



### Change: An Opportunity for Progress

*“Change is a fact of life in today’s health care environment. For VA, change is now a continuous process – a means for identifying new and better ways of doing things and, ultimately, for improving the quality and efficiency of veterans’ health care.”*

John G. Demakis, MD

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#### What is organizational change?

Organizational change is any action or set of actions that alters the organizational direction or process, thus affecting how an organization works. This type of change can be deliberate and planned by leaders within the organization (e.g., shift from inpatient hospital focus to outpatient primary care model), or change can be driven by outside forces (e.g., Congressional budget cuts) and be beyond the organization’s control. Depending on the scope of the change, organizations can be affected in many ways. For example, the tasks and functions performed by members of an organization and the working relationships between those people may be altered. Change also may affect the strategies an organization uses to carry out its mission, and the processes for implementing those strategies.<sup>1</sup>

#### Why is it important to actively manage the change process?

Excellent ideas can launch ambitious change initiatives that may or may not succeed depending on whether these initiatives are adequately and actively managed. An unmanaged change usually accomplishes nothing, and can produce unintended, detrimental effects such as poor morale, loss of trust in management, and lower productivity. Thus, managing the process of change is as important as the planning that inspires it.<sup>1</sup>

#### What are some critical strategies for managing change?

There are several key strategies that can help managers make change easier. Depending on an organization’s culture, history, and the nature of the change being implemented, managers must choose the strategies that fit their organization’s needs. Strategies to consider include:

determining the context for change (i.e., who’s involved in the proposed change and how will they be effected); building support for change (identify “champions” or “core believers”); developing a vision that enables people to imagine new opportunities; articulating clear, specific and realistic goals; communicating to all levels of the organization (e.g., meetings, retreats, newsletters, etc.); identifying barriers to change (internal, external, psychological, cultural, etc.); looking for the early win (maximize initial, small successes); and recognizing people for their participation in change efforts. Most important, managers should encourage organizational flexibility in a work environment that is open to change.<sup>1</sup>

#### What are possible pitfalls in implementing change?

Challenges and obstacles are an inherent part of organizational change. However, while every setback may provide an opportunity to reassess and improve the process, there are some things a manager can do to avoid them. 1) Focus efforts on core supporters and undecideds. Trying too hard to win over hard core resisters will drain energy and resources. 2) Don’t underestimate the power of communication throughout the change process. Use a variety of media to get the word out including email, newsletters, and meetings. 3) Know that some people won’t adapt to the change despite manager’s efforts to invite their participation. Difficult as it may be, the employee may need to leave the organization or the manager may need to find another placement for him/her. 4) Although stakeholder consultation and participation in the change initiative are important, managers should not allow stakeholders to “take over” the process. Stakeholders should be viewed as expert resources and their interaction managed effectively with a clear understanding of how their input will be used.<sup>1</sup>

*HSR&D is examining many of the organizational changes taking place within VA. Below is a brief discussion of some of the studies looking specifically at the development and implementation of changes in care delivery and organizational design.*

### **Restructuring Organization through Service Line Implementation**

VA is working to improve health care delivery to veterans by restructuring organization and management practices to increase efficiencies and responsiveness. Service lines are one aspect of this restructuring. Service lines are a comprehensive set of services designed to meet the needs of specific veteran patient groups, such as those with mental illness or spinal cord injury (SCI). Service lines are also characterized as an integrated set of services that are distinguishable from other services by the technology or specialty employed.

HSR&D's Management Decision and Research Center (MDRC) recently reported on the development of VISN-level service lines from 1997 through December 1999. Results of their study show that all networks have explored the concept of service lines by forming task forces, and some have gone further by implementing a more integrative service line structure. Networks can be divided into three groups based on the degree to which they employ service lines: 1) those using task forces exclusively (these are not "service line" by VA definition), or those with more integrative structures in highly specialized areas only, such as SCI; 2) those primarily using teams; and 3) those relying on divisional or matrix structures. The majority of VISNs are in the first category. One-quarter of the VISNs are in the last category, are utilizing service lines as a primary network integration strategy and have provided, or intend to provide, budget authority to their network service line managers. The study has also found that the greatest number of network-level service lines is in the clinical areas of primary care, mental health, and geriatrics/extended care.

In general, networks have implemented less integrative forms of service lines than have facilities. This may be due to differences in the purposes of service lines at the network and facility levels or to unique issues facing networks, such as the distance between facilities.

*Rising JP, Charns MP. Three paths of implementation: Network-level service lines, 1997-1999. Transition Watch, Management Decision and Research Center, VA's Office of Research and Development, HSR&D, Winter 2000; 3(2):1-6.*

### **Impact of Facility Integration**

Hospital or facility integrations are highly complex endeavors. Analyzing the processes and progress of integration can provide unique and valuable information for other systems striving to integrate independent facilities. In the last six years, nearly 50 VA medical centers integrated to form new VA health care systems. These integrations progressed at different rates and have adopted a variety of structures, but they

all share the same objectives – improving the quality, access and efficiency of health care services for veterans.

