With patient care on the line, Dr. Sally Randolph considers a bold challenge to the CEO’s strategic plan. by Anthony R. Kovner

What More Evidence Do You Need?

Sally Randolph rose from her swivel chair and walked over to the Norman Rockwell print hanging on her wall. A remnant from the days when she and Mark Wiley worked together as resident physicians, it showed a concerned young girl holding up her doll to a white-haired doctor, who was kindly “listening” to its heart.

She loved this image and what it stood for: medicine focused on people. Mark had caught a glimpse of the print in her locker back then, and he had liked it. She wondered what he’d think of it now.

They both still worked at American Medical Center, a $2 billion institution, but Mark was now CEO and Sally chief medical officer. The image of the e-mail he’d just sent—marked urgent with a red exclamation point and the subject line “Evidence-Based-Management Seminar Cancelled”—blurred her vision. Apparently Mark’s focus had shifted from patient care to profits.

Middle Managers Versus Chiefs

“Hi, Dr. Randolph. Are you interruptible?” Richard Lee stood with his fist against the door frame, as if he’d been knocking. She wondered how long he’d been there.

“Oh, sorry, Richard! Yes, of course. Come in.” She walked back behind her desk and motioned for Richard to take the seat across from her. “What’s up?”

Richard was one of 36 participants in the Evidence-Based-Management (EBMgmt) seminar Sally had run for the past year with Harry Bradshaw, a professor at Lucas Business School. Every other month, clinicians and managers had met in teams of six and used EBMgmt to tackle the management challenges facing AMC.
Last month, Sally had presented a series of recommendations from the seminar, including those from Richard’s team, to Mark and the medical chiefs. AMC clearly needed to improve the delivery and coordination of patient care, and the seminar participants had identified a structural reorganization as the best way to accomplish this. Despite all the proof, though, the chiefs didn’t think that pursuing these improvements was as important as their research and teaching. Without their support—or Mark’s—the recommendations never got off the ground.

Now Mark was asking seminar participants to serve as middle managers on task forces he was creating to carry out a new strategic plan. Everyone at AMC, he had written in the e-mail, could learn a lot from the participants about the importance of basing decisions on sound evidence. Sally couldn’t help thinking, though, that Mark didn’t really seem to respect EBMgmt when he rejected the recommendations that resulted from it.

“I just read the e-mail from Mark, and I’m really frustrated,” Richard said. “Making us middle managers on these task forces won’t change how anyone works. The medical chiefs weren’t receptive to our recommendations, and they certainly won’t like it if we start telling them how to make decisions. It seems like we can’t get anywhere with evidence-based management in this organization.”

Sally couldn’t argue with him. Richard’s team had tirelessly followed the evidence-based approach: translating management challenges into research questions, answering those questions with the best literature out there, and conducting pilot studies to support the interventions they proposed to senior management.

“I know, Richard,” Sally sighed. “It’s hard to imagine decisions ever getting made differently around here. If the chiefs weren’t wowed by evidence-based management when Harry and I were selling it, all of you middle managers on the task forces will have an even harder time getting them on board. I’ll talk to Mark, but I can’t make any promises.”

She thought of Mark’s e-mail and how it seemed his focus had shifted from EBMgmt to Centers of Excellence, which he clearly considered to be the centerpiece of his new strategic plan. These would be run by the chiefs, and with this new responsibility—and power—Sally worried they’d have even less tolerance for change.

“Thanks, Sally. I appreciate it,” Richard said as he stood to leave.

“We’ll see how it goes,” Sally said. She thought to herself, “Don’t thank me yet.”

**Running Out of Options**

Deciding to make her morning run six miles instead of three, Sally began a second loop around the lake. She always entered a sort of Zen state after 30 minutes, and today she needed all the clarity she could get.

She knew AMC historically broke even financially, and chatter among senior management was that Mark had received clear direction from the board to focus on “not losing money.” One way to boost the center’s financial results was to increase patient volume, which surely was behind Mark’s new strategic plan.

Centers of Excellence attracted more patients, and more patients equaled bigger profits—in most circumstances. Sally couldn’t help but think that Mark had missed one crucial fact: 90% of AMC’s current patients were low income, and their health care was paid for by Medicare or Medicaid. The chances of the new centers attracting enough higher-income patients to make up for the no-pay patients were slim, especially considering the nicer facilities that already existed in wealthier neighborhoods.

