

**University of Florida**  
**College of Public Health & Health Professions Syllabus**  
**HSA 6188 Strategic Management of Health Systems**

Fall Semester: 2018  
Class time Thursdays 9:35-12:35 Room G 105  
Office Hours Tuesdays 9-noon by appointment  
Delivery Format: On-Campus/On line  
Course managed on the Canvas System

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<b>Course Communications:</b>	<b>Canvas Email</b>

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### **Prerequisites**

Students will have graduate level competency with PowerPoint and Excel.  
Students will have graduate level narrative writing and data analytical skills.  
Students will have taken foundational courses in finance, health policy and an introduction to health management or have equivalent professional experience.

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### **PURPOSE AND OUTCOME**

#### **Course Overview**

The purpose of this course is to better understand and apply modern concepts of strategic planning and management in health systems: to adapt skills and techniques necessary to interpret often ambiguous strategic situations, to distinguish stakeholder needs and aspirations, to evaluate component internal and external structures and influences, to envision appropriate and a practicable strategic responses, to persuasively articulate a desired state and to participate and influence the successful implementation of strategy across a health care systems or within a major organizational component or subsystem. As a parallel process students will gain experience in presenting a formal project plan.

#### **Relation to Program Outcomes**

This course is designed to facilitate the pivot from categorical and knowledge based learning to a more emergent and synthetic understanding of the behavior of complex health organizations. Multiple systems, structures, processes and cultures will be considered in the context of a whole situation. The course is positioned within the curriculum to build on background and techniques acquired in land the

first year courses in Health Policy, Finance, Basic Management and other categorical studies and to prepare students for internship and or job placement in a practical working environment.

## **Instructional Methods**

Lectures, classroom exercises, classroom discussion of readings, online discussions of special topics and a group project with iterative instructor feedback.

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## **DESCRIPTION OF COURSE CONTENT**

### **HSA6188 - Strategic Management of Health Organizations 2018**

Required Texts

Porter HBR, "On Strategy?"

Mosely, "Managing Healthcare Business Strategy"

#### **Getting Started**

Principles of the Course

- Broad Strategy formation is a function of executive management - adaptive strategy runs throughout
- Execution cannot be divorced from planning - it is a cyclic process
- Organizational structure massively influences behavior –submarines can't fly
- Strategic cases (aka business plans) vary widely and necessarily by audience and situation
- Modern strategy involves milestones, real time measurement, feedback and adaptation

Strategic direction – Take the organizational point of view to envision a desired state and enroll stakeholders

Strategy versus tactics

Planning presentation tools

Some useful Metaphors: Maps, Directors, Rapids, Pipe

#### **Health System Basics**

Three Interacting "horizontal" Subsystems:

- Clinical – Patient Pathways
- Managerial – Operations
- Systems – Background Control Planes

Overlaid with many other purposeful subsystems

- Research Institutes
- Foundations
- Medical groups and teams

Optimization and sub optimization

Project management as a “vertical” exercise

**Assignment 1 Characterize typical health system structures**

Ex Nihilo Nihil Fit – Lucretius – see modules sidebar articles

Historical antecedents and accretion – canvas entries and discussions

Nine elemental organizational structures and their major variants (see modules) side bar

**Structural Types Analyses**

Structure		Discussant	Origin	Function	Discussion/Examples
Sole proprietorship	1				
Charities and foundations					
Community based agencies	2a				
Funding agencies					
Governmental Agencies	3				
Military	3a				
Nonmilitary (e.g. HRSA)	3b				
Research (e.g. NIH)	3c				
Partnerships					
Single specialty	4a				
Multi-specialty (Prepaid)	4b				
Corporations					
Hospitals	5a				
Independent 403 B	5a1				
Subsidiaries	5a2				
Loosely Affiliated	5a3				
Academic Medical Centers	5b				
Insurance	5c				
Medical Industry	5d				
Technological Franchises	6				
Co-Ops					
Patient	7a				
Industry	7b				
Networks					
Provider	8a				
Patient	8b				
Research	8c				
Insurance	8f				
Membership Organizations					
Guilds & professional	9a				
Accrediting associations	9c				

At the Movies visualizing strategy

**Mosely Chapter 1**

Porters “What is Strategy?”

“The Founder”

**Discussion issues - the movie is to be discussed in concert with the Michael Porter article “What is Strategy?” The technical terms are direct references to that work.**

Which elements of the Ray Kroc story do you consider “strategic?” Which do you consider tactical? Why?
How would you describe the “productivity frontier” at the outset of “The Founder” movie? How would you describe it today?
What is/are the fundamental disruptive technology/ies involved in the Founder?
Which of Ray Kroc’s decisions in the Founder might you consider strategic? Which are tactical?
How did Ray Kroc and McDonalds achieve “sustainable competitive advantage”?
When was “strategic momentum” achieved in the movie? How was it sustained? Relate this to the restaurant scene where Ray meets his second wife.
Who are the innovators? What are the rights of the innovators? How were the rights of innovators defined?
What is the role of “brand”? What brands are dominant in American medicine and how would you characterize them? What is the influence of brand in healthcare?
What is the significance of the slogan “MacDonald’s is family” as a core ideology?
How was control established? What are the limits of control? Would this same system of control be effective all management settings?
Discuss the limits of legal contracts and contract enforcement.
Would you have liked to work for Ray Kroc? How would you describe his managerial style?
What is the role of “staff” in the movie? How are “line managers” differentiated from “staff”? How does the span of control differ between line and staff?
How do you feel about Ray Kroc’s communication style? Would this same communication style be effective all management settings? Would it work with professionals in clinical practice? What determines appropriate communication style?
What motivational devices (incentives) are involved at various parts of the movie?
What are the strategic implications of “Hamburger University”?
Where is McDonald’s stock trading today? How is it positioned for the millennial generation?
What characterizes the franchise model? How might responsibility be split between franchiser and franchisee? Would you characterize McDonald’s as a strong or weak type of franchise model? Why?
Name some instances where health care is being franchised? What are some of the strengths and weaknesses of franchising as a health care strategy?

