

**ROBERT F. WAGNER GRADUATE SCHOOL OF PUBLIC SERVICE, NEW
YORK UNIVERSITY**

HPAM-GP 1833 (001) – HEALTH SERVICES MANAGEMENT

Spring 2018 - SYLLABUS

COURSE INFORMATION

Instructor:	Thomas D’Aunno, Ph.D.
Email:	tdaunno@nyu.edu
Meeting days/times:	Wednesdays, 6:45--8:45pm, January 22—May 7, 2018
Location:	Global Center for Academic-Spiritual Life, 238 Thompson Street, Rm. 361
Credits:	3 points
Pre-requisites:	CORE-GP 1020 Managing Public Service Organizations HPAM-GP 1830 Introduction to Health Policy and Management
Office hours:	On request (by email)

COURSE DESCRIPTION

This course has two overall goals. The first is to develop students' skills in strategic thinking and strategic management. This part of the course focuses on questions of mission and vision ("What areas or activities should we be working in?") and on questions of strategy and operations ("How can we perform effectively in this area?"). We will focus mainly on strategy formation ("What should our strategy be?") and on the content of strategies (such as mergers), examining their strengths and weaknesses from a variety of perspectives.

The second course goal is to prepare students to effectively design health care organizations to optimize their performance. Managers must ensure that their organizations are well-designed to deliver the results that their strategies promise. This entails developing knowledge and skills to analyze key issues in organizational structure, power and politics, culture, and, most importantly, to lead organizational change.

The course relies heavily on case studies and active learning from analysis of cases.

COMPETENCIES ADDRESSED IN THE COURSE¹

Assignments and participation in class and case study discussions in this course will be used to assess progress against the competencies listed below. No student will receive a B or higher without demonstrating satisfactory progress toward mastery of each competency. The level of competency expected to be achieved is denoted in brackets according to the following key:

[1] = Basic: Foundational understanding of knowledge/skill/competency

[2] = Intermediate: Student demonstrates greater depth of understanding of this

knowledge/skill/competency and can use this ability to analyze a problem

[3] = Advanced: Student demonstrates expertise in this knowledge/skill/competency and can use this ability to evaluate, judge, and synthesize information

- The ability to manage teams, projects and people; to work in change-oriented healthcare organizations; and mentor a diverse and changing work force (M/CSD/FP) [2]
- The ability to understand and apply legal and ethical principles to managerial and leadership decisions affecting healthcare organizations (M/CSD/CP) [1]
- The ability to align human resource capacity and practices and processes with strategic organizational goals (M/CSD/FP) [2]
- The ability to hold people accountable to standards of performance and assure organizational, professional and ethical compliance (M/CSD/CP) [3]
- The ability to measure, monitor and improve safety, quality, access and system care delivery processes in healthcare organizations (M/CSD/FP) [2]
- The ability to assess population and community health needs from a public service perspective (M/FP/CSD) [1]
- The ability to draw implications and conclusions to develop an evolving vision that leads to organizational viability (M/CSD/CP) [2]
- The ability to use information systems and evidence-based management principles for problem-solving, strategic planning and decision-making, and measuring change (M/CSD/CP) [3]
- The ability to synthesize evidence, and apply statistical, financial, economic and cost effectiveness methods in organizational analysis (M/CSD/FP) [2]
- The ability to communicate and interact productively in a diverse and changing industry, workforce and citizenry (M/CSD/CP) [3]
- The ability to present convincingly to individuals and groups the evidence to support a point of view, position or recommendation (FP) [3]
- The ability to engage in continuous learning; to reflect on and assess one's strengths and developmental needs; to seek feedback from others; and establish and sustain a professional development network (M/CP) (1)

¹ M – Memo; FP– Final Project (team memo, presentation); CSD – Case Study Discussion; CP – Class Participation

Course Objectives

The three primary objectives of the course are to (1) introduce and apply analytic frameworks used to form organizational strategies; (2) integrate managerial and leadership skills acquired in other courses and through personal experience; and (3) introduce and apply models to promote students' ability to design organizations for optimal performance and to implement strategies.