In a study conducted by the MDRC, investigators examined the impact of integration on four dimensions that VA integrated system directors rate as important to achieving integration objectives: cost savings/system efficiency; redirection of resources from administrative to clinical care; improved access to care; and quality of care.

Study results suggest that the integration of VA's health care systems is, thus far, having modest effects. Integrated systems improved staffing efficiency significantly more than comparison groups, but did not show significant improvements in costs or redirecting resources from administration to clinical care. Both integrated and comparison systems have made significant progress in reducing access problems for patients. This study also suggests that how long the system had been integrated did not make a difference in results. Systems that were integrated before FY1997 did not show more positive results than systems that had been integrated for a shorter period of time.

The modest effects of facility integration should be considered in the context of the high costs of integration, such as change anxiety, disruption and dislocation issues. System leaders may want to explore alternative strategies for accomplishing the same efficiencies – service consolidations, single standards of care, and improved access – without fully merging their facilities.

*Lukas CV, Desai K. Effects of facility integration. Transition Watch, Management Decision and Research Center, VA's Office of Research and Development, HSR&D, Summer 2000; 3(4):4-7.*

### **Health System Integration Scorecard**

Many health care organizations are striving to create integrated delivery systems. The expectation is that integration will enable them to provide higher quality care at lower costs, while maintaining or improving the health and satisfaction of their patients. Leaders of the VA Upper Midwest Health Care Network (VISN 13) worked with HSR&D investigators to develop a scorecard to help them monitor their progress toward system integration. The scorecard has three components: an inventory of service line structures as implemented in the system, a survey of staff to measure system integration, and network performance measures. Here, we focus on the results of the staff survey.

Methodologically, the integration survey demonstrates that reliable and valid indicators of system integration can be obtained from staff by means of a self-report question-

naire. The scales that emerged from the analyses capture dimensions that Network managers are working on in their system development. Survey findings report important information in three key areas: 1) *Progress of integration*: Mid-range scores indicate that staff see the characteristics of a well-integrated system only part of the time, confirming senior leadership's perception that system integration is in its early stages. 2) *Patterns of integration*: For example, staff across the Network report highest scores on the leadership scale (i.e., network and facility leaders clearly articulate objectives and staff understand how their work furthers the objectives), suggesting that this scale is a leading indicator of integration. In contrast, low scores on service cooperation (i.e., staff share problem solving and coordinate administrative and support efforts across facilities) indicate that it is an area that follows later in the integration process. 3) *Areas needing support*: For example, managers tend to give higher scores on the system integration scales than do clinicians or general staff on all dimensions except clinical coordination. While this is a common pattern in changing organizations, it suggests the need for continued efforts to move integration to front-line clinicians and general staff.

HSR&D researchers are broadening the usefulness of the integration survey by administering it in the VA Upper Midwest Health Care Network, and in three other VA health care networks.

*VanDeusen Lukas C, Meterko M, Lowcock S, Donaldson R, Blakely M, Davies M, Petzel R. Monitoring the progress of system integration. Corresponding author: C. VanDeusen Lukas; e-mail: carol.vandeusenlukas@med.va.gov.*

### **National VA Quality Improvement Study: What the Data Show**

The National VA Quality Improvement Study (NVAQIS) is a three-year project that examines and reports VA's transformation through a range of data collection strategies, including employee surveys, interviews with Headquarters staff and network directors, and site visits to facilities. Supported by HSR&D and the National Science Foundation, this study obtains information on a variety of indicators related to quality improvement, customer service orientation, and organizational culture. Study surveys are repeated three times so that investigators can assess VA's progress over time on specific survey indicators. The first two surveys have been completed, and the third is in progress.

Overall, VA facilities did not exhibit any signs of substantial quality improvement between the first and second rounds of the survey. However, during the early stages of a transformation effort it is common for the transforming organizations to experience some decline in performance, due to the disrup-

tion surrounding the transformation before improvements in performance are realized. Continuously monitoring these large-scale change efforts will ultimately help inform the planning and implementation of future VA change efforts.

*Young GJ, Desai K. National VA Quality Improvement Study (NVAQIS): Interpreting the data. Transition Watch, Management Decision and Research Center, VA's Office of Research and Development, HSR&D, Spring 1999; 2(3):1-6.*

*\* Updates on the progress of the Service Line Implementation, Facility Integration, and National VA Quality Improvement Studies are reported quarterly in "Transition Watch," which is available on the web at <http://www.va.gov/resdev/prt/category.htm#news>.*

### **References:**

1. *Organizational Change Primer*. May 2000. Boston, MA: Management Decision and Research Center; Washington, DC: VA Health Services Research and Development Service, Office of Research and Development, Department of Veterans Affairs.

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