



Clipboard



A Quarterly Update on Management Issues from the Administrators Section of the Christian Medical Association of India

Dear Members,

We often say that “health is wealth” but for people in our country if “no wealth no health” Our healthcare services are accessible and affordable by a few but not by all. More and more corporates are heavily investing in healthcare sector and trying to capture the estimated 250 million affluent middle class population.

The key drivers in healthcare sector such as medical and information technology, telemedicine, managing human resources, health insurance, quality and accreditation and Private Public Partnership (PPP) are pushing the healthcare services to truly competitive and challenging. Today’s managers are expected to be innovative and understand these dynamics and adapt these changes.

Solving problems and making effective decisions are one of the key skills required for all of us especially who are at the leadership positions. Healthcare services where uncertainties are eminent, instant decisions are required most of the time.

One of the fascinating principles in management is the Pareto principle (80:20 principle). Vilfredo Pareto an Italian economist says a majority of problems (80%) are produced by a few (20%) key causes. A successful leader will identify and solve those few causes instead of all causes. The same Pareto principle can be applied in financial management and materials management. I am sure the lead article on problem solving will help you to make quality decisions. The recently held executive committee of the administrators section has identified guest editors for the future issues.

As I will be coordinating the Institutional development desk of CMAI hereafter, I take this opportunity to thank all our readers, editorial team and others who immensely contributed to make this news letter truly significant.

Justin Jebakumar
Secretary
Administrators Section

Biblespeaks



Truth

Over the last ten weeks there has been something going on regarding Oprah Winfrey, who is considered by many to be the world’s most influential woman. She has been posting a ten-week online course on the best-selling book, “A New Earth: Awakening to Your Life’s Purpose” by the New Age guru, Eckhart Tolle.

Someone in the audience on Oprah’s program said aloud that Jesus is the only way. She said, “How could there be only one way? There are certainly many more paths to God other than Christianity. I’m a free-thinking Christian who believes in my way, but I don’t believe that it’s the only way with 6 billion people here on the planet.”

As believers of Jesus Christ, we need to be prepared to discern, to know the difference between truth and error. The world screams at us with so much lies.

God says, “There is no other God besides Me” (Deuteronomy 4:35). Jesus himself said, “I am the Way, the Truth and the Life.”

That is what Jesus says here, “No one can come to the Father but by Me.” Encourage one another to dwell more in the Truth.

John Lall, Tearfund

The first step towards solving the problem is to begin



Problem Solving and Decision Making

The ability to take timely, clear, and firm decisions is an essential quality of leadership

A decision is the selection of a course of action from two or more alternatives.

Everything we do involves decisions, from deciding what to wear in the morning right up to deciding whether or not to purchase a new MRI Scanner for the hospital.



Some decisions are very simple, and can be taken almost instantaneously (for example when to cross the road). A *problem* is a decision where the best option is not immediately obvious, and we therefore have to do some work to come to a decision.

According to management guru, Peter Drucker¹, the first and crucial step with any decision is to classify it correctly. He says there are basically two types of decision: Routine and Unique. The key thing with

- **Unique** or one-off decisions are relatively rare, and require full analysis: provided that the costs of doing this do not outweigh the benefits of making the right decision.

We can also classify problems according to their strategic importance and their urgency.

Decisions of Minor importance should be taken quickly and the cost of the decision making process minimised; but *be careful* even apparently minor decisions can lead to longer-lasting effects. Do take some time to think through who might be affected, and possible consequences. Where decisions are complicated, or of very high importance, we need to invest time, energy and often money in the decision making process. Decision making has a cost, and this needs to be weighed against the potential price of making a poor decision. Therefore we should begin by evaluating the operational and financial significance and the strategic implications of a decision.

Strategic decisions will have long term implications and should be carefully analysed in a formal logical decision making process. Usually decisions with longer-term strategic importance don't need to be taken in a rush, but other people will often try to pressurise you into making a quick decision. As a manager you must resist this pressure, unless it is inevitable that a delay would be worse than a bad decision.

Routine or Unique

Routine

Something you've met before
 First example of a new type of problem that is likely to recur, e.g. insurance patient
 Something new to you, but not to others
 Formulate and apply a decision rule programmable?

Unique/one off

Relatively rare
 Evaluate strategic importance
 If possible: formal logical analysis
 BUT keep costs of data collection and analysis in proportion

routine decisions is to formulate and apply a rule that can apply to all decisions of this type. **Routine decisions** may be subdivided into:

- Decisions that you have made frequently before: you should already have a rule based on your past experience (which may from time to time, need updating). For example criteria for purchasing new equipment.
- The first instance of a new genus of routine decisions: you need to take the time to develop a new rule that can be applied in the future. For example the first time a health-insured patient asks to be treated at your hospital.
- Decisions that may be unique or a first for you, but are routine for other people: here you need to find out how these other people decide similar cases. For example you are faced with a strike by a section of your staff.

Classifying Decisions

		Implications: Finance – People – Brand		
		Minor	Operational	Strategic
Urgency	Emergency	Evidence-based Heuristic	Problem Area	Full Analysis
	Urgent			
	Not Urgent			



Strategic decision making

There is a tried and tested sequence of steps needed to take an important, long-term decision. Following these will not guarantee the right decision, since we are always dealing with uncertainties, but it will increase the probability of finding the right decision, and ensure that many bad decisions are ruled out. However, to follow these steps completely and correctly takes time and effort, which is why very often people try to take shortcuts. This may be OK for some smaller decisions, and may work out OK for some major decisions, but abandoning the rational, linear approach leads to disaster in an astonishing number of cases.

