AN OUTSIDER VIEW: THE JOURNEY OF LEADERSHIP
-Part 3: Relationships...Professional/Stakeholders/Interdependencies/Networks-

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Introduction

Our third installment of this series on leadership will focus on the element of the model referred to as “Relationships”. We will examine this key area of leadership using the construct applied previously to focus our thinking in terms of exploring the concepts, expanding our view by challenging our thinking and assumptions, while always keeping our eye on how relationships help us as leaders to excel.

Our journey in this article will take us through some exercises and tools to help us as leaders form those relationships for which there are mutual benefits, potential synergies for innovative thinking and action, and, looking for opportunities to use our network of colleagues, mentors, and leaders we admire to help us along this journey.

Here we go!

What We Are Trying to Achieve

Let’s briefly review our previous thinking about this topic by looking back at what we have presented before. Relationships are central to a leader’s responsibility for they manifest the ability of leaders to exercise engagement or the ability to create positive interactions with others. In each case defined below, the leader faces the need to have the capability to, first, identify and understand the importance of each type of relationship, and, then, be able to optimize the benefits of each for the best interest of the organization. In light of the goals for healthcare reform such as Romania’s efforts, all leaders may need to put aside historical views they may hold while seeking to create new opportunities for their own development. There are four areas, we will focus on, for which leaders will pursue these new opportunities: professional competencies; stakeholders; interdependencies; and, building networks.

Professional competencies mean that leaders are open to examining their current levels of abilities to even create productive relationships, followed by seeking ways to challenge and change some of their own behaviors while leveraging others. There are a variety of tools we will examine in later articles to assist in this process. Leaders who are open to developing new behaviors and skills will be more successful in encouraging changes in thinking and the behaviors of others. These changes will be most easily seen in how leaders approach key stakeholders in the healthcare system. Stakeholders are those whom leaders need to support changes they are advocating. Gaining their support requires inspired leadership to convince them to buy into new ways of organizing the healthcare system.

Keywords: relationships, stakeholders, interdependencies, networks
One of the most challenging areas for new relationships is the ability to understand and leverage interdependencies across the healthcare system. All too often, leaders of hospitals especially fall into a trap thinking their organizations are the center of the healthcare system and hence everything orbiting around their own needs. As a result, they do not think they have dependencies on other parts of the system for their own success. Nothing could be further from the truth. Knowing how to identify and develop a better appreciation of those key interdependencies will help to create effective networks of interlinked parts of the healthcare system.

There are two tools we will discuss and describe which can be used to identify critical relationships for hospitals and to categorize the nature of the relationship. These two tools are: network analysis and mapping, and, stakeholder mapping. In each case, the work done to compile a network analysis or stakeholder map will provide the leader with a much better understanding of his/her hospital’s more important relationships. In some cases, the exercise will also have some interesting unexpected results. For example, in developing a network analysis map, one might find that he/she has left out a critical individual or organization which is important to the hospital. By going through such an exercise, other relationships may be identified as requiring more effort to improve so that working in the future, the hospital may have a more effective partnership which was not visible previously.

**Network Analysis**

Network analysis, as shown in Figure 2 below, is quite simple a drawing of the various people or organizations which make up a network. One starts by compiling a list of various individuals or organizations and then using the technique shown below, one merely places the individual/organization on the page followed by drawing an arrow to/from the other individual/organization for which there is a relationship. In this case, we have identified the hospital by the circle in the middle of the diagram with all of its network connections surrounding it and illustrating how they are likewise connected. At this point, we do not know necessarily the nature of the relationship, but only that there is one. By color coding the dots representing the various individuals/organizations in the network, we can identify what kind of relationship exists between the various organizations. In the illustration that follows, we may label the yellow dots as the primary physician groups from which the hospital derives the majority of its inpatient referrals. To amplify the value of that information, one could label on the arrows between the physician groups and the hospital the number of annual referrals received. The result provides a good picture of the major contributors to the demand on hospital services and suggests the relative importance of each physician group. For future planning, the hospital Director may want to use this information to foster even deeper relationships with certain groups or, conversely, build deeper relationships for which the hospital has not had as good of relationship as possible.

