

# Process Leadership and the Death of Management

## Executive Summary

- ▶ New information technology infrastructure allows point-of-service knowledge workers to make timely, informed decisions and take action without the traditional manager's close oversight or the top-heavy hierarchical structure associated with vertically managed organizations.
- ▶ Process leaders serve as consultants, coaches, linkers, and integrators to support front-line decision makers in a horizontally oriented model. The leaders must then be able to invest control, authority, and accountability for outcomes in the hands of the team.
- ▶ The process leaders, however, must be able to integrate resource information and generate knowledge and support for the providers of care that will enable them to make effective decisions about the requisite work.
- ▶ Process-oriented design in health care organizations emphasizes the interdependence of nurses, physicians, therapists, and technologists who must share the decisions and the risks. Thus, effective and efficient operations depend on recognizing the need for improved communications among team members and respect for the contributions of each.

**N**O ONE DOUBTS that this is a time of great change in every aspect of our civilization. At the center of this time of great change is an age change; out of the Industrial Age into a new age of civilization (Handy, 1994). The real challenge for humankind at every level of society is two-fold — understanding what the age change means and figuring out what to do about it in our lives and work. This is perhaps no more evident than in the life of the manager in today's transforming organizations (see Figure 1).

Since the beginning of the Industrial Age the role of the manager has become increasingly valuable to organizations in the Western world. Indeed the manager has become the hallmark of the transition and maturation of modern organizational science and the centerpiece of a generation of data about work, production, finance, and human relationships. Management has often been the cause or driver of almost everything that is either good or bad in the contemporary workplace (Drucker, 1992).

Over and above the functional expectations for managers is the role they have played in creating the corporation as the main context for work in America. Out of the

efforts of management has arisen an array of modern benefits and circumstances that simply couldn't be achieved without an elite management. From models of productivity to retirement plans, the management infrastructure has created a culture of work that is unique to our time and which reflects the growing influence of a manager class in our society (Drucker, 1995). Out of the development and refinement of the management process have come a whole new set of roles and functions that are classic symbols of today's work environments. From chief information officer to human resources executive, from service manager to chief executive officer, we have seen the emergence of definitive and specialized management roles and have watched them become the cornerstones of contemporary organizational structures.

## The Age of Redesign and Renewal

At the beginning of this new age organizations are retooling themselves to reflect the character



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**Figure 1.**  
**Changing Work Structures**

<b>Organizational Elements</b>	<b>Industrial Age</b>	<b>New Age</b>
Work	Defined by job; fixed, finite, and functional	Defined by role; fluid, flexible, and focused
Relationships	Vertical, hierarchical, highly prescribed, and ordered	Horizontal, relational, fluid, negotiated, and changeable
Structures	Compartmentalized, authority based, command and control, highly functional	Decentralized, point-of-service designed, intersecting, loosely defined, and continuum supported
Advancement	Promotion	Mobility

of the age into which the globe is moving. Driven by the quantum burgeoning of technology symbolized best by the myriad applications of computer technology and the need to financially and functionally retool themselves for a global market, organizations are restructuring themselves to their very core. Several circumstances are driving this process.

- The emergence of international finance and business and the globalization of economics in a way that moves companies from competing within their national borders to confronting each other in a global market.
- The demand that social viability and the future stability of a nation pivot on balancing national budgets and the realignment of national spending with available revenues.
- The boundary-less connections at the global level that are created by fiber optic and satellite connections and computer links all over the world.
- The reduction in the per unit of cost of technology that facilitates the development and refinement of micro-technology and its application to every segment of society.
- Increasingly improved techniques of production and tech-

nology application at the point-of-production or service, creating efficiencies that reduce demand for many kinds of workers and unskilled or nontrained functions.

It is these circumstances and a host of related conditions that are changing the milieu of work forever. Organizations are clearly retooling themselves in a way that better positions them to be viable in a changed world (Peters, 1992). To respond to the vagaries of the new age, the structure and processes of organizations have become lean and tight. They have done this to advance their ability to be fluid and quickly respond to the changing demands of their market.

#### **New Definitions of Roles**

As more systems become oriented to point-of-service demands, efficiencies in the structure of organizations become necessary. Lean systems now are built upon a new infrastructure substantially different from those most managers have become accustomed to. The Industrial Age structure supported the manager as transmitter of information and permission. Also, managers expected that performance and outcome evaluation would be a serious component of their role. As a result, the vast majority of the

functions of the role were parental, supervisory, evaluative, and informative.