Discussion point: Critics say the movie “offers no sense of the wider implications of the spread of the franchise, no sense of what it has meant to the world, and no sense of what it means to the characters in the story—not even to Kroc himself.” <http://www.newyorker.com/culture/richard-brody/the-founder-a-fast-food-visionary-on-shaky-moral-ground>

In the movie very little is discussed about the reliance on part time and entry level employees. What was the strategic advantage? What are some downstream consequences?

Some of McDonald's best and most enduring ideas, such as the Egg McMuffin and the Big Mac, were developed by franchisees themselves. Tie this fact to the modern notion of network growth.

The Styrofoam McDonald's clam shell containers sit on display in the National Museum of American History. What do you infer from this?

### **Situational Assessment**

#### **Mosely Chapters 2 through 5**

Supply Chain / Value Chain - including patients!

The evolving character of Referral Patterns

- Community hospital – Hill Burton
- Academic referral hospital – Flexner Report
- Regional hospitals – Competitive Markets
- Insurance Networks – Virtual Health Systems

Indemnity insurance vs the prepaid group <https://www.nytimes.com/2017/06/19/opinion/health-insurance-american-medical-association.html>

### **Internal Assessment - Competencies and Capabilities**

SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis

Pestal Analysis Political Economic Social Technological Environmental Legal

### **Stakeholder Identification**

Internal Capacity and Capabilities

- Roles versus Positions

- Line versus staff

Patients (consumers)

Board members and other volunteers

Partners and Strategic Alliances

Stockholders

Corporate

Vendors

Community, Region, State

### **Stakeholder Engagement**

Mental models, straw men and evolving to a shared vision.

Read: Smith (Modules) "Building Shared Vision: How to begin"

Read: Collins and Porras (HBR Redbook) Building Your Company's Vision" with special emphasis on "Envisioned Futures"

**Graded Assignment - Piney Hills -Call to action (20 points) Based on Piney Hills Case (Modules) - two pages (Word Format)**

**Dos**

1 page word transmittal memo (or email) to the boss (Porter) laying out rationale and suggestions. Use consistent engagement style (see Smith Article)

1 page draft memo from the boss to the proposed team - straight forward, succinct, simple language to (1) clearly define your role (you are an intern) (2) engage people for their individual skill contributions and (3) give clear sense of process expectations and required time commitments and (4) thank people in advance

**Don'ts**

Don't try to solve the entire problem in the memo – that is what the group is going to do. Don't rely on Porter's raw authority – do not use Smith's "tell" mode. Don't get too cute – you are working with seasoned vets. Don't overstate the urgency

**OK's**

OK to use Email format all around (more formal than a text message, less formal than a letter of reference. OK to attach one or two exhibits (e.g agenda, schedule, role definitions, data, or conceptual diagram) less than one page. OK to use first names of team members (except board members). You can decide how you want to address the boss.

**A typical adaptive project process**

1 Establish authority
2 Assess the entire situation - quantify where appropriate – identify stakeholders – identify competitors
3 Envision mental model / straw man proposal
4 Gather / involve stakeholders -communicate clearly
5 Build toward a shared vision / obtain principal stakeholder approval in concept
6 Iteratively refine the straw man into a position – narrative, diagrams, data models
7 Revisit stakeholders to solidify position
8 Establish and ratify a measurement system

**Products and levels of "packaging"**

- Procedures
- Episodes
- Conditions - Patient Subpopulations – carve outs
- Populations

**Pricing**

- The Pindyke examples (Modules)
- Brill article Time Magazine (Modules)

### Complex Organizations

	SWOT Volunteer	Packaging	Discussion
Fully integrated with an Insurance Wrapper			
Academic City States			
Franchise Models			
Virtual and Contractual Networks			
Ankle biters like the MacDonald Brothers			

### Competitors

**Read: Porter (HBR Redbook) "Five competitive forces that shape Strategy"**

**Schedule First Round individual sessions (approximately 15-12 minutes) – Required** – individual sessions August 15, 22 and 29

Select one of 20 structures as discussed in previous session

Identify a SBU (Strategic business unit)

### Sticker Exercise

Identify local area examples of Porters forces and make a brief presentation in class

Volunteer	Force	Gainesville Examples
	Rivals	
	Threat of New Entrants	
	Power of Suppliers	
	Power of Replace	
	Threat of Substitutes	

### **Piney Hills Call to Action (20 points)**

### **Mid Term Exam (30 points)**

### **Final Graded Assignment Adaptive Strategy (40 points)**

Lead Author – individual assessment 15 points

Team Role Performance - individual assessment 15 points

Final Group Report – shared assessment 10 points

### **Course Participation (10 Points)**

Structural Types

Scenario Planning

Pindyke Eamples

HBR Redbook Reports

Special Assignments

Professionalism of process

### **Important Notes**

Other readings and assignments may be added on an as needed basis.

The sequencing of materials is subject to change.

In general all students are expected to read the HBR Redbook and the Mosely text in their entirety.