

The Center For Modeling Optimal Outcomes® LLC

“The Think Tank for Creativity & Innovation”®

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Why Healthcare Must Avoid the Silver Bullet Syndrome!

An interesting article appeared in the April 2005 issue of Harvard Business Review; *Selection Bias and the Perils of Benchmarking*.¹ While the topic was interesting, it also contained a few other valuable “nuggets” worthy of consideration in healthcare. Selection bias, according to the author, Jerker Denrell, can cause companies (providers) to over focus on processes or core activities which have been successful in the past.

In our opinion, this is exactly what a majority of providers have done when it comes to addressing potential solutions to their many strategies and problems. Simply, for a variety of reasons, providers have historically attempted to find a single, all-encompassing “silver bullet” to address their numerous highly complex issues and needs. As one example, some providers have devoted their primary focus on the Six Sigma® concept as if it were a solution to solve most if not all of their problems, rather than viewing it as the tool that it is. (Note: This comment is not intended to detract from the value potentially derived from the appropriate use of Six Sigma®. This concept definitely incorporates many attributes sorely needed in the healthcare industry. However, the concept is focused on quantitative analysis.

Even if providers are capable of superb outcomes based on quantitative analysis, real success cannot be achieved unless the organization has processes to deal with the subjective nature of the many issues facing the organization and its employees, including the ability to ensure behavioral modification to utilize the statistical information obtained through the quantitative process. Without this balance, providers will be unable to manage the three drivers of success for the future: quality, cost and change management).

From the aspect of neurobiology, selection bias is an outcome of neuroplasticity (neural wiring) formed as a result of one’s habits of thought. While the new “mental model” operates on a subconscious level, individuals still ponder issues and options below the level of full consciousness. These thought patterns still release brain chemicals (neurohormones) that influence decision making. Until The Center for Modeling Optimal Outcomes®LLC (The Center’s) opened the doors that connected business with neuroscientific applications, these subconscious thought patterns were interpreted as being intuition.

In order to differentiate The Center’s concepts and the replicable cognitive mechanisms addressed in their pending patent applications, the term Functional Cognitive Singularity has been selected to describe the pitfalls of thought processes similar to selection bias searching for a “silver bullet”).

Another vivid example of falling victim to the “silver bullet syndrome” is the over-dependence on value analysis as a solution rather than a tool (as its design was intended). Unfortunately, traditional value analysis is now commonly viewed as “the process” used to execute an effective expense management strategy. As a result, nearly every healthcare organization devotes a major portion of its non-payroll expense management time and effort to focusing on doing a better job with its “value analysis process.” Unfortunately, the outcome of this over focus has resulted in a

¹ Harvard Business Review, Selection Bias and the Perils of Benchmarking, Boston, MA, Volume 83, Number 4, April 2005, p. 114-119

loss of focus on building cohesion, collaboration and other needed strategies for executing change that will result in better control of all expenditures; especially those that fall outside of the realm of focus of traditional value analysis teams.

Don't most healthcare executives currently say their organizations have addressed the "low hanging fruit?" Isn't that exemplifying a Darwinian thought process? If the next tier of fruit cannot be reached, shouldn't a different species (tool) be used? Didn't Albert Einstein define insanity as doing the same thing over and over again hoping for a different result?

Unfortunately, too many providers fail to realize that value analysis is really just a quantitative tool. In the manufacturing industry, value analysis determinations are typically conducted based a detailed specifications and data. When the concept was adapted from the industrial model by Bill McFaul in the mid-1970s and later promoted throughout North America starting in the early 1980s by his firm, McFaul and Lyons, Inc, his message was clear – determinations had to be reality based.

Simply, quantitative analysis of critical physician preference supplies and equipment could not be decided merely on the basis of value analysis methodologies. It was for this reason, starting in the mid-1980s, Mr. McFaul developed concepts and training materials associated with the psychology of change. It was those concepts which enabled the staff of McFaul and Lyons, Inc. to be so successful in dealing with more than 100,000 change management interventions in nearly 1,350 healthcare provider organizations (HPOs) throughout the United States and Canada. Clearly, the unparalleled experience gained from those first generation organization-wide change initiatives indicates success was attributable to more than the tool of value analysis.

In reality, any and all tools associated with the reduction of expenses in the healthcare industry (including value analysis) are dependent upon the ability to create change acceptability. Until a culture is established that utilizes positive mechanisms that support the psychology of change, results from any form of strategies, projects, processes, practices, products, procedures and services; including organization-wide reengineering initiatives will be only minimally effective.