**I**N THE EMERGING AGE the structure of the new organization is defined by its information infrastructure. Imbedded in the information infrastructure are many of the roles and functions once served by managers. Now, however, the transmission of information, the evaluation of process and outcome, and the feedback regarding performance and outcome can be obtained through simple manipulation of the information system at any point in the system. Once taught, staff can self-manage the data system and their relationship with other providers, using the information infrastructure to facilitate both relationship and work. Furthermore, the staff can measure the fit between what they do and the resources available, the outcomes of their work, and the value of their activities in relationship to the organization's mission and purpose. The role the manager once played in this arena is now no longer required of them, casting doubt on both the need and expectation for the role.

In addition, the design of the system is requiring more effective decision making at the point-of-ser-

**Figure 2.**  
**Two Sources of Capital**

<b>Money Capital</b>	<b>Knowledge Capital</b>
Fiscal resources	Human resources
External investment	Internal investment
Financial instruments	Learning tools
Return on investment	Innovation
Profit	Advancing skill
Capitalization	Intellectual products
Growth	Creativity
Aggregated value	Aggregated skill sets
New products/services	New processes
Stockholder returns	Stakeholder/team remuneration

vice in all service systems (Block, 1993). Research in the past 30 years has proven that organizations live their lives at the intersection between their providers and their customers (Hall, 1995). All structures, systems, services, and supports in the organization must be fully oriented to those the system serves. Any part of a system that does not support the provider-customer relationship always draws away from it. Effective and sustainable organizations are those that have built their operations around this principle and have constructed quality and outcome measures to advance their performance.

### **Two Sources of Capital**

As post-capitalist societies enter a new age of relationship, business, and service enterprise, some newer understandings of economic and financial relationships are emerging. It was believed in the Industrial Age that money and those who held it were the single most powerful components in the free enterprise system. This understanding was facilitated by the capital of a system defined within the context of those who used money resources to construct, maintain, and advance the life of an organization and its members. Their's was a very powerful role that served to build the business infrastructure

that now defines the culture of work across the globe.

As technology defines more of the constructs of work and the activities of organizations, a new locus of control for sustainability and growth is emerging. A single source of capital is no longer an adequate framework for defining and assuring success on the global stage. A new interdependency has arisen that completely changes the aggregation and distribution of power and resources within systems. This is engendered in the emergence of knowledge as an equitable source of capital (see Figure 2) (Nanaka, 1991).

Advancing this notion is the reality that this source of capital is not located in the same place as is money as a source of capital. Money is often controlled by the stockholders of a business system whereas knowledge is controlled by the stakeholders in the system. The stockholder is generally located at the periphery of the system (or external to the system) and the stakeholder is generally located at the center of the system. Both are increasingly central to the success of the enterprise though they each have a unique contribution to make (Stewart, 1997).

The knowledge worker is the centerpiece of the point-of-service. Here, the worker makes decisions

that affect resources and services directed to the customer. Indeed, it is here where the organization lives out its life from the perspective of those receiving service and the only place the customer (patient) has a perspective on the organization and its functioning. A broken relationship here means an irretrievable dissonance between the patient (customer) and the system. Everything that the patient perceives of the organization generally results from his/her relationship with the service provider. This circumstance raises the stakes with regard to the worker's knowledge of the system and the application of that knowledge in patient care (customer service).

Over the past 3 generations the knowledge necessary to do increasingly complex technologic work has been obtained in places other than the workplace. Institutions of higher education are now the places where foundational knowledge transfer generally occurs. Indeed, most of contemporary roles require a pre-existing knowledge base before individuals are eligible to do the work. This circumstance places a growing aggregate of influence and power in the hands of those workers whose knowledge base is essential to the organization's ability to achieve results. As a consequence of this circumstance and the interdependency it implies, there is a significant change in the balance of the relationship between workplace and worker that introduces more variables into the relationship between the two that must be carefully nurtured and managed. Many of the old models of management are no longer sufficient to adequately address this new interdependence and the equity that it now creates between organization and individual.

### **The Information Infrastructure as Architecture**

Influencing the character and process of work is the emergence of information as an influential construct in the business of providing

service. Accelerating in the workplace is the growing dependence on digital data and computerized systems that aggregate huge compendia of information, compress it, and make it available to anyone in forms that can be used by a wide variety of stakeholders. Furthermore, the hardware that manages these data is becoming more portable, affordable, and flexible resulting in much more user friendly configurations at the point-of-use.

