AN OUTSIDER VIEW: THE JOURNEY OF LEADERSHIP

Part 5: Systems Thinking
Creating synergies...

In the complex world of healthcare reform, the concept and tools of systems thinking offers to leaders and organizations in their search for how to manage the impact of reform initiatives so their organization is best positioned for sustained superior performance. “System thinking” is a useful approach to reduce complex issues and challenges into simpler and more understandable terms. Regrettably, many organizational challenges leave leaders without a structured process to analyze and then create innovative solutions. In fact, when critically analyzed, most solutions to problems are merely reactions to the symptoms problems generate while the underlying causes are left unexplored.

“System thinking” allows widening the opportunities and taking into account of a large spectrum of necessary changes.

When we talk about health system reform, things get more complex, and leadership must be manifested both at the entire system and each organization level. Leaders must know and develop complex skills to enable them to forecast the necessary fundamental changes, to apply long-term learning strategies, to monitor performance regarding all aspects and also to help them planning and selecting the best scenario in the given situation. In addition to these skills, a leader needs of the other elements already discussed in the previous articles; without these elements, a leader is a mere observer without the ability to look deeper into the phenomenon in its complexity. Leaders must look beyond the challenges and, in the same time, they have to identify the best solution for various problems. For simple solutions for various situations which healthcare managers are confronted with, it is necessary that the organization to have leaders with multiple and complex skills.

Keywords: system thinking, learning strategies, performance monitoring, scenario planning.

In the Romanian healthcare system to adapt and craft change to fundamental change produces opportunities for transforming organizations so they are better prepared to achieve improvements and sustain superior performance.

This discipline helps us see how to change systems more effectively, and to act more in tune with the larger processes of the natural and economic world” [1]. Peter Senge and his colleagues describe in great detail how systems thinking consists of a broad language used to talk about the dynamics and interactions within and between multiple systems of organizations. Moreover, the authors introduce a series of tools which assist in producing productive dialogues and methods by which leaders move their organizations toward a deeper understanding of their own organization but how to create and implement fundamental change. Fundamental change produces opportunities for transforming organizations so they are better prepared to achieve improvements and sustain superior performance.

In light of the opportunities and demands placed on the Romanian healthcare system to adapt and craft change to meet the needs of healthcare reform, healthcare leaders who adopt a systems thinking perspective into their leadership styles will enhance their organization’s potential to produce superior results. This thinking applies to everything leaders do and will bring about the opportunity to move their organizations to a level of continuous learning.

The Model…

Explore, Expand, Excel…Ideas, Relationships, Processes & Systems

Using the model as our frame of reference, let us review what we originally proposed as our focus for this part of our leadership journey. Leaders who are good systems thinkers have the ability to broaden their perspective by examining the healthcare environment in quite different ways than they may have historically done so. Healthcare reform calls for leaders who seek to foster fundamental change, that is, change based on redesigning the system. In addition, leaders with a systems perspective encourage their followers to become life-long learners willing to challenge their own thinking with new ideas and ways of accomplishing their work. A systems perspective also requires leaders to be able to plan and create a series of plans for the future based on a variety of potential future environments. This is classic scenario planning. And, leaders who can demonstrate systems thinking develop tangible and clear dashboards of performance indicators reporting organizational performance and to hold themselves accountable for promoting a focus on sustained momentum. In short, systems thinking is all about creating synergies. Leading in such environments requires persistence, professional will and a real sense of what is right and best for the common good, not necessarily what is politically correct, expected or expedient at the time. It is the art of taking the “long view of sustainability”!

Fundamental Change
When we refer to fundamental change, we are proposing to leaders that you need to look below the surface of the challenges, issues, and/or opportunities you face to find...
real meaning for your solutions. This type of exploration and expansion of one’s thinking, likewise, requires a much broader and deeper perspective. More often than not, leaders and senior management teams only scratch the surface of problems they confront and as a result implement changes which are superficial and really do not change the underlying foundation from which the problem emerges.

