

Healing the Troubled OR

By Jeff Peters and William Mazzei, M.D.

When the operating room catches cold, the hospital gets pneumonia. A new vision of leadership will help avoid an untimely demise.



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The signs of a troubled operating room are unmistakable: Inefficiency and staff conflict. Dissatisfied surgeons and high turnover in nursing. Low volume, declining market share and, ultimately, decreasing revenue.

For hospital leaders, these problems are not a side issue. The OR accounts for more than half of the typical hospital's total operating margin, so poor performance in surgical services threatens the financial health of the entire organization.

Hospital executives may be tempted to let the OR solve its own problems, but in our experience, this is not realistic. In most hospitals, the OR is run using a dysfunctional leadership model. Problems will be solved only when the model is changed.

The Missing Ingredient

Over the past several years, we have visited dozens of ORs across the country and talked to hundreds of physicians, nurses and administrators about their efforts to solve problems in perioperative services. In nearly all of these conversations, one common theme stands out: The people who have the biggest stake in the OR have the least say in how it is run.

In the typical hospital, responsibility for overseeing the OR belongs to a committee consisting of department chairs. While this committee pays attention to clinical performance, it rarely looks at issues that impact the overall success of the organization, such as surgeon access, utilization, staffing and market strategy. At best, the OR committee is an informational outlet. At worst, it becomes a venue for interdepartmental politics.

Another problem is that day-to-day OR management usually lacks participation from stakeholders--active surgeons, anesthesiologists and nursing staff. In most hospitals, the OR is run by a nursing director of surgical services in conjunction with a medical director. But the medical director typically devotes no more than one day a week to OR issues. This leads to management blind spots--especially when it comes to physician relations.

A further shortcoming is that most OR nursing directors have little postgraduate education in management or experience in finance or marketing. In an organization with a budget of \$100 million or more, this is a major problem.

In both overall governance and daily management, there is a lack of collaboration. The result is an inability to confront ongoing problems, develop workable solutions and focus on the success of the OR as a whole.

How can hospital leaders turn this situation around? The solution is a new OR leadership model based on multidisciplinary cooperation.

Decisive Change

Recently, we evaluated a 750-bed hospital in the South that was experiencing a drop in its surgical market share--from 38 percent to 34 percent in just two years. The hospital's OR suffered from several operational problems, including a poorly designed block time system that made it hard for younger surgeons to access the schedule. Another issue was the OR director's autocratic style, which alienated both physicians and nurses.

Hospital executives realized that the problem was leadership. The hospital's first step was to replace the traditional OR committee with a new surgical leadership group representing all the parties who have a vital stake in the OR. Membership included clinically respected surgeons, leading representatives from anesthesia and nursing, the hospital COO and the vice president of medical affairs.

The hospital's second step was to hire a full-time medical director to co-manage the OR. The medical director was given operational authority over OR policies, anesthesia deployment and block utilization. The nursing director continued to focus on daily operations, staff deployment, materials management and improving the clinical skills of the nursing staff. Together, the two directors assumed joint responsibility for ensuring smooth operations across the entire perioperative continuum.

With strong support from the hospital CEO, the surgical leadership group began hammering out new OR policies and processes. The initial goal was to create a new block schedule system that offered fairness and transparency while rewarding the most productive surgeons. The group also focused on improving perioperative efficiency. The medical director and nursing director concentrated on providing strong, ground-level management for the OR. Their collaborative leadership approach gained the trust of physicians, anesthesiologists and nurses and enabled them to work cooperatively to solve problems and improve OR performance.

The greatest benefit of the new leadership model was that the OR was more surgeon-friendly. The improved block time system, managed carefully by the medical director, resulted in better surgeon access. Other process improvements resulted in streamlined patient throughput and a significant reduction in turnover time. These gains had a big impact on surgical volume. Within a short period, the OR's market share rebounded, and hospital profit increased.

Flexible Framework

These are not isolated results. At a community hospital in the Southwest, the adoption of this leadership model led to process upgrades that increased surgical volume by 20 percent in only six months. At a tertiary hospital in the South, collaborative governance and management helped the OR overcome anesthesia shortages and grow case volume by 19 percent in just two years.

One of the strengths of the collaborative leadership model is that it is flexible within its basic framework. To ensure continuity in the governance committee, we recommend a membership term of at least three years. In addition, it should be a committee of the hospital, not of the medical staff. This will help keep the group focused on practical results, not politics.

In many cases, the best choice for OR medical director will be an anesthesiologist. Anesthesiologists are in the OR on a daily basis, and they struggle with all the issues that affect OR performance. They are often in the best position to understand surgical services operations and make needed changes. Some successful ORs have hired co-medical directors--an anesthesiologist to provide daily operational management and a surgeon to handle overall physician relations.

To achieve full diversification of the OR management skill set, we recommend hiring a surgical services business manager. An OR business manager can be an effective complement to the medical director and nursing director, bringing expertise and undivided attention to financial analysis, budgeting, materials management, marketing and business development.

Key to Survival

Introducing collaborative leadership into a troubled OR requires a strong commitment from C-suite executives, but it is well worth the effort. True multidisciplinary governance and management not only strengthens OR performance, it safeguards the health of the entire hospital.

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