
Management Principles for Health Professionals

Sixth Edition

Joan Gratto Liebler, MA, MPA, RHIA

Professor Emeritus
Health Information Management
Temple University
Philadelphia, Pennsylvania

Charles R. McConnell, MBA, CM

Consultant
Human Resources and Health Care Management
Ontario, New York



JONES & BARTLETT
LEARNING

World Headquarters

Jones & Bartlett Learning
40 Tall Pine Drive
Sudbury, MA 01776
978-443-5000
info@jblearning.com
www.jblearning.com

Jones & Bartlett Learning
Canada
6339 Ormindale Way
Mississauga, Ontario L5V 1J2
Canada

Jones & Bartlett Learning
International
Barb House, Barb Mews
London W6 7PA
United Kingdom

Jones & Bartlett Learning books and products are available through most bookstores and online book-sellers. To contact Jones & Bartlett Learning directly, call 800-832-0034, fax 978-443-8000, or visit our website, www.jblearning.com.

Substantial discounts on bulk quantities of Jones & Bartlett Learning publications are available to corporations, professional associations, and other qualified organizations. For details and specific discount information, contact the special sales department at Jones & Bartlett Learning via the above contact information or send an email to specialsales@jblearning.com.

Copyright © 2012 by Jones & Bartlett Learning, LLC

All rights reserved. No part of the material protected by this copyright may be reproduced or utilized in any form, electronic or mechanical, including photocopying, recording, or by any information storage and retrieval system, without written permission from the copyright owner.

This publication is designed to provide accurate and authoritative information in regard to the Subject Matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional service. If legal advice or other expert assistance is required, the service of a competent professional person should be sought.

Production Credits

Publisher: Michael Brown
Associate Editor: Maro Gartside
Editorial Assistant: Teresa Reilly
Production Assistant: Rebekah Linga
Senior Marketing Manager: Sophie Fleck
Manufacturing and Inventory Control Supervisor: Amy Bacus
Composition: diacriTech
Cover Design: Kristin E. Parker
Cover Image: (top) © Stitcherladyxx/Dreamstime.com; (bottom) © Joel Calheiros/Dreamstime.com
Printing and Binding: Malloy, Inc.
Cover printing: Malloy, Inc.

Library of Congress Cataloging-in-Publication Data

Liebler, Joan Gratto.

Management principles for health professionals / Joan Gratto Liebler and Charles R. McConnell. — 6th ed.

p. ; cm.

Includes bibliographical references and index.

ISBN-13: 978-1-4496-1468-3 (pbk.)

ISBN-10: 1-4496-1468-X (pbk.)

1. Health services administration. 2. Management. I. McConnell, Charles R. II. Title.

[DNLM: 1. Health Services Administration—United States. 2. Health Facility Administration—United States. 3. Health Personnel—organization & administration—United States. W 84 AA1] RA393.L53 2012

362.1068—dc22

6048

Printed in the United States of America

15 14 13 12 11 10 9 8 7 6 5 4 3 2 1

Contents

	Preface.....	xi
	About the Authors.....	xiii
	What’s New in the <i>Sixth Edition</i>?	xiv
Chapter 1	The Changing Scene: Organizational Adaptation and Survival.....	1
	The Changing Health Care Scene	1
	Changes in Client Characteristics.....	2
	Regulation of the Health Care Industry.....	2
	Reimbursement and Patterns of Payment	4
	The Managed Care Era	5
	Provider Growth: Mergers and Affiliations	6
	The Virtual Enterprise.....	8
	Impact of Technology.....	8
	Social and Ethical Factors.....	10
	Introducing Organizational Survival Strategies	11
	Bureaucratic Imperialism.....	12
	Co-optation	13
	Hibernation and Adaptation	16
	Goal Succession, Multiplication, and Expansion	17
	Organizational Life Cycle.....	19
	Exercise: Becoming a Split-Department Manager.....	27
	Notes	28
Chapter 2	The Challenge of Change.....	29
	The Impact of Change	29
	The Manager as Change Agent.....	30
	Review of Successful Change.....	30
	Change and Resistance to Change.....	41