Thus, students who successfully complete this course will be able to:

- Analyze complex community, sector and organizational situations from a general management point of view, using a comprehensive strategic framework;
- Develop and/or identify potential alternative strategies for pursuing organizational mission and vision and for working with diverse stakeholders to achieve shared goals;

- Assess the implications of strategic options, including potential for achieving advantages and for effective implementation, for satisfying the values and needs of a variety of stakeholders;
- Work effectively with colleagues in bringing multiple perspectives and diverse skills together to produce innovative solutions to complex challenges;
- Make, support analytically, and communicate clearly strategic decisions from a managerial and leadership perspective
- Increase skills in diagnosis to enable analyses of organizational structures, power and politics, and culture, with a focus on the interplay of rules, resources, and relationships
- Identify critical sources of tension in organizations, and learn to harness them to produce beneficial outcomes for you and your organization
- Build a repertoire of strategies and tactics to increase effectiveness in leading organizational change initiatives and implementing new strategies

READINGS

Students are expected to be prepared for class discussions and participate fully. They will be encouraged to share their own experiences relevant to the topics and cases being explored.

A series of case studies and other required readings will be available on the Classes site for the course.

COURSE REQUIREMENTS

There are three basic requirements for the course:

Class Participation (20%): Your active participation is critical. Productive discussion depends on students reading and analyzing the materials beforehand and coming to class ready to present a diagnosis of the problems presented and possible solutions. Students are expected to attend all classes, have thoroughly prepared the assigned cases and readings, participate fully in small group and class discussions, and act as group spokesperson for case presentations.

Written case analyses (45%): each student will complete an individual, written case memo that analyses a case and provides recommendations for dealing with issues presented in the case. *The requirements for the case analysis are described below as Assignment 1.*

Team project (35%): students will be assigned to work in teams and do a strategic analysis of an organization. Each team will submit a comprehensive analysis with strategic recommendations; teams will present their projects and recommendations in class on the last day of the term. *The requirements for the team project are described below in Assignment 2.*

All submitted papers, whether individual or group, are to be original work with full and complete citations of any materials drawn from other sources [articles, books, interviews, etc.].

All assignments must be submitted on the stated due dates unless I grant an extension prior to the due date.

COURSE POLICIES

Attendance. You should arrive to class on time. Any absence must be explained and justified beforehand; your grade will be lowered if you do not do so.

Late assignments. Extensions will be granted *only in case of an emergency*, out of respect for those who abide by deadlines despite hectic schedules. Late submissions without prior permission will be penalized by ½ a letter grade per day (e.g., B+ to B).

Students with disabilities. Any students requiring accommodation should contact me to make proper arrangements. Please be prepared to share your documentation from the NYU disabilities office.

NYU/Wagner grading policy: [htm://wagner.nyu.edu/current/policies/grading.php](http://wagner.nyu.edu/current/policies/grading.php)

NYU/Wagner academic integrity policy: [htm://wagner.nyu.edu/current/policies/](http://wagner.nyu.edu/current/policies/)

Course Session Calendar

1. Introduction to the course 1/24/18
2. Building blocks: Mission, vision, strategy and strategic thinking 1/31/18
3. Strategy formation: Assessing the external environment 2/7/18
4. Strategy formation: Assessing your organization 2/14/18
5. Current strategies 2/21/18
6. Current strategies (cont'd) 2/28/18
7. Putting it all together (portfolio analysis) 3/7/18
8. Reward and incentive systems 3/21/18
9. Formal structure 3/28/18
10. Performance management systems 4/4/18
11. Organizational culture 4/11/18
12. Emerging organizations: Accountable Care Organizations and Patient-Centered Medical Homes (primary care initiatives) 4/18/18
13. Leading organizational change 4/25/18
14. Final project presentations 5/2/17

COURSE SCHEDULE AND ASSIGNMENTS

Class 1: Introduction (Jan. 24)

Learning objectives

- To define the nature and scope of the course, including the basic conceptual framework and approach
- To explore the basic course themes of strategy, strategic thinking, and strategic planning

Readings

- **Case:** Alan Kendricks at Cardiology Associates. Harvard Business School, 2007.
- Michael E. Porter, "What Is Strategy?" *Harvard Business Review*: Nov/Dec 1996: 61-78.
- Frank Vermeulen, "Five Strategy Questions Every Leader Should Make Time For" *Harvard Business Review*, September 3, 2015

Class 2: Building Blocks: Mission, Vision, Strategy and Strategic Thinking (Jan. 31)

