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Managing Health Care: The Guidance-Delivery Tension

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Guidance and Delivery Management

In all large organizations, it is possible to draw a distinction between two quite different but crucial types of management responsibility. At senior management levels, managers are typically preoccupied with organization-wide issues related to the general health and survival of the organization as a whole. At this level, managers in private sector organizations tend to be preoccupied with such concerns as the behavior of competitors; changing market characteristics and consumer expectations; the public 'image' of the organization; the welfare and motivation of employees; and, of course, 'bottom line' concerns such as profitability and efficiency. In large public sector organizations, senior managers will be preoccupied with some of the same issues as their private sector counterparts, but in general, will be more concerned with the external political environment than with the behavior of competitors or the financial markets.

Senior managers necessarily engage with these types of organization-wide concerns because it is an important part of their job to establish organizational direction, to provide coordination and to motivate. In short, it is a crucial part of a senior manager's job to guide their organization through the minefield of continually changing external circumstances so that at a minimum, their organization survives and at best, it thrives and develops. Hence the term, 'guidance management.'

As one moves down through successive tiers of management, managers tend to become less concerned with organization-wide guidance issues, and more concerned with managing the delivery of a product, service or other output that is crucial to -- and is sometimes the *raison d'etat* for -- the organization's survival. The distinction between guidance and delivery concerns is particularly clear in relation to the finance function. Thus, the Director of Finance in a large organization will spend most of his/her time preoccupied with organization-wide guidance issues such as the behavior of the finance and money markets, the forward prices of commodities central to the organization's production processes, and profit per employee ratios for different product lines. But as one moves down through successive tiers of management, those operating within the finance function become increasingly concerned with the delivery of

financial services: for example, seeing to it that bills are paid; that salaries and wages are paid; and that senior management receives timely, accurate and relevant information about the financial performance of the organization as a whole.

Because all organizations operate in continually changing, difficult-to-predict environments, the challenges, problems and opportunities facing guidance managers, continually mutate and change -- often at very short notice. As a result, there is a continual and changing tension between the demands placed on guidance management, and the requirements for effective delivery management. For example, guidance managers like to be able to re-define 'the rules of the game' so that they have the flexibility to respond to new opportunities (or parry new threats) at short notice. Delivery managers by contrast, prefer a reasonably stable environment so that they can guarantee the quality and reliability of their services or products. This tension is perhaps most vividly illustrated in the situation where the director of marketing wishes to secure a new customer by promising the immediate delivery of a product (guidance concern), but where the production engineer is worried that this will push throughput to the point where product quality will be threatened (delivery concern).

Like all distinctions in management, this one is not black and white. For example, during crises, guidance managers often take delivery decisions that override the wishes of delivery managers. Equally, when major guidance decisions are pending (for example, entering a new market), key delivery managers are often invited into the 'Board Room' to contribute to the decision. Nevertheless, the distinction can be a useful one, and there is a growing body of evidence (R) which suggests that successful large organizations are often those which manage well the tension between guidance and delivery.

The Guidance - Delivery Tension in Human Service Organizations

In large organizations which provide or arrange for the provision of human services (e.g., education, health or certain types of leisure services), the tension between guidance and delivery management is particularly important. Moreover, the successful management of this tension is arguably central to the quality of the service experienced by the client/customer. There are a number of reasons for this, but the following are among the most important:

- The clients of human service organizations tend to become a part of the organization while they are receiving/purchasing the service. During this time, they are often 'under the control' of delivery managers.
- Those who manage the delivery of human services are often professionals or 'experts' who require a certain amount of delivery 'autonomy' if they are to provide a high quality service (e.g., doctors, teachers or airline pilots).
- In the delivery of human services, there is often a conflict between providing the client with what they want, as distinct from what they need. This complicates the problem of deciding what constitutes a high quality service and, therefore, what constitutes a reliable 'bottom line.'
- The performance of guidance and delivery managers in human service organizations is judged against very different criteria and on very different time scales. Thus, it may take months or years for a major guidance decision to have a detectable impact on the quality of acceptability of service delivery. This further complicates the problem of identifying a reliable 'bottom line.'

Despite these and other difficulties, some human service organizations do tend to manage the guidance-delivery tension more successfully than others. Most airlines, for example, have a policy of not raising guidance concerns (e.g., the need to conserve airline fuel in the light of recent price increases) with pilots in mid-flight! They wait until the pilots have landed and are no longer engaged in the management of delivery. Health care organizations the world over, however, have still to discover how to persuade or oblige their principal delivers (i.e., doctors and other clinicians) to take guidance concerns seriously. Examining how senior health care managers in the different participating countries are attempting to manage this and the other key guidance-delivery tensions within their organizations, provides one possible theme for the next King's Fund International Seminar.

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