	One More Challenge: The Patient Protection and Affordable Care Act of 2010	50
	Case: In Need of Improvement?	52
Chapter 3	Today's Concept of Organizational Management.....	53
	The Nature of Management: Art or Science?	53
	Functions of the Manager.....	54
	The History of Management	57
	The Systems Approach	60
	Viewing the Work Organization as a Total System.....	67
	Formal Versus Informal Organizations	68
	Classification of Organizations	69
	Classification of Health Care Organizations	72
	Classic Bureaucracy	73
	Consequences of Organizational Form	75
	The Clientele Network.....	76
	Clients	77
	Suppliers	79
	Advisers.....	82
	Controllers	83
	Adversaries	84
	Coalitions for Building Community and Client Involvement.....	85
	Example of Clientele Network for a Physical Therapy Unit.....	86
	Exercise: Identifying and Describing the Management Functions.....	88
	Notes	89
Chapter 4	Planning and Decision Making	91
	Characteristics of Planning.....	92
	Participants in Planning	92
	The Planning Process	93
	Planning Constraints or Boundaries	94
	Characteristics of Effective Plans	97
	Core Values, Philosophy, and Mission Statements	100
	Overall Goals	103
	Objectives	104
	Functional Objectives.....	105
	Policies	107
	Procedures.....	111
	Methods.....	115

	Rules	115
	Project Planning.....	116
	The Plan and the Process.....	116
	Decision Making.....	117
	Decision-Making Tools and Techniques	121
	Exercise: From Intent to Action: The Planning Path.....	124
	Exercise: Plans Are What?.....	124
	Exercise: Goals, Objectives, and Procedures.....	124
	Case: Paid to Make Decisions?	125
	Notes	126
Chapter 5	Organizing	127
	The Process of Organizing.....	128
	Fundamental Concepts and Principles.....	129
	The Span of Management	132
	Line and Staff Relationships	134
	The Dual Pyramid Form of Organization in Health Care.....	136
	Basic Departmentation.....	138
	Specific Scheduling	140
	Flexibility in Organizational Structure.....	140
	The Organizational Chart	150
	The Job Description.....	154
	The Credentialed Practitioner as Consultant	180
	The Independent Contractor	181
	Guidelines for Contracts and Reports.....	181
	Exercise: Creating Organizational Charts	183
	Exercise: Developing a Job Description	184
	Appendix 5–A: Sample Contract for a Health Information Consultant	185
	Appendix 5–B: Sample Cover Letter and Report.....	189
Chapter 6	Improving Performance and Controlling the Critical Cycle	195
	The Continuing Search for Excellence.....	196
	The Management Function of Controlling	203
	Six Sigma Strategies.....	206
	Benchmarking.....	208
	Tools of Control.....	210
	The Critical Cycle.....	217
	Exercise: Choosing an Adequate Control Mechanism: What Fits Best?	218

	Exercise: Promoting Total Quality Management.....	219
	Notes	219
Chapter 7	Budgeting: Controlling the Ultimate Resource	221
	Uses of the Budget	222
	Budget Periods	223
	Types of Budgets	224
	Approaches to Budgeting	227
	The Budgetary Process	229
	Capital Expenses	234
	Supplies and Other Expenses.....	235
	The Personnel Budget	239
	Direct and Indirect Expenses.....	243
	Budget Justification	244
	Budget Variances	246
	The General Audit	248
	Exercise: Adjusting the Budget	249
	Sample Operating Budget:	
	Department of Physical Therapy	250
	Exercise: Belt Tightening—More Budget Adjustments	251
	Sample Health Information Department Budget.....	251
Chapter 8	The Middle Manager and Documentation of Critical Management Processes	255
	The Strategic Plan	256
	The Annual Report	260
	The Executive Summary	261
	Major Project Proposal	261
	Business Planning for Independent Practice	264
	The Due Diligence Review.....	268
	Exercise: Preparing Your Business Plan	270
	Appendix 8–A: Newman Eldercare Services, Inc.:	
	Strategic Plan	271
	Appendix 8–B: Annual Report of the Health Information Services	275
	Appendix 8–C: Executive Summary: Annual Report of the Health Information Services	278
	Appendix 8–D: Sample Project Proposal for Funding.....	280
Chapter 9	Committees and Teams	285
	The Nature of Committees	286
	The Purposes and Uses of Committees.....	290