Learning objectives

- To demonstrate the process of strategic thinking in a complex setting involving external, organizational and interpersonal challenges
- To introduce the central concepts of mission and vision in the development of organizational strategy
- To distinguish strategic thinking from planning
- To understand the role of leadership in strategy

Readings

- Rangan, K. “Lofty Missions, Down-to-Earth Plans” *Harvard Business Review*: March 2004: 112-119.
- Bradley et al., “Managing the Strategy Journey” *McKinsey Quarterly*, July 2012
- Meehan, William F. III, “Making Missions That Won’t Creep” *Stanford Social Innovation Review*, Winter 2008; 6;1

Class 3: Developing Strategy: Developing Strategy: Assessing the External Environment (Feb. 7)

Learning objectives

- To develop a practical framework for assessing external opportunities and threats and internal strengths and weaknesses in the context of organizational mission
- To understand how the basic economic phenomena of resource scarcity and competition define the need for strategy
- To understand the core functions of ‘competitors’, ‘customers’, ‘holder of resources’, ‘referee’, and ‘allies’ in a strategic context

Readings

- **Case (for memo #1): ThedaCare: System Strategy**
- Michael Porter, “The Five Competitive Forces That Shape Strategy” *Harvard Business Review*, January 2008
- Arrick, E. & Khan, F. *Scanning the Landscape: Finding Out What's Going on In Your Field*. Grant Craft: 2003.
- Morrison, J. (1992). Environmental Scanning. In M. A. Whately, J. D. Porter, and R.H. Fenske (Eds.), *A primer for new institutional researchers* (pp. 86-99).

Class 4: Developing Strategy: Internal Organizational Assessment (Feb. 14)

Learning objectives

- To understand the role of key characteristics of organizations, including their strengths and weaknesses, in evaluating the potential effectiveness of strategic options
- To be able to define the underlying ‘business’ or operational and economic models of an organization’s major activities

- To define clearly and distinguish the three levels of strategic thinking: Conceptual, analytical, and operational

Readings

- Case: The Rosemont Behavioral Health Center. Swayne, Duncan & Ginter. Case 10 (p.617-630) in *Strategic Management of Health Care Organizations* (6th ed.). Wiley & Sons, 2012.
- Dye, R., & Sibony, O., “How to Improve Strategic Planning,” *McKinsey Quarterly*, 2007 Number 3, pp. 40-48.
- TACS: Technical Assistance for Community Services. Nonprofit Organization Self-Assessment Tool.

Class 5: Strategy as Content (Feb. 21)

Learning objectives

- Understand the strengths and weaknesses of key strategies
- Know empirical evidence to support use of strategies
- Know current use of strategies

Readings

- Tsai & Jha, “Hospital Consolidation, Competition, and Quality Is Bigger Necessarily Better?” *JAMA*, July 2014
- D’Aunno, T. Collaboration Among Health Care Organizations: A Review of Outcomes and Best Practices for Effective Performance, Institute of Medicine, 2011
- Sull, D. & Eisenhardt, K. M., “Simple Rules for a Complex World,” *Harvard Business Review*, September 2012, pp. 68-74

Class 6: Strategy as Content –Cont’d (Feb. 28)

Learning objectives (con’t from above)

Readings

- **Case for memo #2: Napo Pharmaceuticals**
- Dyer, J. H., Kale, P., & Singh, H., “When to Ally and When to Acquire,” *Harvard Business Review*, July-August 2004, pp.108-115
- Kale, P. & Singh, H. “Managing Strategic Alliances: What Do We Know, and Where Do We Go from Here? *Academy of Management Perspectives*, 2009.

Class 7: Putting it All Together (March 7)

Learning objectives

- Understand the importance of portfolio analysis
- Know how to use the MacMillan Matrix to decide what strategies to use (and not use) for your organization’s divisions (portfolio analysis)
- Be able to develop a comprehensive diagnostic approach for conducting a complete strategic review of an organization in its full internal and external context

Readings

- Kearns, Chapter 4 (pp. 108-134).

