

MOHEG Student Essay Award

The Case for an Expanded Role for Stakeholders

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Who are your organization's stakeholders? Surely the patient and their family qualify, and no one would doubt that the surgeon has a stake in their patient's outcome. Long-term care providers certainly have a stake in patients after discharge, but what about the nurse or insurance company? Every participant touching the healthcare organization is a stakeholder to that organization. As such, hospitals, clinics, pharmacies and every provider should take a wider view of stakeholder management, inventory who its stakeholders are, and plan for their interaction in a way that assures success.

One textbook defines stakeholders as "individuals and groups that have some investment in an organization and/or obtain some benefit from it (Walston, 2014). Traditionally, this has been limited to beneficiaries such as patients, physicians, the clinical staff, and ancillary services, all with good reason. But what about individuals or departments who rarely interact with patients or might tangentially affect the organization through their actions? Healthcare providers are being tasked with accountability for entire populations' health. Subsequently, the time has come for a more inclusive definition of stakeholder to be acknowledged in healthcare. A more appropriate definition is "an individual, group, or organization who may affect, be affected by, or perceive itself to be affected by a decision, activity, or outcome...(PMBOK Guide)." When viewed from this perspective, entities such as support staff, suppliers, insurance groups, and even competitors are stakeholders who affect an enterprise for good or ill. And indeed this is true, for can't each of these players facilitate success or failure through their actions?

The concept of stakeholder management is relatively new, and may seem foreign to many managers. It also may seem like the softest of all soft skills, taught in the classroom without practical application. This may wrongly imply that adding maximal effort will yield only illusory gains in the field. The healthcare marketplace is vastly complicated, and incorporating the input of every conceivable stakeholder in an uncoordinated way would lead to chaos. However, not taking inventory of all of the pertinent stakeholders in healthcare is a primary cause of departmental silos and the current industry predicament. Conscious effort should be put into determining who qualifies as a stakeholder, categorizing their level of involvement, and interacting with them to the degree reasonable. Some will require less interaction than others, but many will need vigilance and regular communication to remain engaged (Larson and Gray, 2014).

Identifying all of the stakeholders of an organization or department and determining their attitudes can be accomplished by mapping out your value chain. A value chain is "a set of activities that a firm...performs in order to deliver a valuable product or service... (Porter, 1985)." The quintessential example is a fast food drive-through. The customer places the order, the clerk enters it into a register, a cook prepares the food, another person compiles the order,

and hands it to the clerk who delivers it to the customer. Many people contribute to this process, which is part of the larger operation, but which essentially functions as a linear system. Of course healthcare is vastly more complicated, but Atul Gawande used a similar metaphor describing how The Cheesecake Factory restaurant uses standardization and quality control methods to consistently deliver a varied menu with speed and accuracy (Gawande, 2012). By outlining how an organization creates value, managers can determine the stakeholders who impact each link of their chain.

Value chains do not consist only of patients passing through a treatment regimen. All levels of healthcare organizations should determine who can impact their sequence of events leading to the delivery of value. The receiving department can list their suppliers, but who are their customers? What does “good” look like to those customers? Who can affect the efficient flow of materials from the loading dock to environmental services? In turn, the food service staff receives stock from varied sources, then ingredients are compiled and prepared by cooking staff. How might the patient in room 204 rate their experience with their hospital stay if their food was cold when it arrived? In a large hospital system, there may be multiple, overlapping value chains that support one another and combine to create ultimate value.

Figure 1: Porter's Generic Value Chain



One of the next questions a manager needs to ask his or herself is “Who is (are) my customer(s)?” The saying, “everybody works for somebody” was never more true appropriate. The records department receives and sends patient files. The speed and efficiency with which they accomplish this mission helps determine the satisfaction of their “customers”. The physician’s customers should be understood to include everyone from the receptionist to the person who will clean the examination room since the physician provides “deliverables” to each of these people. Similarly, the pharmacy has several customers including individual patients, physicians, and insurance companies. You will be the best judge of who your organization’s “customers” are, and once you identify them, they should be interviewed to determine what

“good” looks like to them. Try not to have preconceived notions as you speak with them, and you may be surprised with the insight they give. The definition of “good” that they provide should become your Key Performance Indicators (KPIs) against which you measure your success or failure.

Finally, people, organizations, and processes that can have an effect on the smooth operation of your activities should be listed and prioritized. If you are a clinic manager, what internal and external distractions keep you from processing the maximum number of patients per day? Which suppliers provide consistently excellent service, and upon whom you are reliant? How has the new competitive clinic down the street affected your patient flow? When the value chain is mapped out, and each sequential part of a system is known, they can be analyzed to better understand opportunities for excellence, and issues addressed to correct problems.

Managers in healthcare are faced with layers of complexity not seen in most industries. By expanding the definition of who has a stake in their operation, those managers may initially become overwhelmed with information. However, by carefully managing their list and then facilitating meaningful discussions with key stakeholders, they can begin to see ways those entities are affecting them. This can be a new concept for many, but mapping the chain of value of an organization can provide direction. This should allow managers to answer the question of “who is my customer?” and then identify others they may not have thought of. If this is done consistently, their process will naturally improve and excellence can be achieved in both a large and small scale.

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