	Limitations and Disadvantages of Committees.....	293
	Enhancement of Committee Effectiveness.....	295
	The Committee Chairperson	300
	Committee Member Orientation	305
	Minutes and Proceedings.....	306
	Where Do Teams Fit In?.....	312
	As Employee Involvement Increases	312
	Employee Teams and Their Future	313
	Exercise: Committee Structures	317
	Case: The Employee Retention Committee Meeting.....	318
	Notes	320
Chapter 10	Adaptation, Motivation, and Conflict Management	321
	Adaptation and Motivation	321
	Theories of Motivation.....	325
	Practical Strategies for Employee Motivation.....	327
	Appreciative Inquiry.....	330
	Conflict.....	333
	Organizational Conflict.....	333
	The Labor Union and the Collective	
	Bargaining Agreement	342
	Labor Unions in Health Care: Trends and Indicators.....	343
	Case: A Matter of Motivation: The Delayed Promotion ...	345
	Case: Charting a Course for Conflict Resolution:	
	“It’s a Policy”	346
	Notes	347
	Appendix 10–A: Sample Collective	
	Bargaining Agreement	348
Chapter 11	Training and Development: The Backbone of	
	Motivation and Retention.....	363
	Employee Development	364
	Orientation	365
	Training	375
	Mentoring.....	386
	Exercise: What to Do When Budget Cutting	
	Threatens Training?	387
	Case: The Department’s “Know-It-All”	388
	Note.....	389
	Appendix 11–A: Training Design: Release of	
	Information.....	390

Chapter 12	Authority, Leadership, and Supervision393
	The Concept of Power394
	The Concept of Influence395
	The Concept of Formal Authority.....395
	The Importance of Authority396
	Sources of Power, Influence, and Authority397
	Restrictions on the Use of Authority.....404
	Importance of Delegation.....405
	Leadership.....408
	Orders and Directives.....416
	Discipline.....417
	Some Final Thoughts about Authentic Personal Leadership428
	Case: Authority and Leadership: Rising from the Ranks.....430
	Case: Discipline and Documentation—Here She Goes Again.....431
	Notes433
Chapter 13	Human Resources Management: A Line Manager’s Perspective.....435
	“Personnel” Equals People435
	A Vital Staff Function436
	A Service of Increasing Value.....437
	Learning About Your Human Resources Department.....440
	Putting the Human Resources Department to Work445
	Some Specific Action Steps.....447
	Further Use of Human Resources.....449
	Wanted: Well-Considered Input.....450
	Understanding <i>Why</i> as Well as <i>What</i>450
	Legal Guides for Managerial Behavior452
	An Increasingly Legalistic Environment.....460
	Emphasis on Service.....460
	Case: With Friends Like This...460
	Case: The Managerial “Hot Seat”462
	Note.....463
Chapter 14	Communication: The Glue That Binds Us Together465
	A Complex Process.....466
	Communication and the Individual Manager.....467
	Verbal (Oral) Communication471
	Written Communication.....479

	Communication in Organizations	491
	Case: The Long, Loud Silence	496
	Case: Your Word Against His	497
	Notes	498
Chapter 15	Day-to-Day Management for the Health	
	Professional-as-Manager	499
	Two Hats: Specialist and Manager	500
	A Constant Balancing Act	504
	The Ego Barrier.....	505
	The Professional Managing the Professional	507
	Leadership and the Professional	512
	Some Assumptions about People	513
	Style and Circumstances.....	514
	The Professional and Change	515
	Methods Improvement.....	518
	Employee Problems.....	519
	Communication and the Language of the Professional	519
	An Open-Ended Task.....	522
	Case: Professional Behavior—The Bumping Game	522
	Case: Delegation Difficulties—The Ineffective	
	Subordinate.....	524
	Note.....	525
	Index	527

