Chapter 1
Welcome to *The Well-Managed Healthcare Organization*! We’ll assume that your goal is to use the text to become an effective healthcare manager. We can help you with that. If you study the text, you will be able to walk into any part of any HCO and:

- **look**: see what’s going on, compare it to benchmarks, and identify OFIs;
- **listen**: hear and understand what patients and associates are saying;
- **talk**: speak in ways that show your respect for people and help them respect you; and
- **act**: make constructive responses to what you see and hear.

That’s a foundation for further learning and a successful professional career.

Chapter 1 starts the process with an overview describing fundamentals for all successful HCOs. As in every chapter, the milestone questions are what we think you need to know, the fact base professionals are expected to have. The “Questions for Discussion” are about how this knowledge gets used. The “Self-Assessment Questions” take the learning to the workplace—what should a real manager do and say to respond to a stakeholder need? Beyond them, here are some questions you might ask us, and our answers. The questions are related to common preconceptions and misconceptions that might make it hard for you to master the management style that’s now required.

Here are some FAQs students often have:

*Where did this perspective of organizations come from? How do I know it’s right?*

- It comes from the actions of HCOs that document high performance. It’s not “what we’ve always done” or “what everybody does,” because these organizations have improved on that, and will continue to improve.
- It’s closely related to the Baldrige Criteria, which have led many HCOs and other organizations to success. The Baldrige mantra, “approach, deployment, integration, learning,” supports Exhibit 1.6 (p. 16). (The Malcolm Baldrige National Quality Award system is popular among high performing HCOs. Visit the website [www.nist.gov/baldrige](http://www.nist.gov/baldrige).)
- It’s also firmly rooted in organizational theory. It’s based on what’s called the open system or exchange theory model: any organization succeeds because and only because it fulfills stakeholder needs. To “tune” an organization, you optimize each stakeholder transaction—find out their needs, figure out how you can meet them better than the competition.
Why the emphasis on empowerment and transformational culture?

- Because associates respond to empowerment and responsive leadership. They make a bigger contribution to missions that they understand and believe in and leadership that helps them.
- Because healthcare is an intimate, dangerous personal service. The people who give it deserve our respect.
- Because transformational culture pays off. It makes associates more efficient and customers happier. Higher profit margins follow.

Why “evidence-based management”?

- Organizations are about goals as well as culture. Think of it like a ship: A happy and effective crew is important, but so are the rudder and a helmsman.
- HCOs are created to meet community healthcare needs. They thrive because
  — they seek evidence about both what the needs are and how to meet them, and
  — they measure their performance, set goals, identify OFIs, and improve.