

Instructor's Manual to Accompany
Strategic Management of Health Care Organizations
Fifth Edition

Linda E. Swayne W. Jack Duncan Peter M. Ginter



© 2006 by Linda E. Swayne, W. Jack Duncan, and Peter M. Ginter

BLACKWELL PUBLISHING

350 Main Street, Malden, MA 02148-5020, USA

9600 Garsington Road, Oxford OX4 2DQ, UK

550 Swanston Street, Carlton, Victoria 3053, Australia

The right of Linda E. Swayne, W. Jack Duncan, and Peter M. Ginter to be identified as the Authors of this Work has been asserted in accordance with the UK Copyright, Designs, and Patents Act 1988.

All rights reserved. Instructors using *Strategic Management of Health Care Organizations, Fifth Edition* by Linda E. Swayne, W. Jack Duncan, and Peter M. Ginter may reproduce material for classroom use.

Otherwise, no part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, or recording, except as permitted by the UK Copyright, Designs, and Patents Act 1988, without the prior permission of the publisher.

First published 2006 by Blackwell Publishing Ltd

1 2006

For further information on
Blackwell Publishing, visit our website:
www.blackwellpublishing.com

Table of Contents

Preface.....

THE CHAPTERS

Chapter 1: The Nature of Strategic Management

Suggestions for Effective Teaching.....

Lecture Notes.....

Questions for Class Discussion.....

Chapter 2: Understanding and Analyzing the General Environment and the Health Care Environment

Suggestions for Effective Teaching.....

Lecture Notes.....

Questions for Class Discussion.....

Chapter 3: Service Area Competitor Analysis

Suggestions for Effective Teaching.....

Lecture Notes.....

Questions for Class Discussion.....

Chapter 4: Internal Environment Analysis and Competitive Advantage

Suggestions for Effective Teaching.....

Lecture Notes.....

Questions for Class Discussion.....

Chapter 5: Directional Strategies

Suggestions for Effective Teaching.....

Lecture Notes.....

Questions for Class Discussion.....

Chapter 6: Developing Strategic Alternatives

Suggestions for Effective Teaching.....

Lecture Notes.....

Questions for Class Discussion.....

Chapter 7: Evaluation of Alternatives and Strategic Choice

Suggestions for Effective Teaching.....

Lecture Notes.....

Questions for Class Discussion.....

Chapter 8: Value Adding Service Delivery Strategies

Suggestions for Effective Teaching.....

Lecture Notes.....
Questions for Class Discussion.....

Chapter 9: Value Adding Support Strategies

Suggestions for Effective Teaching.....
Lecture Notes.....
Questions for Class Discussion.....

Chapter 10: Communicating the Strategy and Developing Action Plans

Suggestions for Effective Teaching.....
Lecture Notes.....
Questions for Class Discussion.....

THE CASE TEACHING NOTES

Case 1: The US Health Care System – Participants, Financing, and Trends: An Industry Note

Stuart A. Capper

Overview.....
Key Issues.....
Teaching Objectives.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....

Case 2: Methodist Healthcare: Managing for the Future

Mary C. Christy and Gary Shorb

Overview.....
Key Issues.....
Teaching Objectives.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....
Epilogue.....

Case 3: Community Blood Center of the Carolinas: Donations, Donations, Donations

Linda E. Swayne

Overview.....
Key Issues.....
Teaching Objectives.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....
Epilogue.....

Case 4: ASPIRE² in Arkansas

Peter M. Ginter, W. Jack Duncan, Linda E. Swayne

Overview.....
Key Issues.....
Teaching Objectives.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....
Epilogue.....

Case 5: Can This Relationship Be Saved? The Midwestern Medical Group’s Integration Journey

Rhonda M. Engleman, Jisun Yu, and Andrew H. Van de Ven

Overview.....
Key Issues.....
Teaching Objectives.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....

Case 6: Vietnam International Hospital: What Now?

Mark J. Kroll and Barbara Ross Wooldridge

Overview.....
Key Issues.....
Teaching Objectives.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....
Epilogue.....

Case 7: Indian Health Service: Creating a Climate for Change

Terrie C. Reeves, W. Jack Duncan, and Peter M. Ginter

Overview.....
Key Issues.....
Teaching Objectives.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....
Conclusions and Summary.....
Epilogue.....