Shaking out her arms on a downhill stretch, she wondered if it was possible to salvage the situation. Perhaps if evidence-based management were part of the new strategic plan, the data would eventually tell the story the EBMgmt team had been trying to tell for some time.

Before she approached Mark, she decided, she’d check in with Harry. He had corun the seminar, after all, and might have ideas of his own.

**A Patient Approach**

“Have you tried the stir fry?” Sally asked.

Sally and Harry maneuvered around the Lucas Business students in the dining hall. It was a beautiful day—April like it is only in Virginia—and many students were taking their lunches out to the quad. One of them recognized Harry as her professor, giving him a polite smile as she passed with her cell pressed to her ear.

“The stir fry is good, but beware the hot sauce,” Harry responded.

They found a seat at a corner table, and Sally laid out the situation, emphasizing her worry about Mark’s new direction, which left the fate of EBMgmt in the hands of a few relatively junior managers.

“Sally,” he went on, “I’ve worked with Mark for 16 years. I know him, and I know AMC. My advice is to start small. There’s no proof that evidence-based management has a high ROI. Limit your efforts to your jurisdiction, to quality and safety, and prove the effectiveness of the approach there before trying to sell Mark on structural change.”

“But, Harry, Mark’s focus on Centers of Excellence is a big step in the wrong direction,” Sally said.

“Believe me, I wish the seminar hadn’t been cancelled. And I completely agree...”
it’s a bad idea to leave it to the middle managers to enlighten the chiefs. At this point, though, there’s not enough support for restructuring.”

Back in her office, Sally pondered Harry’s advice. Trying to show modest results in her own area would take months or years, and all the while AMC would be pouring resources into a misguided plan to increase profits and moving further away from better patient care.

True, the consequences of not having a seamless delivery system weren’t always dire—one patient receiving a cold meal wasn’t the end of the world. But it was unacceptable when a high-risk patient had trouble scheduling a crucial follow-up visit or when a patient missed several doses of medication because of miscommunication.

Doing what was right to improve the patient experience was increasingly complex, but every indicator suggested a seamless delivery system was the solution. If the organization seriously committed to using evidence for making better management decisions, maybe everything else would fall into place. And what better way to begin that process than as part of a new strategic plan?

**Proof of Evidence**

Back home, Sally plopped down on the couch, mentally exhausted. Her husband walked in minutes later with their small dog, Penny, who was excited and straining to be let off her leash.

“How’s it going?” Joe asked.

She let out a big sigh and recapped her conversation with Harry.

“I can accept that there’s no appetite for a restructuring, but creating these Centers of Excellence shows a complete lack of interest in using evidence to make smart decisions. Mark needs to do more than pay lip service to promoting the ‘great skills’ we learned in the seminar,” she said, unlacing his shoes. “We have all the evidence we need that the U.S. health care system is not sustainable. Our costs are too high, quality is too uneven, and millions of people can’t even get care. Still, that hasn’t resulted in the right changes. Proving the value of evidence-based management is going to be tough.”

Sally’s look told him that wasn’t the reaction she wanted.

“But why do I need to prove its value first?” she asked. “Is there a known positive ROI for top-down decision making? For decisions based on anecdotes and gut reactions?”

Joe didn’t have the answers, but he did have the ingredients to make a killer baked ziti. As Sally watched him walk to the kitchen, Penny pitter-pattering behind, she thought about the odds of changing Mark’s mind. At most institutions, it would be career suicide to confront the CEO about flaws in his strategic plan. But Mark had recruited Sally for this position. If she played up the potential cost savings of EBMgmt, she might have a chance.

Unfortunately, as Harry pointed out, scientific proof of evidence-based management’s positive ROI did not exist—yet. She’d be taking a gamble by advocating for it so strongly. On the other hand, if they committed to Mark’s plan as is, they might never make any improvements at all in patient care.

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![Should Sally slowly build her case for evidence-based management or immediately campaign to sell the CEO on the approach?](https://www.getabstract.com/harvard)

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Sally needs to argue for using data to make every decision at AMC.

Jeffrey Pfeffer, professor at the Stanford Graduate School of Business

Sally Randolph hasn’t done the best job promoting organizational change, but it’s not too late. First, she needs to create a much greater sense of urgency. Slow change often equals no change. That’s because “slow” gives people the opportunity to put off action. It’s the deadline effect (people work harder as a deadline approaches) in reverse. The fact that the EBMgmt seminar produced nothing tangible after one year means that talk has substituted for action.

