Redesign of the Organizational Structure at Windsor Regional Hospital

Summary

Hay Group Health Care Consulting

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# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>INTRODUCTION</td>
<td>2</td>
</tr>
<tr>
<td>1.1</td>
<td>BACKGROUND</td>
<td>2</td>
</tr>
<tr>
<td>1.2</td>
<td>STRUCTURES IN HIGH PERFORMING ORGANIZATIONS</td>
<td>2</td>
</tr>
<tr>
<td>2.0</td>
<td>FRAMEWORK FOR DEVELOPMENT OF THE NEW STRUCTURE WRH</td>
<td>4</td>
</tr>
<tr>
<td>2.1</td>
<td>PROCESS FOR REVIEW AND DEVELOPMENT OF NEW STRUCTURE</td>
<td>4</td>
</tr>
<tr>
<td>2.2</td>
<td>ONGOING DEVELOPMENT OF NEW STRUCTURE</td>
<td>5</td>
</tr>
<tr>
<td>3.0</td>
<td>NEW ORGANIZATIONAL STRUCTURE</td>
<td>6</td>
</tr>
<tr>
<td>APPENDIX A: REFERENCES</td>
<td>REFERENCES</td>
<td>7</td>
</tr>
</tbody>
</table>
1.0 Introduction

1.1 Background

*WRH is striving to create a culture of excellence and continuous improvement in operating effectiveness, efficiency and quality of care.*

As part of a process of organizational transformation, WRH determined that it needs to examine and transform its processes and structures to achieve breakthroughs in efficiency and significant reductions in operating costs. As part of the Zero Based Budgeting (ZBB) exercise it was identified that there were opportunities to examine and redevelop the organizational structure so as to ensure the structure supported:

- more efficient and timely patient and family care
- more equitable spans of control,
- clearer accountabilities

One of the goals of the ZBB exercise has been to increase the involvement of front-line managers and staff in decision making. Over the years, for a number of reasons, WRH created an organizational structure that appeared “top heavy”. The current organizational structure contributes to challenges in the organization’s ability to achieve more active involvement of front-line managers and staff.

The review and redevelopment of the organization structure involved review of the literature and high performing organizations and involvement of the Hay Group Health Care Consulting Group to facilitate the discussions regarding a structure that would assist WRH to achieve optimal performance.

1.2 Structures in High Performing Organizations

An important task in structuring organizations, especially large ones, is determining what the span of control of managers or supervisors should be. The span of control, or span of management, refers to the number of persons who report to one superior and includes the functions of planning, organizing and leading. The span of management has a direct bearing upon the number of levels in an organization, which is a measure of the length of that organization's lines of communications. There are several factors to consider in establishing a reasonable span of control for managers. In addition, the span of control affects the attitudes and behaviour of the organizational members.
During the second half of the 1990s, healthcare in Canada experienced significant downsizing and reform. Restructuring initiatives differed from one institution to another; however, in most cases it involved reduction in the number of front-line managers and a significant increase in the span of control.

A recent study by Doran et al\(^1\) suggests the following with respect to span of control:

- Wide span of control decreases patient satisfaction
- Wide span of control decreases the positive effects of leadership styles on nurses’ job satisfaction
- Wide span of control increases turnover

Many factors influence span of control. The literature does not identify an ideal number of staff a manager can effectively supervise and lead. The span of control is influenced by a number of factors. A variety of hospital structures was examined and a desired number of levels was identified for examining span of control at WRH. The Hay Group worked with the Executive Team at WRH to identify a desired range of numbers of staff at each level that would support:

- A reasonable span of control
- Clear channels for communication
- A balance between subordinates
- Management delegation to meet the goal of more front-line involvement in decision making

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\(^1\) Doran, et al, “Impact of the Manager’s Span of Control on Leadership and Performance”, Canadian Health Services Research Foundation, September, 2004
2.0 Framework for Development of the New Structure WRH

2.1 Process for review and development of new structure

The Executive Committee undertook a facilitated review of its current organization structure. The process involved:

1. Establishment of principles and ground rules:
   - Drawing upon Lean principles of ensuring all activities (positions) add value and streamline decision making and management processes.
   - Developing consistency in span of control and size of portfolio for positions.
   - Focusing on the positions and leaving names and qualifications of incumbents at the door.
   - Using a “Level” approach such that:
     - Level 1 is the executive level (Vice President).
     - Level 2 is the operations level (Director).
     - Level 3 is the front-line management level (Manager).

2. Agreement on decision framework/criteria. The review criteria/framework included:
   - Structure that is nimble/flexible.
     - Provides for streamlined decision making.
     - Design reflects focus on patients.
   - Positions are part of hospital’s funded work.
   - Positions add value to core business of the hospital.
     - Avoid creating positions around incumbent.
   - “Equity” as much as possible in the span of control.
     - Internal equity and fairness.
     - Use of ranges and ratios as consistently as possible.
o Develop consistency in titles to reflect leadership level and accountabilities.

o Assignment to roles will respect required experience in specified area including years, types of experience, and succession planning needs.

3. Review of the current organization chart using the decision framework:

   o Each level was reviewed with the principles and criteria in mind.

   o A draft structure was developed at the initial meeting in November and reviewed during December 2008.

   o The draft structure was finalized at a meeting in early January 2009.

4. Identification of processes with respect to incumbents and timing was developed at the meeting in early January 2009:

   o The Executive Committee identified an individual for each role in the new structure.

   o The Executive Committee also identified and implemented a process to notify all affected staff.

2.2 Ongoing development of new structure

The Executive Committee undertook to develop a structure for Levels 1 -3 in the organization. In keeping with the principles of more front-line involvement, the expectations moving forward with the new structure are:

   o the active involvement of Directors in confirming the Manager roles

   o the active involvement of Managers in a process to develop consistency in roles that report to the manager level. It is anticipated this will be completed by March 31, 2009.
3.0  New Organizational Structure

See attached organizational charts
Appendix A: References


4. HayGroup internal design documents for job evaluation.