Preface

This book is intended for healthcare professionals who regularly perform the classic functions of a manager as part of their job duties—planning, organizing, decision making, staffing, leading or directing, communicating, and motivating—yet have not had extensive management training. Healthcare practitioners may exercise these functions on a continuing basis in their roles as department directors or unit supervisors, or they may participate in only a few of these traditional functions, such as training and development of unit staff. In any case, knowledge of management theory is an essential element in professional training, as no single function is ever addressed independently of all others.

In this book, emphasis is placed on definitions of terms, clarification of concepts, and, in some cases, highly detailed explanations of processes and concepts. The examples reflect typical practices in the healthcare setting. However, all examples are fictitious and none are intended as legal, financial, or accreditation advice.

Every author must decide what material to include and what level of detail to provide. The philosopher and pundit Samuel Johnson observed, “A man will turn over half a library to make one book.” We have been guided by experience gained in the classroom, as well as in many training and development workshops for healthcare practitioners. Three basic objectives determined the final selection and development of material:

1. *Acquaint the healthcare practitioner with management concepts essential to the understanding of the organizational environment within which the functions of the manager are performed.* Some material challenges assumptions about such concepts as power, authority, influence, and leadership. Some of the discussions focus on relatively new concepts such as appreciative inquiry approaches to motivation and conflict management and Six Sigma applications for quality control. Practitioners must keep abreast of developing trends in management, guarding against being “the last to know.”

2. *Provide a base for further study of management concepts.* Therefore, the classic literature in the field is cited, major theorists are noted, and terms are defined, especially where there is a divergence of opinion in management literature. We all stand on the shoulders of the management “giants” who paved the way in the field; a return to original sources is encouraged.
3. *Provide sufficient detail in selected areas to enable the practitioner to apply the concepts in day-to-day situations.* Several tools of planning and control, such as budget preparation and justification, training design, and labor union contracts, are explained in detail.

We have attempted to provide enough information to make it possible for the reader to use these tools with ease at their basic level. It is the authors’ hope that the readers will contribute to the literature and practice of healthcare management as they grow in their professional practice and management roles. We are grateful to our many colleagues who have journeyed with us over the years and shared their ideas with us.

Joan Gratto Liebler
Charles R. McConnell

About the Authors

Joan Gratto Liebler, MA, MPA, RHIA, is Professor Emeritus, Health Information Management, at Temple University, Philadelphia, Pennsylvania. She has more than 36 years of professional experience in teaching and research in healthcare settings. In addition to teaching, her work and consulting experience include engagement with community health centers, behavioral health settings, schools, industrial clinics, prisons, and long-term care, acute care, and hospice facilities. She has also been an active participant in area-wide healthcare planning, end-of-life care coalitions, and area-wide emergency and disaster planning.

Ms. Liebler is also the author of *Medical Records: Policies and Guidelines* and has authored numerous journal articles and contributed chapters relating to health information management.

Ms. Liebler holds the degrees of Master of Arts (concentration in Medical Ethics), St. Charles Borromeo Seminary, Philadelphia, Pennsylvania, and Master of Public Administration, Temple University, Philadelphia, Pennsylvania. She is a credentialed Registered Health Information Administrator.

Charles R. McConnell, MBA, CM, is an independent healthcare management and human resources consultant and freelance writer specializing in business, management, and human resources topics. For 11 years he was active as a management engineering consultant with the Management and Planning Services (MAPS) division of the Hospital Association of New York State (HANYNS); he later spent 18 years as a hospital human resources manager. As author, coauthor, and anthology editor, he has published 28 books and has contributed nearly 500 articles to various publications. He is in his 30th year as editor of the quarterly professional journal *The Health Care Manager*.