In other applications of this network analysis, the arrows can be defined to reflect the direction of movement within the network. For example, one might use the network diagram to indicate the flow of funding within the network where the arrows can describe whether funds flow in both directions or flow in one direction suggesting the degree of interdependency various member organizations have between each other.

The network analysis diagram could also be drawn to reflect the patient referral pattern within the network so hospitals can see where most patients come from and go to after discharge. This type of information can be very useful when examining the hospital’s strategic plans or plans associated with healthcare reform initiatives because the network diagram can help test various scenarios coming from the planning process.

A second type of application for network analysis is drawing the network of individuals within a network. For example, the hospital Director may want to create a network analysis of the key leaders in his/her organization to reflect on his/her dependency of expertise, experience, and, oh yes, “trust” needed in the leadership team for success as an organization. To be sure, the essence of the “best-in-class’ leadership teams is the degree of mutual trust between the members. Network analysis can be a useful tool to help leaders identify who the “informal” best leaders are, as well as, to better understand the value of the various members as they participate in the overall management of the hospital. In this type of application, one replaces the dots representing organizations with dots to reflect “individuals”. The outcome of such an application provides the leader and/or his/her team with a good picture of the importance of the “team” as opposed to the individual as the critical component for successful leadership and management. For hospitals, network analysis can be useful in helping senior leaders to understand the current leadership needs of the hospital, where changes in roles and/or responsibilities may be needed to foster better teamwork, or help to identify the strengths of the leadership team which can be leveraged to build an even stronger team. There are many other types of uses for network analysis. We have only touched on a few to stimulate your thinking and creative ideas for its application.

For the leaders of hospitals, network analysis and the resulting diagram produced provides a great picture around which critical planning and operational decisions can be formed, tested in somewhat of an organizational laboratory setting, and discussed within the leadership team before action is actually taken. Network analysis is an excellent aid in identifying all possible new relationships, admit or reveal “dysfunctional” relationships which currently exist, and aid in uncovering interdependencies from which
plans can be pursued to strengthen selected relationships.
To be sure, the possible uses of network analysis is only limited by one’s own creativity and innovative application of the technique.

**Tips for Successful Network Analysis**
- Start with framing the purpose and expected uses of network analysis so that everyone who participates in developing the outcome is participating with aligned thinking.
- Take advantage of the various members of the hospital leadership team to work through the process because the more diverse the thinking, the better the product.
- In all cases, make sure that “transparency” of the data is preserved so that the end result is an “honest” picture of the various network relationships.
- This is a great creative exercise for building one’s leadership team… *take advantage of the opportunity!*

**Stakeholder Mapping**
Stakeholders are people internal or external to the organization who “hold” a vested interest in the success or failure of the organization. In effect, stakeholders can affect or be affected by the actions of the organization. There are various types of stakeholders which we will describe briefly.

First, some stakeholders will be affected by or influence the organization but who not directly involved with doing the work of the organization. For hospitals, this type of stakeholder includes: patients; other customers; contractors performing maintenance or other services, for example; suppliers of medical consumable supplies or equipment; the governing board; governamental agencies; and, others who are affected or impact the performance of the hospital.

Second, there are stakeholders for whom their relationship is critical in delivering the services or products of the hospital.

Other stakeholder relationships are based on non-economic transactions, secondary stakeholders, such as the actual delivery of services or products. Regardless of the nature of the relationship, stakeholders play an important role in the leadership and management of a hospital because they help leadership to understand and estimate the impact of management decisions.

**Figure 2. Network map of Key Connections**

Physicians who are credentialed to provide clinical services are one of the key stakeholders of any hospital because they have a direct influence on the types and quality of services provided, the number of clinical specialties for which the hospital will be recognized, and have a direct interaction with the hospital’s principal clients…patients.

Third, the community served by the hospital is an example of the “collective stakeholder” because the community reflects the interests of many individuals on a much broader scale.

Some stakeholder relationships are based on the market dynamics, primary stakeholders, of healthcare for which economic transactions are the foundation of the stakeholder relationship (suppliers, government, physicians, etc.).