Case 8: Dr. Louis Mickael: The Physician as Strategic Manager

C. Louise Sellaro

Overview.....
Key Issues.....
Teaching Objectives.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....

Case 9: The New Office of Women’s Health: Building Consensus to Establish a Strong Foundation

Julia Hughes, Peter M. Ginter, and W. Jack Duncan

Overview.....
Key Issues.....
Teaching Objectives.....
Target Audience.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....
Epilogue.....

Case 10: The Rosemont Behavioral Health Center

Phil Rutsohn and Bob Forget

Overview.....
Key Issues.....
Teaching Objectives.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....
Epilogue.....

Case 11: Riverview Regional Medical Center: An HMA Facility

Donna J. Slovensky and Woodrow D. Richardson

Overview.....
Key Issues.....
Teaching Objectives.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....

Case 12: AIDSCAP Nepal

Ven Sriram and Franklyn Manu

Overview.....
Key Issues.....
Teaching Objectives.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....
Epilogue.....

Case 13: Emanuel Medical Center: Crisis in the Health Care Industry

Randall Harris, Kevin Vogt, and Armand Gilinsky

Overview.....
Teaching Objectives.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....
Epilogue.....

Case 14: Cooper Green Hospital and the Community Care Plan

Alice Adams, Peter M. Ginter, and Linda E. Swayne

Overview.....

Key Issues.....
Teaching Objectives.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....

Case 15: US HealthSolutions

Linda E. Swayne

Overview.....
Key Issues.....
Teaching Objectives.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....

Case 16: C. W. Williams Health Center: A Community Asset

Linda E. Swayne and Peter M. Ginter

Overview.....
Key Issues.....
Teaching Objectives.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....

Case 17: Regional Memorial’s Institutional Ethics Committee: Work To Do

John M. Lincourt

Overview.....
Key Issues.....
Teaching Objectives.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....
Epilogue.....

Case 18: The Premier Health Alliance Emerges

Linda E. Swayne and Peter M. Ginter

Overview.....
Key Issues.....
Teaching Objectives.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....

Case 19: The Case for Open Heart Surgery at Cabarrus Memorial Hospital

Fred H. Campbell and Darise D. Caldwell

Overview.....
Key Issues.....
Teaching Objectives.....
Intended Courses/Audience.....
Suggestions for Effective Teaching.....
Questions for Class Discussion.....

Epilogue.....

Case 20: Sunshine County Health Department: Strategy Implementation

Donna Malvey and Eileen Hamby

Overview.....

Key Issues.....

Teaching Objectives.....

Intended Courses/Audience.....

Suggestions for Effective Teaching.....

Questions for Class Discussion.....

Preface

Clearly, there are no definitive answers for tomorrow's health care problems in today's classrooms. As with many industries, health care is changing too rapidly for today's solutions to apply to tomorrow's problems. Therefore, our goal as teachers is to develop students' abilities to raise relevant questions and to stimulate students to develop creative solutions. We have to teach students to think.

We hope that the textbook and this Instructor's Manual aid in challenging students to ask the proper questions and stimulate their need to know and understand. Strategic management processes, problem solving structures, and perspectives aid students in identifying and addressing the key issues. In addition, it is our view that the strategic management approaches presented in the text provide a useful framework for encouraging students to think creatively about the relationship of a health care organization to its environment. The twenty cases provide an opportunity to apply the strategic management processes, structure strategic thinking, and test perspectives in actual situations faced by health care managers. The case analysis experience, often better than other pedagogical tools, demonstrates the practicality of the text materials.

Given these aims and challenges, we suggest the following course objectives:

1. To assist students in relating prior knowledge and experiences to specific problem-solving situations;
2. To encourage students to think strategically about the types of decisions made in health care organizations;
3. To provide students an opportunity to engage in and manage a group decision-making process;
4. To provide students with experience in analyzing the health care environment, preparing a strategic plan appropriate for the environment, and developing implementation plans for the accomplishment of the strategic plan;
5. To provide an opportunity to research and develop a paper relating to strategic management of health care organizations; and
6. To provide students with an opportunity to become familiar with the important strategic issues facing health care organizations.

