter 6: Leading with Vision: Competing Successfully in Healthcare Environments

The systematic and formal management of competitive relationships in health care, as compared with other industries, is a relatively recent phenomenon. From the mid-1950s, through the advent of Medicare and Medicaid, and up to the proliferation of managed care and the decline of fee-for-service models, competition was generally a second-tier priority for healthcare leaders. As the need for defining a place in the market and shaping an identity have emerged as core functions, marketing has become centrally related to organizational success or failure. Still, it is not uncommon for healthcare organizations to conceive

of marketing in relatively narrow functional terms largely synonymous with promotion and advertising rather than as a comprehensive and strategic dimension of planning. This chapter establishes a broad-based working definition of marketing; identifies its relationship to the management of competition; demonstrates the value of key tools such as market analysis and competitor analysis; and highlights the relationship of marketing to organizational mission, vision, goals, stakeholder relations, and organizational values, in addition to policy, economic, and demographic trends. Essential competencies identified in this chapter relate to strategic planning and marketing, financial management and analysis, value-based health care, and the relationship of these competencies to organizational vision and mission.

Chapter 7: Achieving Sustained Commitment to the Goals of the Healthcare Organization

Like any organization, a healthcare institution guided toward the future by clear goals while preserving the agility and flexibility to navigate through shifting environmental circumstances should be well positioned to succeed. Yet the integration of goal setting and flexibility is beset by challenges particular to the healthcare industry. For example, the needs of the moment tend to be especially demanding and draw much of the organization's brainpower, energy, and resources toward operational necessities. At the same time, the environment is changing in ways that create uncertainty and a lack of coherence with respect to predictability. Given these challenges, mobilizing the mechanisms of and resources for goal setting and goal achievement in a manner that obtains both the input and support from internal and external stakeholders can seem beyond the control of healthcare leaders. This chapter focuses on how leaders can systematically construct goals—along with a program for their achievement—that reflect and account for both the mission of the organization and the changes that bear upon the industry. Competencies treated in this chapter include stakeholder analysis, critical thinking, goal setting, and decision making.

PART D: COMMUNITY AND CREDIBILITY

Part D, *Community and Credibility*, covers the lower right quadrant of the CVE. The values associated with this quadrant are associated with internal and external constituencies and with the importance of joint accountability. Higher rates of patient satisfaction and shifting toward a community perspective through shared resources and common goals facilitate trust between healthcare providers and patients. Chapter 8 focuses on the promotion of effective community relationships as well as the risks and limitations of using a community perspective.

Chapter 9 focuses on the transformative role of the master leader in creating a patient-centered culture and in improving the effectiveness of communication processes that shape the public image of the organization. Effective internal and external communications are central for the public image and the perception of organizational credibility.

Chapter 8: Healthcare Delivery: A Community-Based Perspective

Hospitals are becoming increasingly linked to the communities in which they reside, to the larger network of healthcare providers in general, and to the wider environment, which shapes the health of consumers who come to them for care. Consider the growth of healthcare systems, the impending proliferation of electronic systems for medical record management, the expanding need to examine clinical outcomes on longitudinal bases, the trend in which environmental influences of health are increasingly examined in the context of providing care—all of these factors draw the attention of the hospital to what occurs outside its doors. This chapter identifies those trends, which, when taken together, demand a more external and community-based perspective for healthcare institutions, and focuses on how healthcare leaders can marshal their organizations as they build and leverage relationships in their environments. This chapter examines competencies relating to the role of a leader whose organization must fit into broader alliance structures that serve the health needs of communities.

Chapter 9: Patient Satisfaction and Quality Care: The Role of Leadership Communication

Prior to the 1880s, hospitals were largely avoided by those who could afford to obtain care in their homes. Shortly thereafter, with the advent of more reliable surgical procedures and antiseptic approaches to caregiving, hospitals became the desired venue for the treatment of illness and disease. It has remained this way for well over 100 years. Today we are witnessing something of a trend reversal with the development of models by which the delivery of health care is occurring in more ambulatory-based facilities in the communities in which people live and work. Considerable experimentation is under way with respect to shifting the caregiving environment from the hospital to smaller, community-based venues, for example, patient-centered medical homes, which allow for more immediate, cost-effective, and well-coordinated care. This chapter addresses the importance of patient-centered and community-based innovations and reviews how healthcare organizations can evaluate their benefits and applicability to their systems. Competencies covered in this chapter focus on patient satisfaction, physician

leadership, continuum of care and community-based health delivery systems, innovation, and continuous improvement.

Chapter 10: Strategies for Maximizing Leadership Effectiveness in Healthcare Organizations

Chapter 10 is also the concluding chapter in this book. It revisits the main ideas, strategies, insights, and evidence that were presented throughout the book in a scorecard fashion to help managers, executives, professors, and students to develop a robust understanding of and to acquire skills essential for leading complex healthcare organizations.

Responding to the challenges of leading healthcare organizations through transitions that demand alterations to organizational structure and strategy involves the development of a fundamentally more sophisticated and diverse complement of skills than has traditionally been in practice. Until the current generation of leadership, the skills necessary in health care focused on organizing structures, assigning tasks, constructing systems and policies that could respond to regulatory demands, and establishing protocols for accountability. As we approached the new millennium, it became convincingly clear that a new leadership paradigm was essential—yesterday's transactional leadership skills have become obsolete, even archaic. It is no longer enough for a healthcare manager to be a good technocrat, an efficient supervisor, and a proficient engineer of operational activity.

Today, the skills needed to direct healthcare organizations are more complex, more interdependent, and more multidimensional. In this regard, it is not surprising that such skill sets house elements that hold the potential for incompatibility and even conflict. For example, if we focus too heavily on the needs of the moment we risk losing sight of the instability and uncertainty in the terrain of the healthcare system; after all, the dynamics of healthcare economics, policy, and technology are tremendously fluid. If our gaze is too outward, we risk losing sight of the myriad of detail that keeps our operation in proper running order. In short, the demands on healthcare organizations require an approach to leading that unifies transactional and transformational emphases, and that successfully shifts these from an either/or to a both/and framework.

As guided by the CVE, the master leader—the focus of this chapter—possesses a skill composite characterized by flexibility and balance. The master leader encompasses the humanistic orientation necessary to galvanize a workforce toward a common goal, the environmental perspective essential for determining where and how the organization may fit into the context of a market and a future, the operational skills critical for achieving organizational efficiencies in an era increasingly characterized by resource limitations, and an understanding of how productive capacity can be maximized. This chapter will center on

the importance of acquiring paradoxical skills and on the need to dynamically integrate the competencies described throughout the book into a capacity that encourages master leaders to manage the complexity of healthcare environments with courage, constancy, and confidence.

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