



Case Study: Strategy/Execution

Performance Dips at Market-Leading Institution Prompt Management Restructure

A \$350-million advanced-care hospital was facing a difficult, competitive market. The hospital operated at a loss for the first time in recent history. Its leadership position in cardiology was threatened, and the board of directors wanted to know why.

Client Challenge

The facility had invested in a new financial reporting system, which was not providing the information required to monitor performance. In addition, senior management had changed executives' roles and responsibilities. Financial performance slipped; physician complaints increased. Confidence in hospital leadership plummeted. The board and committee members wanted to know how the system had fallen into chaos.

HHA Assessment

After speaking with the different parties, we could see that the hospital's board and management team had different ideas about the challenges they faced and the performance they expected. Unfortunately, poor communication between board and management only made the situation worse.

HHA Action

First, we helped the Board Executive Committee and management focus on actions to return operating performance to expected levels. We also evaluated communication methods, board agendas and accountability systems to prevent a similar meltdown in the future. Based on our findings, we recommended a plan to align the board's expectations with those of management, focusing on communication and accountability. Finally, we evaluated the management team's performance, individually and collectively, and recommended changes to organization management.



HHA Results

Now that they understood one another, board and management communication focused on factors that contributed to poor financial performance and physician dissatisfaction. The board adopted recommendations to correct problems with the new financial system; it also changed assignments and reporting relationships within management. The board used management evaluations to set clear expectations for the president and his team moving forward. And finally, hospital leaders created a higher level of internal and board review to supervise major new initiatives or changes in management structure.