THE INSTRUCTOR'S MANUAL

This instructor's manual is organized around two major sections – chapter support materials and case teaching notes. These materials and notes are designed to facilitate class lecture and discussion of materials introduced in the text as well as provide an overview and direction for the teaching of the twenty cases.

Chapter Support Materials

Included for each chapter are suggestions for effective teaching, lecture notes, and answers for the questions that appear at the end of each chapter.

Suggestions for Effective Teaching. At the beginning of each chapter, we discuss our approach and what has worked well for us when teaching the chapter. We have had good success in recent years in first teaching the text, next using the cases to develop strategic thinking, and finally asking students to develop and present strategic plans for a local health care organization. Through this approach we develop the structure and processes of strategic management, then ask students to apply the concepts in a low-risk environment (cases), and then apply the concepts in a somewhat higher risk situation. The Suggestions for Effective Teaching sections relate primarily to our in-class teaching approaches and techniques. We should indicate at the outset, that our style is to encourage in-class discussion. Therefore, generally we introduce a concept and then ask students questions concerning the concept or ask them to think of specific examples. As a result, we have moved away from formal PowerPoint presentations (and extensive use of overheads) and moved “back” to the blackboard – it’s less structure and more spontaneous. Experienced teachers may find this style more comfortable; however, new instructors may prefer a more structured lecture. Therefore, we have also included structured lecture notes.

Lecture Notes. Chapter lecture notes are provided to aid the instructor in preparing for class lectures or general discussion of the chapter. These lecture notes have been class tested; it is our experience that with some preparation, each set of lecture notes generates about two hours of lecture and discussion. Where extensive discussion (as in more advanced classes) is anticipated, additional time should be allowed. We have used the lecture notes as a beginning point when reviewing the chapter materials, supplementing the notes with personal experiences and additional examples as we think appropriate. This approach personalizes the lecture or discussion and at the same time addresses the important points of the text material. For this reason we have intentionally not elaborated excessively in the lecture notes about material in the text. We encourage you to take our general comments and seek out recent examples with situations close to your own city or state. This will keep your lecture relevant, stimulating, and exciting to your students.

End of Chapter Questions. Possible answers for the questions that appear at the end of each text chapter are provided in this manual. The questions are particularly useful for instructors who want to cover the chapters through the use of in-class student discussion or to supplement lectures. We have found that questions provide an excellent review of the text materials and may be used as exam questions.

Case Support Materials

Cases typically raise more questions than they answer, and in doing so, students gain an understanding of the complexities and interdependence of the organization and its environment. Cases, and you the instructor, provide the context and impetus to raise questions and to seek understanding, and through this process, develop students’ abilities in the science and art of strategic management.

To effectively use cases to inspire students' curiosity and intellect, it is important that everyone understands the nature of case studies and the value of the pedagogy. A case is typically a record of a situation that actually has been faced by executives, together with surrounding facts, opinions, and prejudices that impact on those decisions. Assign students to read Appendix A. Discuss areas where you prefer to provide different instructions for students. Determine whether you want students to do further research or to stay within the case facts as presented. Please do not encourage students to call the organizations to find out what was done. We have disguised most names to discourage this practice. Some organizations will not allow us to use them for cases any longer because of the volume of calls they have received from students. In addition, Websites have eliminated the need to call the organizations.

A case study attempts to vicariously place the student into a managerial position in which he or she will be required to "size up" the situation and suggest some action for the organization. The action is typically a plan (set of decisions) that will outline solutions concerning the key issues. Therefore, the case most often provides some degree of focus for the student as well as the context of the decision. However, as in actual situations, seldom does the student have all the information that is necessary to make the best decision. Often extraneous data is included which requires that the student learn to discern, prioritize, and utilize pertinent information.

The objective of the case approach is not to provide "solutions" or rote knowledge. Rather, the approach provides the student with a perspective concerning the complexity of the issues that modern health care organizations face, practice in discerning critical problems and opportunities, application of theory, and an understanding of the interrelatedness of organizational functions. Case studies provide the student an in-depth learning experience that is difficult to obtain elsewhere.

