

# How Academic Health Centers are Transforming Leadership, Administration, and Management: A Case Study

*Author Commentary*

**CHAPTER ABSTRACT:** Critical to transformation is increasing the effectiveness of the collective academic health center enterprise while cutting costs to free resources to support that work. Choices made to address this challenge require unprecedented levels of coordination and alignment throughout the enterprise while preserving an environment that nurtures individual creativity. This chapter highlights, with a detailed case study, the importance of maintaining accountability for organization-wide goals and how leadership can harness the energy and creativity of a large, diverse enterprise to nimbly address unfamiliar organizational challenges.

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Over the last five years, academic health centers have managed rapid change during turbulent economic times, and the pace of change is only accelerating.

Traditionally, academic health centers have been relatively insulated from consumer sensitivity; the healthcare system was not consumer driven. But, that has changed. Companies cannot afford 5-10 percent increases in healthcare costs. Patients aren't just looking at quality anymore, they are also looking at price, and this is driving the value discussion. The drive towards consumer value is forcing us to act less like a public utility and more like many other industries.

In this environment, it's critical to have structures and management mechanisms in place that allow speed and versatility. The leadership teams of our institutions must view themselves as constantly developing. This is true of almost every organization, but particularly academic health centers, where leadership teams must not only demonstrate humility—they must understand the team's collective and individual development edges. Success of academic health center leadership teams can no longer be defined strictly in organization financial terms, or by the number of research grants awarded, but increasingly by the dynamic performance of the leadership team. How are team members relating to one another? Are we capitalizing on each other's distinctive skills? Are we being critical of one another in a constructive way?

The quality of the relationship within the leadership team is paramount, and that relationship depends on trust. Rather than "shame and blame," like high-performing cultures of safety, leadership teams must also cultivate an environment in which mistakes can be brought forward and examined as learning opportunities. Management teams that are afraid to acknowledge their weaknesses or mistakes will be unable to address problems at an early stage, before they grow. Another key to building trust is for C-suite management to get out of the office and engage in constant, active, and direct dialogue with department chairs and other leaders responsible for large and diverse segments of the organization. Time invested in relationship-building is generously rewarded when difficult challenges arise, as the foundation of trust is already strong.

Among our greatest future challenges will be to bring the academic and clinical enterprise into even greater alignment, both structurally and functionally. It is no longer viable to keep academic department chairs and health system leaders set apart, as they have been in the more traditional models of academic health center governance. In the future, everyone will be engaged in the management of the academic health center enterprise. This is a time of great experimentation. People are understandably nervous about abandoning the traditional structure, which worked well—but for a different time. We are called to overcome our historic preconceptions and work together to build a successful new paradigm.