Class 8: Reward and incentive systems (March 21)

Learning Objectives

- Understand the strengths and weaknesses of financial and non-financial incentives and reward systems
- Understand the issues involved in current pay-for-performance plans in health care
- Understand the relationship of incentive and reward systems to other key aspects of organizational design

Readings

- **Case:** Lincoln Electric in China.
- McKethan & Jha, Designing Smarter Pay-for-Performance Programs *JAMA*. Published online November 06, 2014.
- Recommended: Damberg, Sorbero, Lovejoy, Martsolf, Raaen & Mandel Measuring Success in Health Care Value-Based Purchasing Programs: Findings from an Environmental Scan, Literature Review, and Expert Panel Discussions. RAND, 2014 (p.1-35).

Introduction. Lincoln Electric is perhaps the most famous case of incentive structures. It makes a sharp argument in favor of some controversial ways of designing compensation systems and motivating employees. As we shall see, Lincoln and others have long-used such reward systems with some interesting results. Be prepared to take a position on the reward system.

Study Questions

1. How do you explain Lincoln Electric's success? In particular, please think about their operating environment, their strategy, and the nature of their work. Consider how their reward structure complements each of these.

Class 9: Formal structure (March 28)

Learning objectives

- Know major structural approaches to coordination and control in organizations
- Understand the strengths and weaknesses of formal structures
- Be able to recommend alternative formal structures to deal with common coordination and control problems

Readings

- Case: Intermountain Health Care. R. Bohmer, A.C. Edmondson & L.R. Feldman, Harvard Business Publishing, 2002 (revised 2006); case number 603066. Study Questions: What are the main formal structures that Intermountain is using to organize its services? What are the strengths and weaknesses of these structures?
- James BC, Savitz LA. How Intermountain trimmed health care costs through robust quality improvement efforts. *Health Affairs*. 2011; 30(6): 1185-1191.
- *Optional:* Organization Design. Leatt, Baker & Kimberly

- *Optional:* If Health Care Is Going to Change, Dr. Brent James's Ideas Will Change It – New York Times November 8, 2009 Making Health Care Better, David Leonhardt

Introduction. Formal organizational structures are not just descriptions of information flows and reporting relationships. They are tools for achieving coordination of activities. Hence many organizations undertake frequent reorganizations to improve their effectiveness. Today we will look at formal ways of coordinating organizational activities for accomplishing work tasks. We will focus on some basic dimensions of organizational design, as well as on strengths and weaknesses of the most common formal structures.

Class 10: Performance Measurement (April 4)

Learning objectives

- To examine the ‘stepdown’ process from mission to operations and to be able to develop key performance indicators
- To be able to understand and use the balanced scorecard as a performance management tool for monitoring the effective implementation of vision and strategy

Readings

- **Case for memo #3:** *Montefiore Medical Center*
- Kaplan, R.S. & Norton, D., “Using the Balanced Scorecard as a Strategic Management System, *Harvard Business Review*, 1996
- Simons, R. S., “Stress-Test Your Strategy: The 7 Questions to Ask,” *Harvard Business Review*, November 2010, pp.92-100
- Kaplan, R.S. “The Balanced Scorecard for Public-Sector Organizations,” Balanced Scorecard Report.

Class 11: Organizational culture (April 11)

Learning objectives

- Know what organizational culture is and is not, including the major elements of culture
- Know how organizational culture can affect organizational performance
- Understand how to change organizational culture

Reading

- Case: Children’s Hospital and Clinics (A) A.C. Edmondson, M.A. Roberto & A. Tucker. Harvard Business Publishing, 2001 (revised 2007); case number 302050. Study Questions: 1. How would you characterize the culture at the hospital and clinics? 2. What are the major strengths and weaknesses of the approaches used to change the culture
- Schein, E.H. 1990. “Organizational Culture”. *American Psychologist*.

Introduction. There are probably more definitions of culture than there are people studying it. Culture is an elusive concept, but one with tremendous face validity—everyone understands what culture is, but that understanding is often vague and fuzzy. Today we will discuss one useful model of culture and see how it helps us understand key challenges facing a major children’s hospital.