Historically, management served as a means of information management and transmission. Much of what the system needed to know or sought to communicate to the staff was generated to managers, between managers, and in measured doses depending on either demand or need. As Drucker has often pointed out, the primary role of managers in the past was the transfer of information from within the various levels of the system to other components of the organization (Drucker, 1997). Modern information technology has made that role virtually obsolete, creating a role crisis for management. The result, in most of the business community, has been to eliminate much of the now redundant management positions in organizations.

The purpose of the information infrastructure is to facilitate the generation and movement of essential information across system boundaries directly to the point-of-use for immediate response. Indeed, the signpost of good information systems is the creation of a "lean," effective, fluid, and speedy transmission of correct information across the system in a form and manner that meets the direct needs of those who use it. Furthermore, built into the infrastructure are software and processes that provide the user a format for integrating information, applying it immediately, and evaluating the impact the information has on the work being undertaken. Like most of the application of technology, one of its purposes is to eliminate unnecessary work and roles.

**T**HE INFORMATION infrastructure creates a highly mobile flow of data to the point-of-service. The result is a boundary-less set of links that provide the data and tools for evaluating work directly for those who do the work. Out of this circumstance has arisen a process of information management at the point-of-service that all but eliminates the traditional role of manager. It is becoming more visible in the health care service system just what kind of an impact this has on relationships and service. More evident in the course of doing clinical work, the providers have better access to each other through cellular phones, beepers, and other technology. Patient information charted at the bedside computer can now turn up in the clinic, diagnostic center, and the physician's office at the same time. Algorithms built into the documentation format can now facilitate assessment of quality and outcome. Outcomes can be advanced through use of patient flow protocols or critical paths which give form to the clinical activities of the various disciplines touching the patient's life in the course of a treatment day. Costs of specific actions, choices, support, or material can be imbedded into the protocols. As the patient services unfold over the course of intervention the item costs can be automatically deducted from that allocated for the service. This furnishes the provider with immediate and direct information related to cost of the intervention of choice (Davenport, 1992).

In team-based clinical systems, it is becoming more common to create both information and support structures to allow the team to be more self-directed in its activities (Greiner, 1994). A part of this effort is to assure that the team has the resources and the information necessary to support its activities and to inform it regarding the clinical and operational impact of its clinical activities. This growing focus on process design has

emerged out of the process improvement research that evidences increased quality, efficiency, and effectiveness in marrying decision making and action together in the same person and/or place (Jacobs & Pelfry, 1995). The impact of process improvement is to place accountability for both decisions and action at the point-of-service and assure that the system supports are in place that facilitate successful action there. However, in doing so several changes occur in the organization.

- Systems design focuses on creating a concentrated data flow directly to workers located where the information will be used.
- Evaluation of both work and outcome occurs where both the tools of evaluation are located and by those who do the work.
- The team increasingly becomes the basic unit of service (as opposed to the individual).
- The locus of control for resource use and evaluation now moves to the point-of-service.
- Levels of management are reduced as decision making moves to the point-of-service requiring more accountability from providers.
- Integration of the work of disciplines becomes essential to the effectiveness of service and the assurance of sustainable outcomes.
- The value chain, traditionally compartmentalized, now must link service and revenue extricably together such that both are essential to sustainability.

#### **Changing Expectations for the Provider**

The adjustments in the structure and expectations of the new integrated health organization changes forever the infrastructure and the expectations of the provider at the point-of-service. More emphasis on process effectiveness, continued development of horizontal structures, and rela-

tionships assures that the performance and role of the provider is forever changed. Increasingly, it is the expectation, in whole systems approaches, that processes at the point-of-service have imbedded in them all that is necessary to make them functional and to achieve the value and the outcomes of the organization (Porter-O'Grady, 1994). Competence now has a much broader definition with more fluid performance and relational expectations than in the institutional models out of which systems are quickly moving.

More important than job competence in a set of fixed roles, is the mobility of a skill set and its application in a host of different contexts and constructs. In the "old" structure, job competence could be easily and quickly defined and performance evaluation built around it. As the workplace becomes more directly constructed to fit more tightly with the character and context of the populations that make up a subscriber group, more flexible role definitions and competence measurements must emerge. This means that both provider and system move into an altered construct for their relationship with different tools to both define the relationship and measure its contribution and value. As well, the organization begins to realize that provider fit and effectiveness depend increasingly upon control over environment and the nature of the relationship between provider and service effectiveness. This provides a foundation for a different set of expectations and locus of control.

- Working in teams around previously developed and agreed upon standards and protocols requires a stronger understanding of individual and collective role obligations and relations.
- There is increasing accountability for integrating resource parameters into clinical decision making such that clinical activity now has imbedded in it a clearer articulation with

resource parameters which affect service strategy and choice.