**Figure 3. The stakeholder model**

Figure 3 provides a graphic illustration of the stakeholder model.

![Stakeholder Map](image-url)
Here are some examples of stakeholders and the types of interests they have with a hospital. The examples come from a variety of sources including some from the United States where there hospitals with union employees.

The value of knowing and understanding the motives of the stakeholders which hospitals depend can have a major impact when hospital senior leaders conduct strategic planning sessions or are embarking on what may be new clinical service initiatives. Stakeholder analysis during the planning phase can produce a better understanding of how stakeholders can contribute to the overall process thereby producing a better strategic plan.

Benefits of Stakeholder mappings
Here are some examples of what a stakeholder mapping can provide:

- A greater understanding of the perspectives, visions, interests and value held by various hospital stakeholders.
- Allow key stakeholders to express their views in the hospital strategic planning phase.
- Identify common interests, areas of agreement and areas of disagreement. This is particularly important if the hospital relies on support from the stakeholders of the strategic initiative under consideration.
- Provide independent recommendations on the range of strategies and tools that might be employed to ensure high quality and cost effective health services.
- Refine the understanding of the interests of stakeholders, rather than stated positions, as the basis for developing implementable strategies for the hospital and its community.
- Ensure a broad range of interests are incorporated into the process for developing the hospital vision and strategic plan.

- Assess the feasibility of and possible approaches to engaging stakeholders in the hospital vision initiative in a meaningful and effective manner.

In summary, stakeholders and their potential impact and contribution to the overall health and well being of a hospital’s strategic planning process and the management of the scarce resources available for the clinical service demands are major considerations to be considered in the planning effort. Leaders for whom this process becomes an integral part of the hospital planning phase will benefit from the outcomes that emerge. Their plans will be more robust, take into a broader array of planning factors, and will produce plans for which the implementation phase faces fewer and less difficult challenges. Stakeholders and their influence on the hospital reflect one of the most important considerations hospital leaders must be very good at understanding and taking into account for the long-term sustainability of the hospital’s performance.

Call to Leadership
In the process of looking at hospital performance using the context of exploring, expanding, and an emphasis on excelling, hospital leaders need to step back periodically to carefully and fully examine the value, interests, and potential development of the relationships which really matter to the hospital. Using the tools of network analysis and stakeholder mappings can produce a rich and bountiful wealth of information upon which new thinking can foster enrichment to the relationships that already exist and in the effort to form new ones.

Leadership development and the success of healthcare institutions rely on the depth and quality of the relationships they depend on. Inspired and vision led senior management of hospitals possess the opportunity to really make a difference in their community by exercising and open and honest assessment of the networks they serve in and the stakeholders they need for the success of their hospitals.

The challenge, then, is to ask... am I willing and able to commit to this type of scrutiny?

For those whom the answer is “yes”, will step forward and lead with the confidence knowing their hospital, its physicians, staff, and the community they serve will be better for having exercised this type of leadership. In the United States Navy we had a short phrase to express the inertia needed for a job well done which is appropriate now... “Carry on!”

### Table 1. Stakeholders and examples of interests

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Examples of interests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners &amp;/or Board Members</td>
<td>Profit (private hospitals), performance, direction</td>
</tr>
<tr>
<td>Government</td>
<td>Taxation, VAT, legislation, low employment</td>
</tr>
<tr>
<td>Senior Management Staff</td>
<td>Performance, targets, growth</td>
</tr>
<tr>
<td>Non-managerial Staff</td>
<td>Rates of pay, job security</td>
</tr>
<tr>
<td>Trade Unions (U.S.)</td>
<td>Working conditions, Minimum wage, Legal requirements</td>
</tr>
<tr>
<td>Physicians</td>
<td>Value, array of clinical services offered, quality, availability of technology &amp; clinical expertise</td>
</tr>
<tr>
<td>Customers (patients)</td>
<td>Value, quality, “customer care”, ethical consideration</td>
</tr>
<tr>
<td>Creditors</td>
<td>Credit score, new contracts, liquidity</td>
</tr>
<tr>
<td>Local Community</td>
<td>Jobs, involvement, health status improvement</td>
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</tbody>
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