Class 12: Emerging organizations: Accountable Care Organizations and Patient-Centered Medical Homes (April 18)

Learning objectives

- Know current approaches to re-organize primary and acute care
- Know strengths and weaknesses of current designs, including outcomes

Readings

- McLellan, McKethan, Lewis, Roski & Fisher. A National Strategy to Put Accountable Care Into Practice. *Health Affairs*, 29, no.5 (2010):982-990
- D'Aunno, T., Broffman, L., Sparer, M. & Kumar, S. Factors that Distinguish High-Performing Accountable Care Organizations in the Medicare Shared Savings Program. *Health Service Research*, December 2016. DOI: 10.1111/1475-6773.12642
- Sinaiko et al., Synthesis of Research on Patient-Centered Medical Homes Brings Systematic Differences into Relief. *Health Affairs*, 36(3), 2017.
- Casalino, Erb, Joshi & Shortell, Accountable Care Organizations and Population Health Organizations. *Journal of Health Politics, Policy & Law*, 2015
- McWilliams, Cost Containment and the Tale of Care Coordination. *New England Journal of Medicine* 375;23 nejm.org December 8, 2016

Class 13: Leading organizational change (April 25)

Learning objectives

- Know key principles and practices for leading organizational change
- Understand the strengths and weaknesses of major approaches to organizational change
- Understand sources of resistance to change and how to address them
- Understand how successful organizational change rests on an effective diagnosis of an organization, drawing on key concepts from the course

Readings

- Deborah Jamieson and the University College London Hospitals. Battilana, J., Cagna, A-M., Gilmartin, M.J. & D'Aunno, T. INSEAD. 2006. Study questions: What are the strengths and weaknesses of these change efforts? What are the key lessons for you?
- Kotter, J. P. 1995. Leading Change: Why Transformation Efforts Fail. *Harvard Business Review* Vol. 73 Issue 2, 59-68.

Class 14: Final Project Presentations (May 2)

Assignment 1: Case Analysis Memo

Purpose and requirements

You will complete an individual case analysis that provides an opportunity to develop your skills in assessing an organizational situation and providing support for a particular course of recommended action. This assignment will be in the form of a memo addressed to the executive director of the focal organization, not to exceed 2 single spaced pages. The memo must identify the problem as you see it, recommend solutions, and provide support for your

perspective.

State one problem presented by the case and briefly explain the context in which key decisions must be made. Next, describe and assess proposed solutions to the problem, which you believe is the best course of action, and your reasons. Identify the next steps if your proposed solution is adopted and outline a “Plan B” in the event that your proposed solution fails. Show how the readings informed your understanding of the case and influenced your decision-making. Do not attempt to address every issue in the case; focus on your analysis of the problem and propose a potentially viable solution. Here is the outline I would like you to use:

Memo outline

- Open with a brief one-paragraph summary (labeled **Executive Summary**)
 - What is the context, key issue(s), and your recommendation?
- **Background**
 - Why are we facing these issues? Identify root causes.
- **Recommendations**
 - What are your specific recommendations? Rationale? Alternatives?
- **Next steps**
 - How should your recommendations be implemented? What are the priorities? What is the timeline and what resources are required?

Please use a simple and direct style, putting your conclusion or recommendation in the first paragraph. List references, if necessary, on a concluding page.

Requirements

Page and format requirements: 2 pages, single spaced including all graphics. Use Times New Roman font with reasonable margins (looks count) and a 12 pt font size. References should be included on a separate, final page of the document.

Mechanics

Format, grammar, punctuation, spelling, and citation accuracy all count.

Assignment 2 (Final Project): Team Case Analysis

Because strategy is so often formulated in groups, members of the class will be divided into teams for this assignment. This will allow you to develop awareness of how strategic decision-making works. This project will provide an opportunity to apply what you have learned to a case. Your team will be “hired” as a consultant to tackle a strategic problem or address an opportunity to improve the work of the organization featured in the case. Using the tools and concepts introduced in the course you will provide the organization’s management team with a 5-page (single-spaced) report that analyzes the situation and recommendations on how to move forward.

Prepare a concise analysis of the case that is responsive to the following points:

- What are the issues [strategic, tactical, and/or operational] that are presently confronting the organization or institution described in the case?

- What are the conceptual factors [mission, values, vision] that are relevant to these issues?
- What are the external/environmental factors that are relevant to these issues?
- What are the internal factors [structure, processes, people] that are relevant to these issues?
- What is the strategic intent of the institution?
- What alternative strategies would you consider, and which would you recommend/select if you were responsible for the institution? Why?
- What are the 3-4 most significant/first priority actions that you would have to take to implement your recommended strategy effectively?
- How would you “sell” your approach to the senior management of the institution?