For providers who decide to direct their attention to forward-looking scenarios, the question isn't whether or not the tools like Six Sigma® and value analysis are useful. (Such proactive organizations aren't thinking in terms of "either/or," these organizations are focusing on "both/and".) Meeting tomorrow's challenges for these progressive organizations means having a comprehensive assortment of tools and knowing how to use them well; not merely to address expense reductions. In the tool boxes of these progressive HPOs, you'll find systems thinking, complexity-based leadership models, group dynamics, scenario planning, learning models for emotional intelligence, team building, win-win principles and a host of concepts essential to support the psychology of change. Regardless of the strategy which must be executed efficiently, effectively and in a timely manner, these HPOs are preparing for the challenges of the future.

Of the many tools which could and should be utilized to address change management optimally, the application of the psychology of change is one of the most important. Unfortunately, the advice of many providers and some industry consultants is still rooted in the antiquated philosophy that individuals such as the Director of Materials Management or the Value Analysis Coordinator should assume the role of a change agent. That philosophy, while popular in healthcare in the 1980's, may still be useful in a task or product specific effort. Unfortunately, it has only limited value. As psychologists have studied the drivers and barriers which impact change, change agents and change teams have been found to be an ineffective approach to leading organization-wide behavioral modification initiatives. In fact, attempting to assume the role of a "change agent" could

actually do more harm than good, especially if it is perceived as a means to persuade people to change long-standing beliefs or habits.

While individuals involved in processes to effect change in product and service evaluation or utilization efforts do not need to be psychologists, the failure to properly apply the principles in the application of neuroscience in business that create the mechanisms necessary to create a culture of change acceptability can unknowingly strengthen resistance to their efforts. According, the lack of expert guidance and hand-on management can increase change inertia rather than accomplish the desired outcome.

Mr. Denrell's article also prompted us to think about the dysfunctional processes some providers have for executing strategies. With many healthcare executives challenging the effectiveness of cross-functional processes involving middle managers (including but not limited to those involving product and service evaluation and selection) the need to establish dynamic and effective team infrastructures below the Execute Level to execute any and all strategies is critical. Why should providers address the need to get their middle managers to do a better job of executing the strategies identified by the Executive Team now and not later? This issue was addressed by Mr. Denrell when he wrote, "Data may, for instance, reveal a strong association between the strength of a company's culture and its performance. But does a strong culture lead to high performance or the other way around? The chicken-and egg problem is especially knotty in this instance since high performance in itself affects corporate culture in several ways."²

He continued, "To begin with, it's probably easier to build a team-based culture in a healthier firm than in a failing one, where workers are likely to be demoralized and disloyal. High performing companies can afford to institute programs and practices that low-performing firms cannot. Some of these expensive and time-consuming activities might actually reduce performance at struggling companies."³ While this view might make a perfect case for why providers should act now to create the appropriate infrastructures to apply the principles of the psychology of change to meet tomorrow's needs, why aren't providers doing it?

Apparently, these HPOs have not read Clayton Christensen's books, *The Innovator's Dilemma* and *The Innovator's Solution*, to gain insight into the principles of disruption theory. In part, this concept explains how customers, shareholders of investor owned companies as well as boards of not-for-profit organizations often limit or direct resources to an up-market focus on today's needs; i.e., increase revenue, expand and enhance operations to fend-off competition, attract highly qualified doctors, etc. By not allocating adequate resources to meet tomorrow's needs, such decisions, to paraphrase a quote from hockey great Wayne Gretzky, limits the organization's focus to be on "where the puck is" and not where it "will be" (the secret strategy behind Mr. Gretzky's greatness).

The need for multiple tools and strategies is also reinforced by Karl Albrecht, the internationally noted consultant, futurist, speaker and author when he wrote, "These days, it's often a mistake to assume that one standard organizational structure (or tool) can deal with the entire range of time-critical challenges and adjustments the organization has to face in dealing with its environment."⁴

² Ibid, p. 116

³ Ibid, p. 119

⁴ Karl Albrecht, *The Power of Minds at Work*, AMACOM, New York, NY, 2003, p.137

Traditional value analysis or the implementation of Six Sigma® alone or in combination simply can not get the job done.

Note: Hopefully, our comments regarding the focus on the tools of value analysis and Six Sigma® will not be misconstrued. Providers absolutely need to apply the use of these and similar tools to manage their operations effectively. However, having a hammer and knowing how to use it will not make a person a producer of fine cabinetry. The problems associated with selection bias (Functional Cognitive Singularity) and over focus on any tool as a process must be reevaluated for truly effective long term operational effectiveness to ever become a reality.

For additional information on Functional Cognitive Singularity and several of The Center's other applications of neuroscience in business, go to the web site: www.TheCenterNJ.com