Business Knowledge and Skills

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In our first installment, we discussed competencies—what they are and why they are important—and highlighted the work of the Healthcare Leadership Alliance (HLA) in this area. In this installment, we explore the most technical of the five HLA competencies: business knowledge and skills.

WHAT THE BKS COMPETENCIES ENTAIL

The HLA defines business knowledge and skills (BKS) as the "ability to apply business principles, including systems thinking, to the health care environment." In researching the BKS competency, the HLA found ten general areas relevant at the broadest level: project management, organizational business and personal ethics, facilities planning, purchasing procurement, evidence-based practice, inventory control systems, proposal analysis and contract negotiation, critical thinking and analysis, needs analysis for and/or desirability of outsourcing, and outcomes management implementation. In addition, eight subdomains were found to be particularly critical. Each of these subdomains is described below.

Financial management.   This area includes knowledge related to a variety of financial concepts, including financial analysis and planning methodologies, reimbursements (i.e., rate setting and contracts), and financial outcomes measures. Skill areas in this subdomain include analysis of reward versus risk, stewardship of resources, development/use of monitoring systems, and application of financial planning to organizational objectives.

Human resources.   This area includes knowledge of the employment environment, including staff safety and health as well as legal rights and protections of employees, and the methods for motivation and conflict resolution. A number of the competency statements focus on understanding human resources systems, including workforce planning, performance management, and management of diverse environments.

Organizational dynamics and governance.   This area encompasses an understanding of how organizational systems are structured and governed as well as what factors

within the system influence change and resistance to change. Skill areas related to this domain include building trust between stakeholder groups; operating with and evolving policies and procedures; and working creatively with departments to find synergies, which presents opportunities for collaboration that optimize organization-level performance.

Strategic planning and marketing.   This area focuses on how knowledge of the market is used to move the organization into the areas of greatest need and opportunity and how the services of the organization are communicated to consumers. Knowledge areas in this subdomain include business planning, competitive and market data analysis, and crisis and disaster planning. Skill areas include anticipating cause-effect relationships, developing organizational mission and vision, and aligning goals and objectives with this mission and vision.

Information management.   This area covers the use of computer and software applications in the delivery of health services and enhancement of operational efficiency. Knowledge areas include an understanding of information systems (health informatics, information systems continuity, and planning and implementation cycles) and specific applications (e-commerce, Internet, intranet, spreadsheets, and productivity tools) and the appropriate analysis and interpretation of data. Relevant skills in this area include ensuring staff are well equipped to avail themselves of information systems and effectively integrating information technology plans into the broader business plans.

Risk management.   This area focuses on the reality that all services involve some measure of risk and that effective management of that risk is essential to organizational effectiveness. Knowledge areas include liability; compliance; methods for mitigating risk (e.g., insurance, disaster recovery); malpractice; disaster planning; and the relationship of risk management to personnel law, quality management, and safety.

Quality improvement.   This area covers the methods by which systems can be monitored and continuously improved, including an understanding of the variety of quality theories, methods, and analytic tools available.

Systems thinking.   Given the importance of understanding the organization as an interrelated whole, this area was broken out as a BKS domain unto itself. This domain includes an understanding of the impacts and consequences of decisions on internal and external stakeholders and establishing coalitions across departments to address big-picture development opportunities.

HOW ORGANIZATIONS CAN USE THE BKS COMPETENCIES

Applications of this competency area are particularly relevant to first-level management positions. Many managers in healthcare reached their leadership positions

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by virtue of their outstanding performance at the line level. Their promotion may have been given without much opportunity for commensurate training, leaving the promoted individual to learn the job as he or she goes. On-the-job experience (coupled with accurate and timely feedback) may be the best way to learn a management role, but this process can unfold somewhat haphazardly. Often, this learning is the result of responding to presented need rather than as a planned, proactive effort to gain adequate exposure to all aspects of the new manager's accountability.

The BKS competency model can be an effective tool in moving an organization from having a reactive approach to a proactive approach. For example, the competency list may be woven into the new-manager orientation checklist; each domain can be mapped up as part of a plan to expose and/or develop the new manager in a particular area. Similarly, each area may be used as part of development planning early in the transition process. An example of such a planning document is provided in Table 1.

WHAT LEADERS SHOULD KEEP IN MIND ABOUT THE BKS COMPETENCIES

As we considered the BKS areas individually in terms of our experience with developing new managers for operational roles, we came up with several key themes common across these areas.

Learning by doing.   The very nature of management work involves engaging organizational systems to develop approaches that work in areas that are *not* doing well. With experience comes a greater fund of approaches or solutions from which to draw as well as a recognition of opportunities that can be pursued.

Understanding the importance of context.   Textbooks, graduate courses, and even early experiences tend to cause managers to fall into the trap of thinking that there is only one "right" way to doing things. In reality, every organization has its own unique processes. The challenge is in understanding the reasoning behind those processes so that the manager knows when to go with the flow and when to drive for change.

Knowing limits, and understanding others' limits.   There are many domain experts in the BKS competency. For human resources and risk management areas, in particular, managers are well-served to err on the side of asking professionals in these departments the "silly" questions. In addition to serving as a preventive measure, asking questions is a useful educational process in and of itself.

The flipside of this idea is also true: healthcare managers often fail to recognize how much of their own education is unique to them. Professionals in information services, health law, human resources, and other areas relevant to BKS may have much less contextual knowledge of how health systems work; a number of them

TABLE 1
Example: BKS Competencies in a New-Manager Orientation Checklist

Name: _____ Supervisor: _____
Position: _____

Competency	Development Need	Plan	Target Date	Review Date
Human resources	Understanding of employee performance management	By the end of the month, you will (1) read HR policies and procedures and (2) attend the employee relations "development plan writing" workshop. After this, I will illustrate the disciplinary process by discussing at least three case studies based on prior employees. We will then meet at least weekly to discuss current employees.	Feb 28	
Financial management	Exposure to cost monitoring and budgeting processes	I will go over monthly cost-variance reports with you this month. Over the next several months, you will review these and provide me with a summary of where you have questions.	June 30	
Quality improvement	Understanding of/participation in CQI process	You will join me on the patient experience QI team. We will work together over the next several months on the "greeter" project, so you can get a sense of the PDCA cycle. When this project is complete, you will find a QI project in our department to lead.	May 1	
Information management	Familiarity with the standard desktop; understanding of data warehousing	Work with another employee to learn the calendar and web site applications; use the calendar to schedule all staff meetings; use the web site to update your profile and our main info page. Meet with our IS contact to get an overview of the data backup/recovery systems and the software approval process.	May 1	

arrive in healthcare after tenures in other industries. Those of us who are trained and educated in the field can return the favor to these professionals by sharing our knowledge of healthcare systems and providing opportunities for them to build their own knowledge base.

Seeking mentors, and being a mentor. Getting to know people who have faced the same challenges as our own and who have made mistakes along the way is helpful. These people can guide managers so that they can avoid these mistakes. Based on our experience, most healthcare leaders are generous with their time and expertise when approached in the right way.

Of course, it is also very important to "pay forward" the kindness of people who have more expertise than we do. Making ourselves accessible to new leaders and managers is an essential part of our role as healthcare administrators and will help us ensure that the powerful tradition of mentoring in our profession remains available for the next generation of leaders.

The challenges of learning the complexities of the healthcare environment relate to another HLA competency area—knowledge of the healthcare environment. This competency will be the focus of the next column.

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1. The full HLA competency model is available as a downloadable database. See http://www.healthcareleadershipalliance.org/directory.cfm.

For more information on the concepts in this column, please contact Andy Garman at andy_n_garman@rush.edu.