It was Albert Einstein who is credited with the following quote: “We cannot solve our problems with the same thinking we used when we created them.” In the complex world of healthcare reform, the concept and tools of systems thinking, popularized by Peter Senge, offers leaders and organizations in their search for how to manage the impact of reform initiatives so their organization is best positioned for sustained superior performance [1]. Systems thinking is a useful approach to reduce complex issues and challenges into simpler and more understandable terms. Regrettably, many organizational challenges leave leaders without a structured process to analyze and then create innovative solutions. In fact, when critically analyzed, most solutions to problems are merely reactions to the symptoms problems generate while the underlying causes are left unexplored. The use of the next tool, the ice berg (see Figure 1), is designed as a method of systems thinking to help leaders and organizations find innovations that will help to transform rather than just react to the problems and challenges of healthcare reform [1].

It works quite simply because it guides one through a series of questions, see below, to uncover the underlying systemic forces affecting the critical issue under review. In the case of healthcare reform asking the most powerful questions will increase the potential and the depth of opportunities to reach truly transformational changes which will produce the most cost-effective outcomes.

The step-wise process leaders can use to learn how the ice berg model works is really quite simple and straightforward. First, select an issue or problem you face and merely ask yourself the questions identified on the model starting with “above the surface” labeled “Events” and work your way down the model to ultimately reach the area labeled “Mental Models”. As you follow these steps you will find the answers to the questions begin to uncover or reveal a deeper and deeper level of understanding of the “root cause” of the problem. Therefore, the deeper you probe, the more like you are to find solutions which will over time produce superior results.

This method of analysis has particularly high value when confronting issues/problems/challenges of healthcare reform. Two of the goals reported by most European countries for their efforts at healthcare reform are to: shift thinking from curative medicine toward preventive medicine and to search for solutions with the highest levels of access to quality medical services. These can only be achieved when leaders realign their thinking and the tools available to them and their leadership teams.

So, leaders who learn how to use the tool of the ice berg will find over time the depth and quality of solutions for critical problems and challenges they face will be far more robust as a consequence. Here are some tips for leaders regarding how and when the ice berg as a management tool has application:

- Explore and expand a dialogue regarding current healthcare reform efforts to uncover the thinking behind the initiative.
- Examine and identify opportunities for innovations in response to or proactively pursuing reform efforts.
- Test how leaders can create systemic change within their organizations as a means to ensure system leadership.
- Challenge your mental models, and in this case, the fundamental business model by which your healthcare organization operates. It may not be the model best suited for success in the future!

**Life-long Learning Strategies**

What do we mean by the phrase “becoming a learning organization?” Again, from Peter Senge and his work with organizational transformation, he refers to this concept in the following way. “Organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to learn together.”

In other words, each day everyone in the organization works under the assumption that they have a mandate to continuously seek opportunities for change, use available information to create new knowledge, and to apply their new thinking to the problems and challenges they face to produce superior results. In short, learning must be meaningful and learning must have meaning…impact!

Here are ideas for leaders desiring to position learning strategies as essential elements of how an organization agrees to function. In the literature of organizational behavior and management, we often see references to learning strategies lumped under the rubric of...
When possible, use opening lines of a dialogue such as “What did we learn?” or “What can we learn?” to stimulate open discussion, feedback and understanding of how a learning focused organization can be more effective.

Set up your own “learning agenda”…professional conferences or meetings, the literature and research, as well as, setting time aside each day to reflect on your own learning experiences!

Dashboards for Performance

One of the most important roles leaders of healthcare organizations can perform involves their leadership in measuring, monitoring and taking action on the key performance indicators (KPI’s) which correlate highly with a high level of sustained superior performance. KPI’s represent a series of objective, measurable and concrete indicators of performance related to a hospital’s strategic plan and/or its operational day-to-day performance. KPI’s are closely linked to specific goals, targets, and/or industry standards for which the hospital’s leadership team chooses to monitor. KPI’s are simply metrics referring to a direct numerical measure that represents a piece of business data in the relationship of one or more dimensions.

One of the most well known frameworks for organizing and presenting a hospital’s KPI’s is called the Balanced Scorecard created by two business authors Drs. Robert Kaplan and David Norton [3]. The author’s model organizes KPI’s into four distinct performance perspectives: financial, internal business processes, customer, and learning and development. In short, the organization selects out a series of KPI’s for each area, routinely collects the data connected with each KPI and uses the following type of diagram by which to present and discuss the implications of the results as shown in Figure 2.