Although some consider cases to be static and historical in orientation, they can be brought to life by using role playing, in-class discussion, panel discussion, guest speakers from the health care industry, and so on. The cases in this book have all been selected for the variety of questions they raise, the appeal for students, and the ability of the case to come to life in the classroom. Rather than merely describing the organization, each case presents a decision situation – a situation where students will be challenged and motivated to test their abilities as strategic thinkers.

The Teaching Notes (Instructor's Manual)

The teaching notes were designed with you, the instructor, in mind. Because university level employment requires more than teaching, all professors feel the pressure of time constraints. Yet, no one wants to enter the classroom unprepared. For the experienced case teacher, these notes are organized in a consistent manner so that areas of interest can be readily located to facilitate case selection and preparation. For the relative newcomer to case teaching, the notes are comprehensive. Case coverage is sufficiently detailed to guide preparation and provide confidence for teaching the case.

For the most part, the notes contained in this manual were developed as a teaching guide by the original case writer. To facilitate selection, preparation, and classroom preparation, we have standardized the teaching notes. The following format is used for the cases:

Overview of the Case. This section provides a paragraph or two describing the case situation and setting. A quick scan of the overview will indicate the segment of the health care industry (hospital, public health department, blood center, and so on) and the case orientation.

Key Issues. The second heading in the teaching notes provides a numbered listing of the topics that are important in decision making for the organization and generally considered to be important points of coverage for student learning.

Teaching Objectives. This section provides those topics, positions, analyses, and results a student should understand after having prepared and discussed the case.

Suggestions for Effective Teaching. In each teaching note we provide methods to achieve the teaching objectives and put life into the case. Difficult areas for students are indicated as well as points in the case that require highlighting in order for leaps of knowledge to occur. The author's experience with the case can help circumvent problems and achieve maximum learning.

Strengths/Weaknesses and Opportunities/Threats. Where appropriate, a brief summary of the case is presented as a list of the company's internal strengths and weaknesses and external opportunities and threats. This section provides a quick reference for major points pertinent to strategy formulation.

Strategic Alternatives. Where relevant, possible (logical) strategic alternatives are provided for the case. Typically several feasible alternatives are presented that students could adequately defend.

Questions for Class Discussion. The major portion of the teaching note is organized around a listing of questions that can be used by the instructor to guide the class discussion. Alternatively, the questions can be assigned to students to guide and direct their preparation and analysis. Some questions are useful to open the case discussion, some can be used to change the direction, and some provide impetus to concluding comments. Responses to the questions are provided.

Epilogue. In many cases, an update of events/activities about the organization that would add to student interest and instructor effectiveness is provided. Because most of the cases included in the text are current, additional events/activities often have not yet occurred. Therefore, an epilogue is not always included.

As you probably have noticed, the cases in this book, as with tomorrow's health care decisions, are not listed under predetermined categories that may indicate the nature of the problem or opportunity facing the organization nor are there any leading questions at

the end of the case in the textbook. The cases are not organized under any headings, nor are they categorized or classified in any way that would provide hidden direction to students. The absence of hidden directions avoids the following types of problems:

- This is a strategy formulation case because it is listed under the “Strategy Formulation” heading.
- This case will be just like the case preceding it in the text.
- Question number 3 indicates that the correct answer to Question number 1 is “yes.”
- If I answer these questions I will have the correct solution to the case.

However, we have provided a section concerning characteristics that will aid the instructor in selecting cases that focus on desired topics. In addition, the case characteristics section highlights the segment of the health care industry.

TEACHING CASES

There are a variety of approaches used in teaching cases such as leading questions, structured written case analysis, unstructured case analysis, give-and-take discussion, and case presentations. Alternative teaching methods are suggested for each case. In addition, the manual contains some student assignments using different case analysis methods or formats.

Whenever case writers and teachers gather to discuss pedagogy, opinions are expressed concerning whether questions should be listed at the end of the case. One opinion is that students will not be presented a list of questions to be resolved when they are “on the job” and that determining the problem to be solved through the information at hand (case material) is more akin to what they will experience in their employment. Others point out that assigning questions is similar to a supervisor “checking” on the work in progress. Questions can often lead to outstanding role playing situations. Some professors say their students are not capable (especially at the beginning of a semester) of knowing how to approach a case. Thus, some instructors prefer to use questions early in the semester and then eventually stop providing questions.

