



Managed Transitions Case Study:

Client Description:

The client is a 225+ Bed Tertiary Care Teaching Hospital affiliated with a large academic system. The organization is located in a socio economically homogeneous community which is commuting distance from 3 major urban centers. The community has seen significant growth and the hospital is a major employer within the community. The community reflects a population that is educated and has definitive expectations of the health care provider. The physician staff is culturally diverse consistent with other tri-state teaching hospitals. Competition, for patients and physicians, has increased from both the not-for-profit and for-profit sectors in the area. The hospital has a legacy of providing quality services and had been the recipient of prestigious national and state awards. The financial infrastructure required attention to meet the demands of the changing reimbursement and competitive environment.

Precipitating Event:

A new CEO was appointed approximately six months prior to the initial engagement, the scope of which was to perform executive coaching with the senior management team. The team was almost equally split between new hires (within 6-8 months) and the long tenured, that closely identified with the award winning legacy. The new team members focused on the financial strategy for the organization and the legacy team members positioned to maintain the award winning status of the organization. Although not mutually exclusive, the determination of which had "first" priority was evidently a divisive issue. The coaching engagement focused on an in depth executive team evaluation, executive coaching, and an integration of the quality and financial imperatives in the direction of the team. Concrete action plans for the development of each executive were put in place. Action plans emphasized the core competencies required to integrate the quality and financial imperatives as well as individual and team accountabilities for executing plans that would enable the organization to respond more rapidly to external influences. Awareness of the financial and clinical quality performance of the organization in the context of a best performing peer group (not just local hospitals) was emphasized. A major issue identified that required immediate address was the structure and relationship with the physician constituency.

At the end of the coaching engagement, Managed Transitions contracted to provide interim financial executive assistance (Interim Executive Director of Finance and Interim Budget Director). The Interim Executive Director of Finance (a seasoned CFO) conducted a gap analysis of the financial infrastructure especially focusing on the revenue cycle. The CFO was new to the role of CFO and the Interim Executive Director, although in a direct reporting capacity, functioned as a coach on pertinent infrastructure, competencies, and financial reporting issues.



Managed Transitions performed the following transition management services:

Executive Management

1. Support to the on-boarding CEO.
2. Executive Team assessment and coaching.
3. Individual executive evaluation, gap analysis, action plan development and implementation guidance. Evaluation included projected time frame required to achieve competency level required i.e. 3 months, 6 months, etc.
4. Action plans focused on business and operational imperatives of the organization enabling the CEO to continually assess executive's performance against organizational priorities.
5. In collaboration with CEO framed next steps for alignment of executive team. Note: one of major findings during assessment was the lack of team alignment on strategic and operational priorities. The Managed Transitions engagement served as a "wake up call" to legacy senior staff members not sufficiently focused on financial performance and teamwork required for rapid cycle implementation of corrective action.

Financial:

1. Managed Transitions placed an Interim Executive Director of Finance to manage daily financial operations and develop a revenue-cycle improvement initiative.
2. Established and initiated implementation of revenue cycle improvements and cost savings action plan.
3. Managed Transitions placed an Interim Budget Director to develop the budget

Impact:

- Established performance criteria, clarified expectations and accountabilities for senior team.
- Identified and implemented development opportunities for internal team members including several who had not previously received recognition for potential.
- Implemented tight action plan timelines for senior team focused on business imperatives.
- Stabilized the team to enable the next level transition.
- Developed next FY Budget
- Developed and initiated implementation of an operations improvement plan that identified \$17+million in revenue improvement opportunities exclusive of operating expense reductions over a 24-month period.
- Efficiently transitioned financial operation responsibilities to the permanent incumbents (Interim Executive Director, Interim Budget Director). Knowledge transfer and mentoring of finance staff was a key component of the engagement.