Leaders who promote learning as part of “the way we do business” will encourage others to take charge of their own learning, learning for the team, and learning for the whole organization. Here are a few tips to help the process especially when dealing with the challenges of healthcare reform:

- Share information you have about the latest regarding healthcare reform…information is power and all of your team needs to know the latest.
- Hold open “Town Hall Meetings” scripted at the beginning of the meeting to present the latest information or changes coming from the policies of healthcare reform. Make sure there is ample time and opportunity for questions and answers for members of your staff.

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**Figure 2**

![Balanced Scorecard Diagram](image-url)
For hospitals and the healthcare industry, one can adapt the Balanced Scorecard to meet the unique clinical and non-clinical KPI’s as needed. For example, a hospital might choose to replace the title “customer” with “patient” and align quality of care indicators in this part of the model. Internal business processes could also include KPI’s related to critical hospital support/ancillary services. Learning and growth might be best represented by indicators used to monitor hospital employee performance. Financial indicators would, likewise, be selected that best represent the framework by which the hospital chooses to measure, monitor and assess its financial success during the course of the year.

While there is much more that could be said about the content component of system thinking, let us turn to the role of leadership in successfully implementing the Balanced Scorecard model in a systems thinking perspective. Leaders desiring to reinforce a systems thinking perspective using the Balanced Scorecard can effectively influence its successful use by:

- Guiding thinking to demonstrate how each KPI used in the Balanced Scorecard represents one component of a larger system which is interrelated to the other KPI’s in the total model. In other words, the leader needs to have the capability of showing others how all of the KPI’s fit together and affect each other.
- Setting up the hospital’s Balanced Scorecard with two frames of reference: the strategic level with KPI’s connected to the hospital’s vision and strategic plan/goals; and, the operational level related to the day-to-day operation of the organization.
- Challenging his/her senior leadership team to choose KPI’s and their ideal thresholds of performance which set a “high bar” of performance. These indicators may be regarded as stretch goals for which the senior leadership must focus on taking action to continuously improve the hospital’s performance.
- And, remembering KPI’s are merely data or bits of information that require analysis and dialogue to interpret the implications of performance. Leaders who can facilitate a productive dialogue with his/her senior leadership team will produce the most effective results.

Scenario Planning

Scenario planning is often referred to as the art of the long view where organizations set up a series of extreme scenarios to test their organization’s ability to respond, adapt and proactively work through the challenges posed by the scenarios. Scenario planning is about looking into the future and attempting to learn more about how one’s organization is prepared for a series of highly different potential operational environments. It requires leaders to be able to guide senior managers and his/her leadership team to break away from their normal management styles, that is, a focus on daily tasks and operations to step back and examine the strategic implications of decisions they will make.

One of the fundamental assumptions driving all scenario planning is this: all thinking is incomplete, so therefore, all decisions are flawed. While that may sound “draconian” (pardon the pun!) in nature, if we reflect on previous decisions and the outcomes they produced, we will see how this is true. So, for scenario planning to be successful, we need to collect as much data we will use for building various scenarios and simplify it so we will have a robust understanding of the implications the data presents. For more on the foundation, background and uses of scenario planning, I recommend a read of Peter Senge’s book, The Fifth Discipline Fieldbook: Strategies and Tools for Building a Learning Organization. He and his colleagues present an excellent primer for learning about how leaders can use this type of systems thinking to build capacity and capability for sustaining one’s organization over the long haul.

For now here are some simple steps for leaders to follow in scenario planning:

1. First, begin by defining the fundamental issue or specific strategic decision you wish to explore. For example, with healthcare reform the government may be considering significant changes to the resource allocation process which will impact one’s organizational budget. Having some inkling of the broad range of possibilities will help to formulate which scenarios you should use in your team’s analysis.