Paul Nutt, in his landmark study "*Why Decisions Fail*" he studied over four hundred decisions made by a variety of large organisations, all of which had resources and expertise that should have ensured much better outcomes. The main problem is that although the executives responsible were fully aware of more effective methods, under pressure from urgency and pragmatism (i.e. to save money) they switched to tactics that seemed to promise a quick-fix solution. He writes: "decision making practices with a good track record are commonly known, but uncommonly practised." In fact he says that *two thirds* of decisions ignore good practice.

" For more than twenty years I have been studying how decisions are made... the key finding is startling - decisions fail half of the time"

The basic error is *premature commitments*: decision-makers tend to jump too quickly for one particular attractive-looking idea; use their power and authority to push them through and then resort to defensive tactics to justify the decision. Effort and money is invested in evaluating this idea (to which the organisation may already be committed) rather than investigating the true nature of the problem, setting objectives, and generating and researching alternative solutions.

It is worth pausing here, and considering the experience of your own organisation. How often has your team found yourselves making a major "decision" based on only one option? Whether financial and other types of evaluation have been done or have they been done *before* or *after* one best option has already been selected? Very often you will find that so-called evaluations are actually retrospective justifications for a choice that is already made.

It is worth taking time over important decisions, and ensuring that appropriate weight is given to all the steps in the process, however unnecessary this may seem to be at the time.

Steps to rational decision making

1. Understand and define the problem. Root cause analysis, using Ishikawa (fishbone) diagrams can help here.
2. Clarify and specify in writing objectives or desired outcomes: everyone should agree.
3. Gather information: analyse the internal and external environments: take an inventory of resources and capabilities. Identify strengths, weaknesses, opportunities and threats.
4. Identify limiting factors, and other constraints.
5. Generate alternative options using visual and participative methods to generate innovative ideas, as well as a formal search for solutions to similar problems. Lateral thinking techniques, such as brainstorming, and tree diagrams are useful techniques.
6. Filter the alternatives to make a shortlist of options that are viable, acceptable to the organisation, and which are consistent with the strategy and objectives.
7. Carry out formal evaluation of the shortlisted options, using financial and other methods, and analysing risk. Discounted cash flow calculations, cost benefit analysis, and decision trees may be needed.
8. Decide on the best option by comparing your evaluations and analyses.
9. Following implementation of the decision, monitor progress against the specified outcomes, and take time to understand why the decision worked or didn't work.

The value of generating a very large number of alternative solutions (step 5), before filtering this down to a shortlist of three to five options cannot be over-emphasised. Searching for alternatives may only *sometimes* come up with a brand new solution that no-one had thought of before, but it *always* helps understand the problem and the component variables better, avoid some pitfalls and refine the final solution chosen.

We tend to ignore risk analysis (step 7), but this is at our peril. Risk is a measure of the variability of outcome: high risk means it is more difficult to predict the outcome. Risk analysis involves taking time to identify all the things that could possibly go wrong, and trying to assess the threat that these pose (risk times likelihood of this happening) likely – worst case scenarios.

Contd.... on page 4



Contd... from page 3

Conclusion

To summarise, when faced with a decision, the first job is to classify it – is old, is it new, is it minor or important, is it urgent, or can we take some time to get it right. For routine decisions we should find or develop appropriate rules, which will enable all subsequent problems like this to be solved quickly and consistently. Be careful not to spend more time and money solving minor problems than they will cost if you make a poor decision. With major decisions, or decision which may have strategic implications, follow the rational decision making steps. Do clarify

and agree your objectives and expected outcomes. Don't take short cuts, these make you feel good, decisive and effective but they will usually cost you far more in the long run than going through the steps in order. Make sure that you look at many different options not just those that appeal to you on the surface. Even looking at ideas that prove to be unworkable is not time wasted, you will have learned more about your problem.

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¹Drucker, Peter F. (1967). *The Effective Decision* in Harvard Business Review, 45, no1.
² Nutt, Paul C. (2003). *Why Decisions Fail* Tata McGraw-Hill, 2003

Regional Retreat for Administrators

1. Karnataka Region

One of the strategies to strengthen CMAI regions is to have more sectional meetings as often as possible. To strengthen the fellowship among sectional members, CMAI has planned to organise thirteen (13) regional retreats every year. We have so far organised two regional retreats. Karnataka retreat was organised on April 26, 2008 in Bangalore. Rev Vasudevan was the retreat speaker and spoke on the retreat theme “Let not your heart be troubled –A Call to Positive Living.” It was also attended by the executive committee members of the administrators section. The retreat has encouraged the members as we live in a negative world. This retreat was well arranged by Mr Sunny Kuruvilla, Regional secretary, Karnataka Region.

2. Madhya Pradesh and Chhattisgarh Region

The second retreat was held in Champa Christian Hospital, Chhattisgarh from May 16–17, 2008. In spite of the hot weather, administrators from four member hospitals of Madhya Pradesh and Chhattisgarh region participated. Mr Manish Moses, Bible teacher from Bhopal was the retreat speaker. Dr Joseph Emmanuel and Mr Chanderswar Singh's help was much appreciated. We thank Mrs Supriya. Emmanuel, who is the regional sectional secretary for the excellent coordination to make this retreat a memorable one.

XI - National Conference Administrators Section

Venue : October 2008
Place: Ooty (Ootacamund), TN
Theme: “Let not your heart be troubled –
A Call to Positive Living”

One of the oldest mountain ranges, older than the Himalayas, located at the tri-junction of Tamil Nadu, Kerala and Karnataka. - the “Queen of Hill Stations”, Coonoor and Kotagiri, are the three hill stations of this district. More details will follow soon.

Errata

In the 43 & 44 Double issue of Clipboard, on page No.8 the writer's name is Mr Samuel Abraham and not Dr Samuel Abraham as mentioned in the article. The error is regretted.

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