- The information infrastructure is now able to give more immediate feedback regarding clinical choice, impact of clinical intervention, and the resulting influence on outcome and cost at the point-of-service directly to the clinical team.
- Strategies around process effectiveness now are located in the hands of the provider teams whose choices have a direct and informed impact on the character and content of the service and the related resource implications
- The clinical team now has more risk and subsequent value to both subscriber and organization than ever achieved by any single provider in the past with the risk to the organization more directly related to the team's competence and outcome.

Process design for health organizations has thrown the disciplines together in a process heavily laden with angst and obligation. Now nurses, physicians, therapists, technologists, and other professionals must relate to each other in a way that now shares a higher risk for success than it ever has in the past. Much of the functionalism and ability to tighten the fit between good service and efficient operation depends upon the quality of their relationship, the clarity of their contribution, and the effectiveness of their ability to wisely use resources in the application of their various roles.

These circumstances change the character and content of the role of providers across the continuum of care. No longer can providers be accidental travelers on parallel paths rendering patient care independent of each other. They now must intersect in ways not previously experienced and now must begin to establish a tightness-of-fit in their roles and relationships that they are just begin-

ning to understand. And it is changing them and the health system forever.

### **The Loss of the Manager and New Roles for Leadership**

No longer can the old role of the manager as controller and director as well as agent of information transfer be sustained in the emerging point-of-service focused health system. The manager of the industrial design organization is now anathema to the emerging service structure. The vertically oriented, hierarchical, controller of resources and information is now an anachronism to the unfolding structure of the current health care system.

Perhaps the most difficult circumstance to watch as a new model for health service emerges is the traditional role of the manager actually impeding the inevitable journey to a new construct for health service. Attempting to salvage her or his role, the traditional manager is holding onto control, information, role, structure, and the related powers in a way that actually thwarts the organization's engagement of its becoming a leaner more effective structure and system. Deming and Taguchi were essentially right in their assessment that effective organizations must first address the changing number and roles for managers if they are to position themselves for process effectiveness and for sustainability in the unfolding new age for work (Delavigne & Robertson, 1994). Reducing the number of managers in the system and a complete retooling of their role and expectations are critical to the viability and effectiveness of the future health service systems. As process design emerges with the resulting efficiencies that are imbedded within it, the manager as we know it becomes redundant and superfluous. There emerges in the future design of systems a need for only two levels of leadership -- that which integrates the system and that which coordinates the ser-

vice (Porter-O'Grady & Krueger-Wilson, 1995). What is important is that their unique roles be clear and their interface with each other be assured.

### **The CEO and Systems Support Roles**

The chief executive officer today is essentially a gatherer and an integrator. Directed by the mission of the system and the board, the CEO gathers the stakeholders and stockholders together in a mutual effort to create a sustainable partnership necessary to assure growth of the system in a new social construct. No longer able to simply direct the players into a unilateral vision for health care, he or she must now help them converge around a common vision for health service they participated in constructing. Recognizing the power of the knowledge workers in this new construct, the CEO leader engages them in a significant dialogue around mission and purpose and helps them converge around a core of objectives, processes, and relationships that leads to viable outcomes and organizational sustainability.

Assisting the CEO in servanthood and stewardship is a team of system servants once deemed the senior managers of the system. In their new role as consultants, coaches, linkers, and integrators, the finance, human resource, information, and administrative roles of the system now provide consultation and support to the decision makers at the two places where decisions must be made — the system's interface with its community (board and system), and the point-of-service (providers). Rather than assume the authority and control of decisions which must be made in these places, the systems leaders (consultants) provide both the support services and tools necessary for the decision makers to be successful in their interactions with the system and its customers. This notion of support encourages the system to remove from its structure

both roles and functions that impede effective decision making.

This new understanding of leadership reflects concepts that alter forever the expectations for and numbers of managers at this level of the system. No longer can they operate on behalf of the organization making decisions for others without their participation and investment. Furthermore, there is a growing likelihood in the tenure of the organization, as information systems become more fluid and integral to the point-of-service, that their roles as currently configured will have decreasing value and meaning in the system. Those that thrive will do so because there will be overwhelming evidence they facilitate the development of effective support systems and generate efficiencies directed to improving processes which unfold at the point-of-service.

