

ONCOLOGY PRODUCT LINE MANAGEMENT: IS IT A REALITY YET?

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Many administrators advocate product line management, but how many have successfully employed the concept in the area of oncology? What is involved in managing and marketing oncology as a separate product? This article presents the views and experiences of several cancer program administrators, and the varying degrees to which oncology services are treated as a separate, marketable product within their institutions.

Top management support, a sophisticated cost accounting system, good communications between department managers, a dedicated marketing manager—these are recurring themes that cancer program administrators bring up in discussions about product line management. However, they also concur that such needs, important as they are, do not add up to a true product line management approach.

Budget authority

It is the rare cancer program administrator who has total budget authority over all cancer-related services, both operational and patient care. In most instances, patient care has remained under the auspices of the affiliated hospital.

"Revenue-generating departments tend to have their own budgets and directors," says Marsha Fountain, administrative director, The Regional Cancer Center, Memorial Medical Center, Springfield, IL. While Fountain has "input and approval on all budget items for the cancer program," she "does not have authority over various departments." When it comes to formulating a the cancer program's budget, Fountain must work closely with directors of cancer-related departments, such as radiation oncology and nursing.

Similarly, Tom Jointner, oncology product manager, Methodist Hospitals of Memphis (TN), does not have authority over "all cancer-related department budgets." He, too, must work closely with all involved department managers to identify

needs, resources, and priorities. The budget that is developed is then submitted to the CEO for approval.

Yet, without total authority and accountability, you aren't practicing "true product line management," maintains

If a cancer program is planning to move to a product line management approach, it should be prepared for friction

Claudia Lee, vice-president, Memorial Regional Cancer Institute, Memorial Medical Center, Long Beach, CA. "In my opinion," she says, "true product line management is when you have total responsibility for everything from patient care and nursing to the pharmacy and management. But I also think this is almost impossible to accomplish." In Lee's case, the "hospital controls the expenses and revenues related to cancer care; the cancer institute is responsible for organizational and management functions."

Nevertheless, most oncology product line managers must share their authority over the cancer program with hospital department directors; a situation that carries the potential not only for dissension, but actual turf battles.

Matrix management

Every administrator/product manager interviewed for this article warned that if a cancer program is planning to move to a product line management approach, it

should be prepared for friction. "We have twice as many dotted lines in our organizational structure as straight lines," Lee notes. "For instance, our breast center is run by five different managers: a vice-president of the cancer institute; a vice-president of the hospital; a medical director; a manager of the medical center;" etc. Nevertheless, Lee says that the cancer institute has a "strong matrix management system, based on communication and collaboration."

For instance, when Memorial Regional Cancer Institute was in the development phase, Lee "talked with more than 30 different managers in 33 different subsystems of the organization." Lee says they also performed a S.W.O.T. analysis (strengths-weaknesses-opportunities-threats) for each subsystem, and collaborated on long-term goals, the resources needed to reach those goals, and the development of a financial model.

In short, effective communication and collaboration among managers demands time, patience, and a good grasp of the art of negotiation. Jointner of Methodist notes that when an organization decides to adopt product management and hires a product manager, that person will be thrust into an "environment that is set up along tradition-

al, functional, departmental lines." It is up to the product manager to "convince the department managers, who tend to be protective of their turf, of the need for change."

That can be a formidable challenge. Jointner's approach was to let other managers know that his job was to "help them identify needs and to get projects started. "I sold myself; saying 'Use me as leverage to help improve cancer services.'" It took time, but Jointner says the managers he works with now "understand product management as a team approach to developing services."

According to Lee, the cancer institute's greatest challenge, by far, "is to make a matrix management system work so it's a win-win situation for the cancer institute and the hospital." There are, she notes, "a million and a half ways that we could sabotage each other," but one of the ways she has succeeded in improving cooperation is by "hiring people who know that we do not operate a traditional hospital center." Lee "screens prospective employees for their ability to get along with others, and to look for common goals and areas of mutual agreement." And, she says, "we have frequent meetings among all involved personnel."

Still, "It's difficult to work through the changing attitudes of directors and the move from traditional management to non-traditional product line management," Fountain says. "For instance, if biopsies are not being processed by the lab in a timely manner, I must work within the politics of the hospital without stepping on anyone's toes." Nevertheless, Fountain says the bottom line is that "problems in other departments affect the oncology product I have responsibility for."

Jill Remsburg, vice-president with responsibility for oncology at St. Luke's Hospital of Kansas City (MO), says the difficulty is "clearly defining the lines of authority which, under matrix management, are different than what hospitals are used to." That, she says, creates "potential for fuzzy lines of authority. For instance, how does the oncology product line relate to inpatient nursing? Does the nursing administrator still have overall responsibility?"

Remsburg says that one solution St. Luke's came up with was to create specific, in-depth job descriptions that also define, in the case of the oncology product manager, the position's relationship to the medical

director, nursing administrators, clinical directors, and the cancer committee.

Buying into the concept

The importance of corporate commitment is evident from the comments of a cancer program administrator of a large, east coast hospital.

More than a year ago, the institution performed in-depth market share analyses,

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a S.W.O.T. analysis, and other market research. The final report stated that the hospital should focus on oncology as one of three product lines. The institution lost millions of dollars last year, yet there has been no formal program development to implement a product line management approach in those targeted areas. The reason? "Our President is not a risk-taker," she says. "I think he's been immobilized by his reluctance to take a wrong action or to ruffle anyone's feathers."

Jointner says that without the "support of top corporate management," his institution could not have sold the idea of product line management to physicians, department managers, and other key players. But, he adds, "Corporate management must do a good job of communicating their commitment down into the trenches."

