

issues de facto. I just need your approval to get moving and to get Yoon to help us start saving money.”

“Joe, I think you’ve done a wonderful job,” replied Ghosh. “Get to work and let’s get this hospital system in shape.”

Alexander quickly began to organize an implementation team. He brought in Second Chance Consulting Inc., and with the CFO, selected 36 employees from each of the two hospitals to design changes. These employees were divided into three groups. One group was put in charge of access, one in charge of materials, and one in charge of delivery of care. The consultants set benchmarks of 20 percent reductions in costs in each area. Alexander was concerned that staff in the key areas might be resistant to changing their processes, and he wanted a fresh perspective. He therefore asked that all of the people invited to participate be assigned to areas outside their own. He also decided not to include any of the hospital managers and department heads, believing they would not represent the best for the hospital as a whole.

The teams spent a total of six weeks intensively designing new standardized processes that could be implemented across the two hospitals. At hospital roadshows, corporate personnel talked about the great changes that the teams were designing. Staff were told that the changes would save the hospitals from ruin and reverse their fortunes.

However, some expressed skepticism. As the date of implementation neared, the hospitals’ administrators—perturbed by what they considered a show of disloyalty—told managers that those who did not support the effort should look for other work. Dissent immediately went underground, and the administrators believed they finally had all managers on board.

At the end of the six weeks, leadership drafted a detailed “battle plan” to reengineer the organization. Four from each team were retained to implement the designed solutions. The rest of the team members disbanded. Each employee involved in designing the changes was given a laptop computer as thanks for her work.

The first action was to eliminate two-thirds of the nursing middle managers. This change was projected to yield savings of \$2 million per year. It was instituted to promote team-based authority among the nursing units, although many nurses feared that quality and communication would suffer. Other changes soon followed. The cafeteria was eliminated; patient food menus were minimized; a new position combining food service, housekeeping, and transportation was created; and the admissions staff was cut by half, among other major changes.

Hospital executives required that employees implement changes, but managers and rank and file found that many were impractical. Some issues caused by the changes were not addressed, such as admitting Medicaid patients after half of the admissions staff had been eliminated. Access to the hospital