2. Second, ask the team to brainstorm what the key driving forces are that will influence such resource allocation decisions and/or impact on the allocation decision. The types of forces include: historical decisions by the government in similar situations, the current make-up of the governing political party since shifts in political philosophy will also impact the decision, and for example current economic trends could be representative driving forces to include in your analysis. Understanding and validating these forces will help to build more realistic scenarios.

3. Third, using some type of arbitrary scale ask your team to rate (for example using a scale of 1 for very low to 5 for very high) the relative degree of potential impact each driving force will potentially have on the final allocation decision. This is a good way to learn more about how your team thinks about the issue, the driving forces, as well as, using the assessment process for building teamwork within the group.

4. Fourth, using the data and analysis your team has compiled develop two key scenarios: one which reflects the “best case” scenario and the other the “worst” case. In so doing, you have formulated a very broad range of thinking about the allocation decision from which you can “test” your organization’s ability to respond accordingly.
5. Fifth, fine tune the scenarios and then present the two final scenarios to the group for discussion. The purpose of this step is to ask the group to identify and list the implications for your organization.

6. Sixth, have the team examine each list of the implications and to identify the strengths of the to meet each as well as the obstacles or challenges they may uncover. The strengths will form the basis of those things you want to use to be prepared for the allocation decision in this case. And, the obstacles are the things you and your team need to work through or around so that the organization is best prepared for the final allocation decision.

There are many other types of approaches to scenario planning available. No one technique is the best, rather it is important for leaders to find one that they have faith in and are comfortable using for success. This one was used merely as an example to illustrate the process.

### Closing Thoughts

In the final analysis, systems thinking and the tools which have been presented here are designed to strengthen an organization so that is well prepared for sustaining its superior performance in the long-run. Leaders who are comfortable with the tools of systems thinking and have worked with their leadership teams to be able to use these approaches will be better equipped to meet whatever challenges they face. Systems thinking and scenario planning are all about:

- Asking and identifying things we know we know.
- Asking and identifying things we know we do not know.
- Asking and identifying things we do not know we do not know.

Parenthetically, as it turns out, what we do not know we do not know represents our “blind side” for which our organizations are the most vulnerable. Anything we as leaders can do to uncover and shed light on what we do not know will help us to prepare even better for the future!

Looking at the future and helping the leadership team prepare for a variety of extreme future states is one of the most challenging, yet, fulfilling exercises leaders can do. It is the power of working with uncertainty and making sense out of whatever you see or do not see. To me, leadership is the power to absorb uncertainty. It works wonders with organizations and the rewards of leadership can be summed up in two very interesting questions:

- At the end of day, when I go home, can I safely say that my work had meaning? In other words, did the work I did today have a real impact that can be seen?
- And, at the end of the day when I go home, was my work meaningful? That is, do I feel good about what I did today?

If the answers to both of these questions are “yes”, then you should feel good about your leadership and the potential for the future success of your organization is in good hands. *Keep it up…you are doing great work!*

### References:


### The Author’s Postscript

For the past few months, it has been my pleasure to have had the opportunity to share some of my thinking about leadership with you and your colleagues. For me, this has been a special privilege for during the two visits I have made to your wonderful country I have developed some wonderful working relationships…with you the leaders of healthcare in Romania. In addition, if I reflect on my own journey over the past 40+ years of my work, the time I have spent learning and practicing what leadership is all about have been some of my satisfying experiences. Regrettably, I have learned so much more than I have probably passed along.

Much of my career was spent on active duty and an officer with Navy Medicine and the U.S. Navy. We had a saying that I think sums up the role of leaders for their organizations, the people with whom they work and the patients they serve…”standing by to assist!” In other words, the role of a leader is to guide, protect and serve to help others so they are successful. Toward the end of my Navy career I committed to dedicating much of my time guiding others in their own journey and development of their career. Leaders should do that.

So, as you look toward the future of your own leadership journey and the folks with whom you serve, I would only ask one favor for each of you to consider. That is, when you have been successful and reached the higher levels of leadership positions in the Romanian healthcare system, please take time to find and mentor those who work with you and help them build their own leadership competencies. You see, leadership is not all about what you can see, but what you can help others to see, believe, and achieve! I wish each of you every success and best wishes for now and the future. Good luck and best wishes for your future success!