The cases in *Strategic Management of Health Care Organizations* and this accompanying Instructor’s Manual allow for either approach. Although questions are not provided at the end of the case in the text (to avoid hidden directions), all the teaching notes contain “Questions for Class Discussion.”

In the process of presenting a consistent style and format, all of the teaching notes were reorganized and some were supplemented. We tried to maintain the integrity and flavor of the original note but may have made errors of commission and omission. If we did, we apologize in advance to the authors and the responsibility is totally ours. We welcome your suggestions for improvement.

Case Characteristics

The case studies developed and chosen for the book provide a variety of strategic decision-making situations in a cross section of health care environments. The cases are current and are supported with extensive industry information to provide the background material necessary to understand and assess an organization's environments. In addition, we have tried to select cases that are comprehensive — addressing issues of situational analysis, strategy formulation, and implementation. To facilitate the instructor's use of the cases, the following characteristics are provided.

CASES CLASSIFIED BY NATURE AND SEGMENT

Case Number	Case Title	Nature of organization	Health Care Segment
1	The US Health Care System	All segments	General health care
2	Methodist Healthcare	Not-for-profit hospital	Large hospital system
3	Community Blood Center of the Carolinas	Blood bank	Health care supply
4	ASPIRE ² in Arkansas	Public health department	Public health
5	Midwestern Medical Group	For-profit division of an integrated system	Large physician practice
6	Vietnam International Hospital	For-profit hospital	Insurance/managed care
7	Indian Health Service: Creating a Climate for Change	Health Agency	Government
8	Dr. Louis Mickael	Private practice	Physician
9	The New Office of Women's Health	Not-for-profit legislative committee	Community health
10	The Rosemont Behavioral Health Center	Not-for-profit, single unit	Drug rehabilitation hospital
11	Riverview Regional Medical Center	For-profit, multiunit	Small rural hospital
12	AIDSCAP Nepal	Private/public partnership	International
13	Emanuel Medical Center	Not-for-profit, public hospital	Threatened rural hospital
14	Cooper Green Hospital and the Community Care Plan	Not-for-profit, community hospital	Insurance/managed care
15	US HealthSolutions	For-profit startup	Medical service: advance directives
16	C.W. Williams Health Center	Not-for-profit, single unit health center	Medically underserved

17	Regional Memorial's Institutional Ethics Committee	Not-for-profit hospital	Ethics issues
18	Premier Health Care Alliance	For-profit, national voluntary alliance	Hospital alliance of not-for-profits
19	Open Heart Surgery at CMH	Not-for-profit hospital	Hospital expansion
20	Sunshine County Health Department	Not-for-profit, public health	Public health

THE TEXT APPENDICES

Strategic Management of Health Care Organizations contains two appendices. They are designed to facilitate and support students in applying text material and presenting health care strategy.

Appendix A: Analyzing Strategic Health Care Cases — This appendix provides students with a specific methodology for identifying and addressing the key issues of a case. This appendix should be assigned early in the course and the instructor may plan one entire class period to review the method and answer student questions. Such a class may be used to modify the process to meet the particular preferences of the instructor.

Appendix B: Oral Presentations for Health Care Professionals — Effective oral communication is extremely important for today's health care administrators. Many times in their careers they will have to make presentations to staff, doctors, investors, boards, and so on. This appendix provides excellent advice for making class as well as professional presentations. We have found it valuable to assign the appendix and then discuss effective and ineffective presentation techniques in class.

IN CONCLUSION

Through *Strategic Management of Health Care Organizations*, and this Instructor's Manual, we have tried to create a comprehensive approach. We know of no other book that combines extensive text materials, numerous perspectives, actual incidents, multiple examples, and so on, with pedagogically sound cases to teach health care strategic management. We have found the additional information to be quite valuable in teaching strategic management concepts and their application in actual health care organizations. We hope these materials, together with your own insights and experiences, will prove to be valuable in challenging your students to understand the industry and its dynamics, logically and creatively develop strategy for health care organizations, and effectively formulate sound implementation plans. We hope these materials help your students learn to think.

