Case Study: A Tale of Two Hospitals

For over 15 years, the sole Adventist hospital in the city garnered annual awards. Government hospitals were less than adequate, and the private sector was mired in a weak economy. At the Adventist hospital, however, missionary doctors from around the world were making headlines with cutting-edge surgeries that no one else in the city could perform. The quality of medical care was unrivaled, and the Adventist hospital became the premiere medical facility of the entire region.

Eventually, a new kid on the block arrived. A new Christian hospital was established with sparkling new facilities. Patients began flocking there. Now there was a choice between two private hospitals. Having new facilities, patients were attracted to the new Christian hospital. The Adventist hospital began to experience its first decline in inpatient and outpatient counts. This gradual bleed continued well into the next decade.

In the meantime, new government hospitals were also being built. First-class amenities and services were put into place drawing patients from surrounding countries. "This competition is coming from every direction," the hospital president worried. "We are not keeping up, and need to look seriously at making changes in order to meet the needs of society." After considering plans to upgrade facilities, purchase new equipment, and re-brand the hospital to meet the medical needs of a new generation, the president confided in his CFO, "It just doesn't seem possible to make such major shifts in the hospital. Financially, it is just so costly, but it is even harder to change the minds of the staff after years of doing things in the same way." He sighed and wondered what could be done to keep up with the break-neck speed of society’s progress.

Cutthroat competition from the other hospitals continued to take its toll, however, over the ensuing years. Profits declined, and the union had to provide substantial appropriations to keep the facility on life support. Many discussions at the hospital board meetings revolved around what must be done to stanch the tragic loss of income, and to increase revenue, but no concrete action plans were ever voted. In the meantime, the hospital was flatlining, and its death knell tolled.

Discussion Questions:

1. The Adventist hospital went from being a leader in medical care to a laggard in 20 years. What went wrong? What issues were involved in the leadership, governance, external environment, etc?

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2. In the face of rapid societal change and keen competition from other, newer and better hospitals, the Adventist hospital experienced what appeared to be a fatal institutional paralysis. Who was supposed to overcome that inertia and kick-start plans to reverse the course—the hospital president, the chairman of the board, or the executive committee? Why?

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