### **Leadership at the Point-of-Service**

Increasingly the power in systems is moving to the place where the customer (patient) and the service supplier (provider) meet. In health care systems this means moving the focus of the resources of the organization in a way that configures around the provider-patient relationship. Here, the confluence of resources, supports, and systems creates the conditions for efficiency and effectiveness. It is here where sustainable outcomes are achieved by those responsible for both the necessary knowledge and provision of the services. It is in this context that process leadership begins to replace the role of the manager as historically understood (Ackoff, 1994).

**N**ow, instead of managing resources and controlling information, the process leader must integrate resource information and generate knowledge and support necessary for the provider to make effective decisions and to undertake the requisite work. Outcome demands create the obligation that assess-

ment, intervention, and evaluation occur in real time, thus creating the need for immediate and active support structures and decision supports which are directly accessible to the clinical decision maker. Leadership in this instance is horizontally driven or relationship oriented, managers have been vertically driven or control oriented; both are necessary to the integrity of work. Process leadership is essential to achieving sustainable outcomes. The process leader, often a provider her or himself, knows and applies several processes at once: the clinical delivery of care, the support structures for good service, and the information and resource supports necessary to good decision making. This leader sees the role as predominantly an integrator, assuring appropriate access to work and decision support and insuring good access to and use of information (Grabam & Lebaron, 1994).

It is not the role of the process leader to make decisions for others. In fact, the process leader never makes decisions for the team except in those arenas they assign to the role. This leader coordinates the variables that affect good deliberation, dialogue, relationship, and decision making. As a member of the team or located in close proximity to the team, the process leader is obligated to assure the effectiveness of the team's work and that it continuously and pragmatically achieves its desired outcomes. In consonance with the team, the process leader is always moving the players into more ownership, self-direction, and accountability for their actions in concert with the mission and expectations of the system. Achieving partnership between the team and the system and between team members is always at the core of the work of the process leader. The frame of reference for this person and the role is the interface of team and system from the perspective of the point-of-service where provider meets patient.

**Figure 3.**  
**Role Differentiation Between Manager and Process Leader**

<b>Manager Role Expectations</b>	<b>Process Leaders' Role Expectations</b>
Planning	Coordinating
Organizing	Integrating
Directing	Facilitating
Implementing	Creating access
Controlling	Team building
Evaluating	Linking
Disciplining	Sustaining
<b>Orientation</b>	<b>Orientation</b>
Institution	Point-of-service
Department	Fit
Function	Outcomes
Process	Team
Individual	
<b>Role</b>	<b>Role</b>
Directing processes	Facilitating relationship
Managing information	Generating information
Managing budget and variance	Linking system support
Manipulating information components	Improving information infrastructure
Evaluating individual performance	Team relationship/performance building
Conflict resolution	Coaching/learning method development
Solving compartmental problems	Coupling system support with service
Meeting departmental objectives	Fitting system strategy to service goals

Different from the manager's role, the process leader invests control, authority, decisions, and accountability for outcomes in the hands of the team and assures that it never moves from that place. Coordinating, facilitating, and integrating the work and the system are the centerpieces of the process leader as opposed to the more traditional function of the manager — planning, organizing, leading, and controlling the organization's work (see Figure 3).

As Thomas Stewart (1997) so articulately suggests, "money talks but people think." In today's organizations, the interface between these two dynamics is necessary to create sustainability. Furthermore,

it is essential in the emerging age of organizations and work that organizational thinkers and leaders create an ever-strengthening "tightness of fit" between the producer and product, or as in health care the provider and patient. In a knowledge-dependent organization the ability to thrive depends on a structure that supports decisions being made in the same place as they are carried out by those who do the work. The predominant role of structure in these circumstances is simply to provide the organizational and informational supports necessary to facilitate good and effective decisions that advance both value and quality for the system and the consumer

(Ashkenas, Ulrich, Jick, & Kerr, 1995).

Organizations can no longer operate as though they control all the elements of work. Nor do they have within their resources the necessary knowledge-generating infrastructure that obtains sufficient investment and ownership of those who do. This does not happen without a format that invests knowledge workers and empowers them as stakeholders in the mission and outcomes of the system.

The equity that results from the growing impact and locus of control in the hands of the knowledge worker forever changes the conditions and circumstances of work structures and relationships. The dramatic alteration in both the number and roles of managers is a clear indicator of the inexorable shift toward empowered process leadership roles at the point-of-service and a stronger support, service, and system role for managers. The developmental learning processes as well as considerable performance shifts in role and skill base associated with these role changes will challenge organizational leadership for some time. It is clear, however, that the time for this next stage of organizational and work structure has come. Whether organizations thrive in the new age depends strongly on how well they embrace the effort necessary to make these shifts. As always, time will tell.\$

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