Second, she must help the medical chiefs understand what’s in it for them. If American Medical Center is like most other hospitals, it suffers from quality problems that expose it to financial difficulties, because Medicare and private insurers won’t pay for care necessitated by treatment-induced issues such as infections. The medical chiefs should be alerted to initiatives such as the Institute for Healthcare Improvement’s 5 Million Lives project, intended to reduce incidents of medical harm, and they need to see data on preventable deaths from the Institute of Medicine. The medical chiefs also need updates on AMC’s own cost and medical outcomes performance, which Sally can assemble in frequent reports distributed widely throughout the medical center. In short, Sally needs to remind the chiefs that they have obligations to patients, not just to research and teaching—something that is easy to lose sight of in an academic medical center.

Third, Sally needs to spend much more time with Mark Wiley. He suffers from the “program du jour” disease—going from one thing, evidence-based management, to another, Centers of Excellence, apparently just to try something new. Quality and other organizational change initiatives often fail because of the short attention spans of senior leaders and the consequent tendency of people further down the ranks to wait until the latest program passes. Sally needs to explain that her work can yield improvements that will enhance not only AMC’s financial results but also Wiley’s stature as a hospital administrator.

Fourth, Sally needs to argue for using data to make every decision at AMC—even for creating Centers of Excellence. It sounds as if the incremental increase in patients may not be profitable, and the concept can easily be imitated. In contrast, evidence-based management results in process improvements that provide an enduring advantage. The value of EBMgmt doesn’t need to be proven—its effects are in the studies on which it relies. Just as in medicine, if an organization implements something that has been shown to work, it will work in that organization, too.

Sally confronts the political realities of accomplishing organizational change. But she should be on her way to success if she shows people what’s in it for them, provides information that builds a compelling case, creates a sense of urgency, highlights what other hospitals have done to improve, and argues that evidence should be used for guiding not just medical practice but administrative practice as well.

Managers could pilot the approach in pockets of the organization.

David Fine, CEO of St. Luke’s Episcopal Health System

Mark Wiley’s strategy to address profitability on the revenue side, through increased clinical volumes in Centers of Excellence, is commonplace. But this approach is not likely to generate the margins Wiley is hoping for unless the new centers radically change AMC’s distribution of patients. AMC’s Medicare and Medicaid payor mix is reported to be 90% of current patients. According to published reports from the American Hospital Association, 53% of hospitals receive Medicare payments less than cost, and 56% of hospitals receive Medicaid payments less than cost.

WHAT WOULD YOU DO?

Some advice from our readers:

Sally should gather evidence about EBMgmt by implementing it in her own area, tracking investment and return carefully. Reasonable people are open to ideas that deliver results.

Deepti Chidambaram, business analyst, Accenture India

Sally already has evidence that EBMgmt offers morale benefits to AMC: 36 participants regularly attended the seminar, proof of its importance to people whose time is precious.

Neil Seeman, executive director and primary investigator, Health Strategy Innovation Cell, Massey College, University of Toronto

The issue isn’t whether Sally should build a case for a particular tool. She is after high-quality care, while Mark is after profits. Her first action should be to align those goals. The tool should not become the goal.


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A more effective approach would be to focus on reducing costs associated with specific clinical outcomes through treatment protocols driven by best practices, supply chain standardization, simple strategies that decrease patient falls and reduce hospital-acquired infections, and other process improvements. The literature is replete with studies documenting the cost improvements that follow such interventions, all of which are illustrative of evidence-based management.

EBMgmt is a commitment to the use of informed decision making rather than instinct or precedent. Sally Randolph and at least one middle manager, Richard Lee, see the Centers of Excellence strategy as contrary to the culture promoted in the EBMgmt seminar. But there is little reason to conclude that evidence can play no role in establishing the centers. The EBMgmt partisans at AMC, acting through Sally, can help ensure that the centers are chosen and then financed on the basis of a realistic view of profit potential, ROI, community need, or other objective criteria.

Harry Bradshaw’s encouragement of an incremental approach is wise. I have had the opportunity to manage as a disruptive innovator; this is easier from the CEO chair than from other places in the enterprise. If AMC is not ready to absorb EBMgmt across the board, some executives and middle managers could pilot the approach in pockets of the organization. Organizational politics at AMC need not impede the use of the best available scientific evidence. Those who aspire to adopt potentially transforming approaches don’t have to wait until Mark designates lean management, Six Sigma, evidence-based management, or some other “state religion.” I think a Randolph and Lee skunk works could do some good and certainly, in the spirit of Hippocrates, would do no harm.

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