

Building Great Organisations

By Dr Jeremy Lim, Editorial Board Member

What makes a healthcare organisation great? It's not strategy...

Recently, I asked a group of young doctors what their organisations' missions and core values were. I was disappointed but not surprised when none could articulate these, let alone explain why their organisations had chosen them. I was even more disappointed and yet still not surprised when they uniformly scoffed at their senior leadership's emphasis on them. This was in sharp contrast to a military officer who rattled off to me the eight core values of the Singapore Armed Forces and also explained why they were in that particular sequence.

Why are the "mission, vision, and values" so important and yet so cursorily dismissed by most employees? Why is their *raison d'être* so casually regarded? And yet, when it comes to strategy, everyone seems to hold a strong view of what their organisation's strategy should be.

The vital link between mission, vision, values and strategy

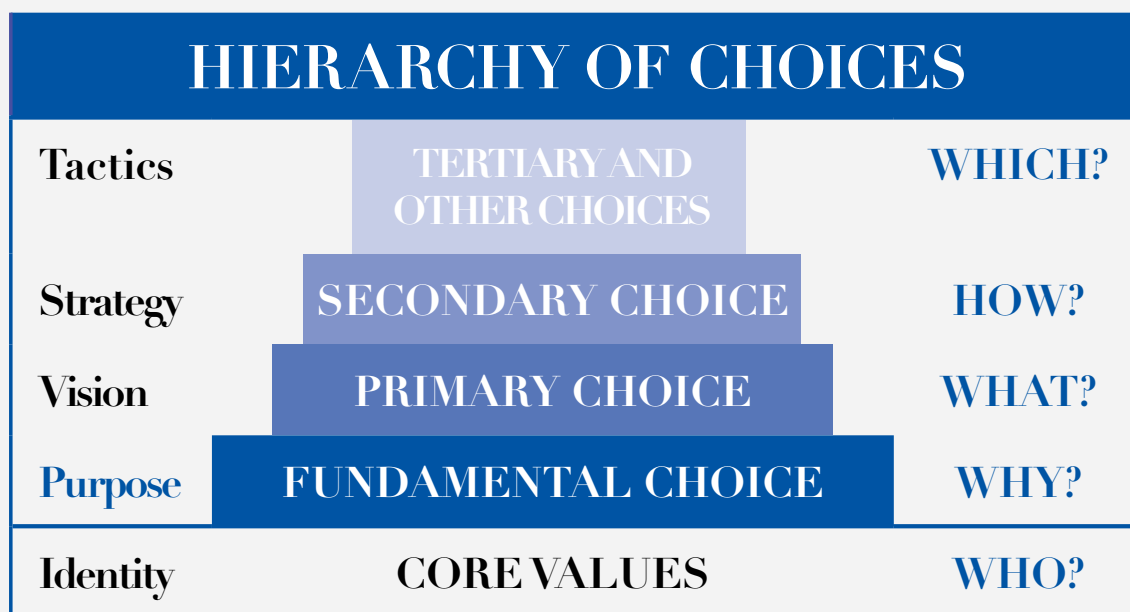
A week ago, I taught a graduate class healthcare strategy, where a key point I made was that strategy is a second order decision. What does this mean? It emphasises that our strategic options are guided very much (or even constrained) by our mission and vision, and underpinned by our values. There

must be a strong coherence between our "mission, vision and values" and our strategies, and to do otherwise is to invite failure.

Imagine a pyramid. Values form the foundation of this pyramid, mission and vision the next layers, and strategy and then specific tactics make up the rest of this pyramid/hierarchy of choices. What can be done at the top of the pyramid is very much decided by what's holding up the bottom. This is why "values" are so crucial and why the best organisations spend so much time and effort on them. If we are crystal clear on our values, with equal clarity about our mission and vision, then what we need to do to realise these (the so-called "strategy and tactics") becomes apparent.

An oft-related anecdote from the Mayo Clinic, whose primary value is "The needs of the patient come first", describes a janitor who, when asked what his job is, proudly proclaims, "My role is to reduce hospital-acquired infections!" On another occasion, a senior Mayo Clinic executive shared that the Clinic decided to establish a hotel in Minnesota for patients and their families, with the decision being sealed by examining the primary value. Therefore, the ability to relate strategy and even one's individual role to the larger organisational mission is critical.

But healthcare is not just about healing patients and making people better. Healthcare is a huge and costly endeavour, and



Modified from Daniel Kim, Foresight as a Central Ethic of Leadership, Greenleaf Center for Servant Leadership

while it sounds noble to speak and act only from the perspective of the patient, the reality is far more complex.

“No money, no mission”

Let's address the needless confusion and angst over money. In healthcare, there is this perceived conundrum or dilemma over profits. Is it patients? Or is it profits? To me, it's really quite simple. If the mission of the organisation is to maximise profits and shareholder returns, then healthcare is the wrong sector to be in. However, an organisation can only exist if revenue is greater than costs and as Sr Generose Gervais of Saint Marys Hospital, Mayo Clinic stated famously, “No money, no mission”. But many who quote her miss the second part, “No mission, no need for money.” Money and mission are inextricably linked and woe betide the leader who ignores either one. While putting the needs of the patient first, the Mayo Clinic still generated US\$515 million in net operating income or a 6.5% operating margin in

2010, which it justified as essential for its commitments to research and education.

Perhaps in closing, we should turn to Big Pharma, everyone's favourite bogeyman, and recall the wise words of George Merck, founder of Merck & Co, Inc: “We try to remember that Medicine is for the patient. We try never to forget that Medicine is for the people. It is not for the profits. The profits follow, and if we have remembered that, they will never fail to appear. The better we have remembered that, the larger they have been.”

What does your organisation exist for? **SMA**



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