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Hospitals Must Focus on Scale to Combat New Competitors

Today, hospitals are struggling to hold onto their outpatient business in the face of new competitors that have the scope and technological capability never before seen in healthcare.

UnitedHealth/Optum and CVS Health/Aetna are aiming to unbolt outpatient business from legacy hospitals. Amazon, Apple and Google are investing heavily in healthcare from numerous angles, looking for the most effective entry points to care and services. Hospital organizations are doing what any company would do when confronted with a highly disruptive environment like this: They are trying to gain the financial and intellectual resources to compete in a new world.

Hospitals are making this transition in the face of a difficult financial reality. Moody's Outlook for 2019 projected that revenue growth for hospitals would continue to decline under pressure from weak inpatient volume and low reimbursement payments. At the same time, expenses would continue to grow faster than revenue. In this situation, the normal response of any company in any industry would be to seek scale in an effort to meet this new level of competition and adjust to a emerging business model. That is exactly what is happening among hospital stakeholders. "Bulking up" is a logical response.

Organizations need to grow along with everyone else. Scale will help ensure that America's hospitals can keep pace—that they can continue to build on their deep community connections, expertise treating the full range of health conditions and history of serving our most vulnerable populations.

Scale will be critical, but it is not an end in itself. Scale is a means to gain intelligence—to get the best intellectual capital, to tap information about a vast group of people, to test new ideas and then to scale those ideas. Nevertheless, scale is the platform that will allow hospitals to

acquire the resources—such as more working and intellectual capital, and significant digital capabilities—to compete in this brand new healthcare marketplace.

—Adapted from "[Why Hospitals Must Seek Scale](#)," by Kenneth Kaufman, *KaufmanHall.com*, Dec. 20, 2018.

Becoming a Visionary Leader at Any Organizational Level

Creating a unifying vision for their organizations is a fundamental skill for leaders. However, building that vision has become more associated with top-level leadership than with directors, managers and others throughout the organization. Consider these critical vision-creation opportunities, each of which can propel your professional development:

Helping the CEO Shape the Company's Vision

Good senior leaders know they are missing critical information as they are typically removed from many customer experiences and operational realities. Being a conduit of the insights and experiences of others who will be touched by the work can help senior executives improve that sense of connection. Further, raising your hand to volunteer your own perspective in collective problem-solving opportunities helps you develop your own vision-creation abilities.

Translating the Company Vision to Make it Relevant for Your Team

Even if you do not have the chance to help shape early drafts of your company's vision, if you are a leader at any level, you will likely be directed to work with your team to translate that vision. Though on a smaller scale, this in itself is "vision crafting" and it will benefit from the same kind of broader perspective senior leaders themselves will want to seek. Even if you are simply "translating" vision from the upper part of the organization, take some time to solicit ideas from other parts of the company that also have a stake in your unit's performance aspirations, being sure to crosscheck your translation with those senior leaders guiding the overall vision.

Catalyzing Your Own Vision

Sometimes a new company vision does not begin in the C-suite, but instead bubbles up from lower-level leaders already using it to drive innovation and change in their own units. Your organization may not be ready for—or even sympathetic to—bottom-up vision development. However, the need for continual innovation in today’s operating climate may give you the opportunity to promote new ideas from your own local experiences that can demonstrate potential for broader growth and even reinvention in your company.

Getting Yourself Into the Vision Game

Here are a few tips to position yourself for vision-building moments:

1. Get a clear idea on what a vision is and why it matters. Do not confuse vision (an aspirational picture of future success) with mission (why an organization exists), values (the principles and moral beliefs by which the organization chooses to operate) or strategy (the decisions about where and how to compete that bring a vision to life).
2. Watch for opportunities to contribute. Contribute to the vision-work underway by other leaders. Translate an agreed upon enterprise vision down to the unit you are leading, or focus the work of your team on a local or regional vision. Catalyze innovative change for the organization based on some front-line innovation in which you are involved.
3. If you find a vision-building opportunity, do not do all the deciding alone. Just as a senior leader might benefit from seeking your contributions to a major corporate vision, share the process with others working with you in any of your own vision-building. It will sharpen your collaboration skills as well.
4. Learn by watching or studying how others go about the vision-building process. Talk to other leaders about visions they have developed to understand how and why those visions turned out the way they did. Study visions of companies documented in the business press or learn from partners or clients about the visions they have for their organizations. You will better understand what makes for successful vision-building, which you can then bring to the next opportunity in your own organization.

Because developing a vision for an organization sets the stage for strategy and higher performance, it will always be seen as an essential capability for top leaders. However, this does not mean that vision is always above your paygrade. Visioning requires practice, and there is no better way to get that practice than by building your craft through smaller or sudden opportunities to make a contribution that comes your way.

—Adapted from "[You Don't Have to Be CEO to Be a Visionary Leader](#)," by Ron Ashkenas and Brook Manville, *Harvard Business Review*, April 4, 2019.