

The Anatomy of Group Dysfunction

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The dysfunction of the radiology group has 2 components: (1) the thinking component—the governance structure of the radiology group; how we manage the group; and (2) the structural component—the group's business model and its conflict with the partner's personal business model.

Of the 2 components, governance is more important. Governance must be structured on classic, immutable business management principles. The structural component, the business model, is not immutable. In fact, it must continually change in response to the marketplace. Changes in the business model should occur only if demanded or permitted by the marketplace; instituting changes for other reasons, including personal interests or deficient knowledge of the deciders, is fundamentally contrary to the long-term interests of the group and its owners.

First, we must learn basic business management concepts to appreciate the function and necessity of standard business models and standard business governance.

Peter Drucker's *The Effective Executive* is an excellent primer on the subjects of standard business practices and the importance of a functional, authorized, and fully accountable chief executive officer.

Key Words: Group dysfunction, democratic governance, consensus management, business model

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INTRODUCTION

Group dysfunction is the root weakness and the principal challenge to the future of the radiology group, limiting radiologists' capacity to analyze and respond to all other challenges. Group dysfunction is the all-too-common outcome that groups find themselves in, all secondary to incompetent management and a generally deficient and incoherent business model. Groups are unable to decide significant and challenging issues that impact their long-term and short-term success in their marketplace. They are unable to meet the customers' (physicians, patients, hospitals, insurance companies) needs and are unable to meet the ever-changing marketplace demands for products and services. Groups cannot keep their heads above water in the challenging marketplace; the managers and the management process are simply too dysfunctional to respond appropriately. Dysfunction has 2 major components: (1) the thinking component—governance structure of the radiology group; and (2) the structural component—the group's business model.

THE GROUP THINKING COMPONENT—GOVERNANCE

Democratic consensus governance is the management system of choice in most groups. Richard Gunderman

[1] is a strong advocate of direct democracy, speaking passionately about democracy in societal affairs. Others, including James Brink [2] and Jay Harolds [3], have found direct democratic processes to be essential components of group management.

On the other hand, Lawrence Muroff [4,5] has consistently challenged direct democratic management. As an alternative, he introduced a tiered management process (representative democracy) with an executive committee and 3 additional management committees. Membership in a committee is recommended. The refined process is a significant improvement, converting the direct democratic process to the more functional representative democratic process, while still providing each partner the opportunity to participate. All that said, democracy (direct or representative) is still democracy, and consensus management is still consensus management. We have refined them and reworked them, but they are what they are. In the end, consensus voting, as required in all forms of democratic management, invariably dilutes the quality of any proposal. Consensus does not confer validity.

A broad overview of group governance [6], later expanded and explained [7], emphasized the weaknesses of democratic governance (direct and representative), noting that personal bias and incomplete knowledge of usual business practices severely taint the decisions of the voting partners.

Incomplete knowledge can be very subtle, yet pervasive and destructive. When group knowledge and individual knowledge are incomplete, as they usually are in the partnership, the persuasive and articulate speaker can

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take over the meeting, bending group policy in his direction. Interestingly enough, cosmologists, concerned that theories about the earliest minutes of the Big Bang cannot be tested on the CERN particle accelerator, anticipated the threat of rhetoric and bias when speculative theories cannot be tested against known facts. “The obvious danger is that the loudest voices and most eloquent advocates may prevail” [8]. This stuff happens everywhere. It’s not just us.

Putting all that aside, the crux of valid governance is accountability. Only a formal process of accountability will compel each voter/decider to overcome his incomplete knowledge and relinquish his personal bias. Given the complexity of human interactions in the partnership, realistic accountability can be achieved only with an authorized and accountable CEO. The anonymity of crowd politics in the partnership, protecting the voting partners, will otherwise overwhelm the most rigorous accountability process. An unaccountable voter/decider is bad governance.

THE GROUP STRUCTURAL COMPONENT—BUSINESS MODEL

The group’s business model is developed at the time of the founding. Thereafter, management and modification of the business model are prime responsibilities of group management.

The business model is conventionally described as a *vision statement* and a *mission statement*, producing a *strategic plan* and a *tactical plan*, finally ending in *daily operations* where products and services are provided in the marketplace.

The vision statement describes the company’s aspirations. The statement is intended to be inspiring, urging the employees to look into the future with confidence and purpose. The goals may be, and perhaps should be, so lofty as to be unattainable. A vision that is shared across the company is like cultural money in the bank.

The mission statement contains specific concepts including the purpose and goals of the organization. The organization’s primary stakeholders, and products and services are included. The vision and mission, along with more generalized values, beliefs and culture form the basis of a detailed roadmap (strategic plan and tactical plan) leading to daily operations.

Additional characteristics of the business model that are germane to the medical group include:

1. The relationship of the vision/mission to strategy, to tactical planning, and ultimately, to operations is very linear—one necessarily precedes the next.

If the business model is linear and the strategic plan is ineffective, what does that tell us about the group’s vision and mission statements? Of the several possible

answers to the question, it is likely that a second vision and mission concept (unwritten, unofficial, ever-changing and inherently incompatible) exists parallel to and outside of the group’s actual vision and mission statements.

At the group meeting, that variant drives the strategic planning process to unpredictable conclusions that are notoriously ineffective. The real vision and mission statements, found within the group documents, are dismissed with nary a thought or reference.

2. Although the structural relationship in a business model is linear, it is not exclusive. For example, a specific daily operations model can arise from different business models; ie, one entity’s operations can be similar to another entity’s operations and yet these 2 entities may have very different, even conflicting, business models. This phenomenon is pertinent in the interaction of the partner with the group and with other partners.
3. Each physician has his own business model—he has his own dreams, goals, and strategy as he pursues his professional career. It seems odd but not surprising that the physician’s personal business model can be inconsistent with the group’s business model. Consequently, as the individual partners and the corporate group entity have simultaneous interests in daily operational activities at the hospital, there is great opportunity for vertical conflict (individual physician versus the group) and horizontal peer-to-peer conflict, ultimately producing the vague, inconsistent, and ineffective business model noted above.

Business model incoherence and impaired management governance constitute the basic anatomy of the radiology group’s dysfunction.

DISCUSSION

Everyman Medical Imaging, PC

A benchmark dysfunctional medical group. When the marketplace abruptly changed, Pristine Diagnostic Imaging collapsed like a house of cards. Three of the young partners rose from the ashes, formed Everyman Medical Imaging, and took over imaging services at a local hospital. Their goals were simple—build an office- and hospital-based practice, and provide good service to the patients and clinicians.

A necessary and magical phenomenon was present at the founding of Everyman—the founders fully agreed upon the goals for the new group, thus producing a powerful bond between them. The importance of this bonding cannot be overstated; tragically, it was never present in the group again nor, it seems, could it ever be since the inevitable entropic effects of time

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