Mr. McConnell received a Master of Business Administration and a Bachelor of Science degree in Engineering from the State University of New York at Buffalo.

What's New in the *Sixth Edition?*

Management Principles for Health Professionals, Sixth Edition, continues to present foundational principles of management in the context of contemporary health care. The sixth edition reflects contemporary issues by linking them to basic principles. Newly added examples include “headline topics” such as healthcare reform, high-tech applications, the electronic health record, medical identity theft, continuity of operations and succession planning, changing patterns of care, and emerging laws and regulations.

Examples and exhibits have been updated throughout. New figures and examples have been provided where changes indicated such need. Dated material carried over from earlier editions has in most instances been either eliminated or replaced with more pertinent material. There have also been small wording changes throughout the entire text for increased clarity and improved understanding.

SPECIFIC CHAPTER UPDATES

Chapter 2, “The Challenge of Change,” has been expanded with added discussions about the continuing implementation and emerging implications of the Health Insurance Portability and Accountability Act (HIPAA), especially concerning how it affects privacy, continuing developments concerning electronic health record initiatives, the need for anticipatory readiness for change through organizational restructuring, adapting and revitalizing one’s career, and some of the emerging implications of the Patient Protection and Affordable Care Act of 2010. A template to track the areas of impact of the last major law is presented; it enables a manager to identify the topics that should be monitored and to prepare responses to changes as they unfold.

Chapter 3, “Today’s Concept of Organizational Management,” adds discussion of coalition building as a means to increase client involvement and to develop and strengthen community alliances.

Chapter 4, “Planning and Decision Making,” combines the topics of the former Chapters 4 and 5, providing more concise treatment of the principal topics, eliminating rarely used decision-making processes, and deemphasizing the topic of space renovation and planning. There is also a discussion on the necessity of planning for continuity of operations as well as succession.

Chapter 5, “Organizing” (formerly Chapter 6 in the fifth edition), provides added information concerning various staffing alternatives such as outsourcing and telecommuting, and updates the material concerning job descriptions and their application. New material has also been added in the section on consultants’ contracts and reports.

Chapter 6, “Improving Performance and Controlling the Critical Cycle” (formerly Chapter 7 in the fifth edition), further speaks to such current prominent issues as patient privacy and the detection and prevention of medical identity theft, and addresses significant provisions and implications of the Patient Protection and Affordable Health Care Act of 2010 and its possible affect on the individual healthcare manager.

Chapter 8, “The Middle Manager and Documentation of Critical Management Processes,” is an entirely new chapter. It describes the necessity for the healthcare middle manager to be knowledgeable about and involved in the development of the contents of specific critical documents as necessary, including the strategic plan and annual report, and how to create a project proposal and a business plan. The essential features of a due diligence report are included. The appendix contains full-scale examples of a strategic plan, an annual report with its executive summary, and a major project proposal.

Chapter 10, “Adaptation, Motivation, and Conflict Management,” expands the material on employee satisfaction and motivation, and addresses current trends and indicators concerning labor unions in healthcare organizations. It includes discussion of motivation during critical incidents.

Chapter 11, “Training and Development: The Backbone of Motivation and Retention,” expands upon the problems fostered by e-mail, the Internet, and social networking. It explores implications for employee education using these technologies; provides an example of a training program recommended for emphasizing the underlying values of patient privacy and dignity; and provides a new model of training design.

Chapter 12, “Authority, Leadership, and Supervision,” expands upon the material on the uses of authority and further examines authentic personal leadership.

Chapter 13, “Human Resources Management: A Line Manager’s Perspective,” now addresses some new directions in human resources caused by the continuing realignment of organizational structures in the healthcare industry.

Chapter 15, “Day-to-Day Management for the Health Professional-as-Manager,” includes a new section addressing the relationship of the professional-as-department-manager to organizational change.