

# Part I

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## CASES IN THE ORGANIZATION DEVELOPMENT PROCESS

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### Case 1

## CONTRACTING FOR SUCCESS

### *Scoping Large Organizational Change Efforts*

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## Learning Objectives

- To support your understanding of OD competencies in the entry phase that enhance collaboration and results.
- To assist you in analyzing and organizing complex data and information in the contracting process.
- To identify core interventions, conditions, and deliverables from the engagement that need to be incorporated into the contracting process.

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**R**obert stopped his car and sat quietly in the physician's parking lot located on the north side of the hospital. It was a picturesque August morning. The sun was shining and the summer flowers on the 29-acre campus were in full bloom. Despite the beauty of the day, he couldn't help but take a deep breath and release a long heavy sigh. It had been 6 months since he assumed the CEO position for Valley Medical Center. In that time, he had already encountered some of the biggest challenges of his career.

Valley Medical Center (VMC) was a 135-bed hospital with more than 1,500 employees and 375 practicing physicians. As Robert entered the building, he contemplated his current position and was glad to be meeting with Karen from Results Consulting. He was hopeful that she could assist him in assessing all the critical issues he was experiencing and develop a game plan for moving forward. The gravity of the situation was weighing on him like a 2-ton brick.

“Good morning, Robert,” a voice sang as Robert entered his office. Robert’s assistant, Terri, dropped several contracts on his desk as she entered. “Your 8:00 appointment is waiting for you in the boardroom.”

“Thanks,” Robert commented, smiling. Terri had a tremendous history with the organization and brought a wealth of knowledge about the physicians, leaders, and staff. VMC operated in a smaller suburban community of about 55,000 people and many of the employees and physicians had been with the hospital for more than 20 years.

Entering the boardroom, Robert saw Karen admiring the view of the Rocky Mountains. “Hello, it’s nice to meet you.” He walked toward her with his hand extended. Karen stood and shook his hand firmly. She was excited to be here and brought an array of expertise in organization development. She had worked with many organizations facing challenges similar to VMC and was confident that she could assist Robert in managing this complex situation.

“I’m so pleased to be here. Thank you for the invitation to partner with you.” They both took seats at the large conference table, which seemed to dominate the room. Karen proceeded, “I understand from our previous discussion that you are seeking assistance with prioritizing your many challenges and actions. Tell me a little more about what you are facing.”

Robert paused briefly and said, “It’s difficult to know where to begin. I started here about 6 months ago after a string of short-term, unsuccessful CEOs. In total, there have been five CEOs in the past 24 months, including myself. Prior to that, leadership was highly consistent and secure. Needless to say, these rapid changes in leadership have created instability and gaps in the strategy and direction of the organization. To make matters more complicated, we also have made significant leadership changes in a number of our other executive level positions. Ineffective leadership at that level surfaced and it was essential that we bring in stronger senior leaders to support the organization.”

“Wow, I can see where that would be challenging. How are leaders, staff, and physicians reacting to all this change?” Karen asked.

“It’s been tough. They have expressed frustration. I think many of them are concerned and unsure about the future. We’ve heard rumors of staff and physicians feeling afraid and possibly thinking about leaving to work or practice at a competitor hospital. Despite this, however, there is still strong loyalty.” Robert stood up. “I would love to take you on a tour of the facility. It would give you a great opportunity to meet different leaders and ask that question of them. It also would be a wonderful way for you to experience the culture and gauge our situation.”

Karen and Robert began the tour in the main lobby of the hospital. It was clearly a busy facility with patients and families coming and going frequently. Several sitting areas throughout the space were occupied by people waiting for tests and procedures. Along the rock wall stood a portrait of an older man, looking distinguished and posed. “This might be a good time for me to provide you with some background of our facility.” Robert started, “This facility is about 30 years old and was built on land donated by Mr. Thomas, who you see there in the picture. This history had afforded us the benefit of strong community loyalty and commitment. However, our market has become much more competitive. We have always been a sole community provider and the market leader, but recently we have begun to lose market share and patient volumes in critical service lines like surgery, cardiology, and oncology. Our largest competitor is a hospital in Gainesville, just to the north of us. It’s a larger city, so they are in a position to offer more comprehensive services. We have recently seen market share declines as a result of their increased presence in our market. To make matters worse, they are building a new hospital just 2 miles from here that is scheduled to open in 9 months.”

“It sounds like you have strong commitment to your community and patients. How would you describe your organizational culture?” Karen was curious if the culture of the organization would support their challenges or if it was a pivotal barrier for them.

“From a competitive position, I would say, complacent, and our current market share declines reflect that complacency. I’m seeking to create a culture that is strategic and sustainable over the long term. On the people side, I would add that this facility is very family-oriented. The culture among staff and physicians demonstrates caring, camaraderie, and compassion, which is exactly what you want for a health care facility. On the downside, I would say we struggle with lack of focus and limited accountability. We are operating in a much different environment, a competitive environment. Right now, people are looking out for themselves and we need to be operating as a cohesive team.”

Karen found his choice of words interesting. He expressed a sense of urgency, yet characterized several strengths on which the facility could build. She made note and would be certain to bring it up and explore it further at a later time during their tour. They continued down a long, wide hallway from the main lobby to the emergency department. Karen noticed that various smaller hallways guided patients to radiology and the laboratory. Robert greeted patients and families kindly as they walked, “Good morning. Can I help you find something?” His caring was evident and the patients responded warmly.

Along the walls, Karen saw a large collage of photos recognizing various employees for their contributions to patient care. Next to the pictures was a placard on the wall that hosted the company’s mission, vision, and values. “Share with me how you live your mission. What do those statements mean to the employees here?” she asked.

Robert said, “Well, VMC is owned and operated by a large nonprofit health system with hospitals throughout the country. As part of a system, we share in the mission, vision, and values of our parent company to ensure integration of purpose across all of the hospitals. Our mission is to provide excellent patient care. This is supported by a vision to be the market leader in clinical quality, patient satisfaction, and operational excellence. As you know, delivering on a mission requires focusing on what matters most.” Robert paused. At that moment, they passed a woman wearing a white lab coat embroidered with the hospital’s blue and red logo and the words *Operating Room* below.

Robert smiled to her. “Hello, Patricia. Do you have a moment?” She nodded and stopped next to Karen. “How is your son? He was preparing to go out of state for college last we talked.” Karen continued to be impressed by the genuineness that she saw him exhibit with people around him.

“Thanks for remembering. We drove him out there this weekend. It was exciting to see him start a new chapter in his life,” Patricia said. “I’m meeting Sam shortly about expanding hours in the cath lab, but I am happy to chat with you.” She smiled at Karen and shook her hand.

“This is Karen. We have engaged her services as we seek to improve performance and relationships here at VMC.” Robert engaged the two in dialogue. “Patricia is our Director of Surgical Services. Karen was just asking about how we live our values here at Valley. What are your thoughts in response to that question? I thought it would be better for her to hear from one of our leaders.”

“Definitely.” Patricia spoke with confidence and friendliness. “When Robert came on board, Valley’s leadership developed five priorities. We recognized that to be successful we had to focus on a few important things. For us, these are strong employee engagement, high patient satisfaction, quality patient care, being physician friendly, and achieving financial strength.”