The importance of a medical director

A key communicator in the trenches, according to many administrators, is the medical director. There has to be "consensus of opinion among physicians," Remsburg says, which is one of the reasons why St. Luke's decided to create a medical director position.

According to Lee, the medical directors at Memorial Health System have been an enormous help in getting projects, such

as an ambulatory day care center, off the ground. However, she points out that the hospital is a "program-driven, physician-led institution. Our physicians have historically been physician managers. Some staff physicians accept this and others have more difficulty with it. In private practice-based medicine, there is always some resistance. However, our staff physicians recognize that the institute is a visible center of excellence in the community."

Lee also believes that "the question of medical leadership depends on the corporate culture of your institution. If you do not have any history of medical directors, you must be prepared for a medical staff backlash. There is no question of the importance of medical directors, but the type of medical director you hire must depend on the goals of your program. For instance, if you do a significant amount of basic research, you will want a different person than if you are a program

in a community hospital that simply wants to provide good patient care."

But can physicians buy into the concept of product line management, but not the product line manager? Fountain has found that physicians "still tend to go directly to the COO or the CEO with problems. Fortunately, they direct them back to me," she says. "Nevertheless, it's still a problem. And, I think it's a particular problem when the product line manager is a nurse, because of the old values between physicians and nurses. Some may consider me a traitor to the nursing profession, but I have dropped my nursing degrees from my business card—they were a hindrance, not a help."

And, because authority and acceptance go hand-in-hand, the varying levels of authority allotted to oncology product line managers from institution to institution could be a factor in the lack of a uniform approach to oncology product line management.

In Fountain's experience, she has found that "product line managers have different responsibilities and levels of authority. Some cancer centers have a structure that consists of an administrative director who is in charge of the center, and the product line manager is actually a coordinator under the director," Fountain points out. "In other programs, the product line manager is purely a marketing job." And,

she adds, "most product line managers don't have direct reporting relationships with the COO or other top administrators."

"Frankly," Jointner says, "when product line management first started to be bandied about in the health care field, it struck me as a fad." But that's because hospitals were "merely assigning a vice-president of operations as the oncology product manager."

Even among the managers interviewed for this article, reporting structures vary. The oncology specialty manager at St. Luke's (a newly created position) will be reporting to Remsburg, who reports to a senior administrator. Lee of Memorial Health Systems reports to the cancer institute director; Fountain to the cancer center medical director on program planning and development issues, and to the vice president of operations on operational issues, such as additional staff positions; Jointner reports to the vice president of marketing and communications.

Once again, the determining factors seem to be the level of authority allotted to the position by top management, and the extent to which product line management has been implemented.

Fountain also believes that confusion about the title, "product line manager" has had a negative impact on people's perception of the position's authority. "We are having a difficult time defining what the title means to people both within and outside of the hospital," she says. "I think that personnel and patients tend to have a better understanding of titles like administrator, executive director, or director."

Some advice from the experienced

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Hopefully, as hospitals slowly move toward nontraditional methods of management, confusion about lines of authority and accountability will be sorted out. In the meantime, experienced oncology product line managers have some sound advice for the uninitiated.

Lee advises programs that are examining product line management to "carefully check the hospital's accounting system and its capability of tracking expenses and revenues related to the cancer program."

That may sound like basic advice, she says, but "many hospital's systems are terrible, although they've gotten better with the advent of DRGs." The cancer program administrator "must be able to

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tell whether or not cancer care is profitable. Most hospitals have cost and charge ratios, but they don't know the true costs of patient care."

Jointner says that Methodist is looking at more sophisticated systems but, like

most hospitals, is still in the cost/charge mode. "We can divide patients by DRG, and we know our revenue and write-offs and expenses, but we look at all cancer DRGs as a group; we can't figure out patient costs for a single DRG."

"I'm biased toward networking," Lee says. "Networking is the reason we started the ACCC Administrator Special Interest Group (SIG). So many new people were being thrust into that role; some were cancer specialists with no management experience and others were managers with no cancer experience. Through networking we can find out how an idea or approach worked out for someone else—the problems and the good points."

"Do your homework on the front end," Jointner advises. "Look at your oncology products in terms of statistics, revenue, management and physician support, and available resources. You have to examine both the operational and political sides of moving toward a product line management approach. ■"

Marketing the oncology product line

How does a product line management approach affect the marketing of the cancer program? For one thing, the trend toward dedicated, product line marketing managers seems to be growing. Often, however, managers like Fountain have responsibility for selling cancer programs and services to both physicians and patients. "We come up with ideas that we pass on to the hospital's marketing department for development." However, Fountain's involvement is considerable, from script writing for media campaigns and selection of targeted television/radio stations to final approval of all marketing programs. She works closely with Memorial's product line marketing director, who has responsibility for five product lines in addition to the cancer program.

Jointner has total marketing authority for the cancer program, but works closely with the hospital public relations and marketing departments, which provide resource support. All of the product managers at Methodist have primarily a marketing focus, according to Jointner.

Marketing was a staff function, but Memorial Health Systems made a commitment to marketing for the cancer institute, which now has a dedicated marketing manager and a marketing budget of approximately \$300,000, according to Lee. The marketing manager is responsible for developing promotional materials, working with the advertising agency, and determining physician needs in terms of practice patterns. She also has input when the preliminary cancer institute budget is being formulated.

The philosophy at St. Luke's, Remsburg says, is that "each product line should be responsible for its own marketing, but the hospital marketing department supports those efforts. The cancer program's market research efforts have led to the creation of several new programs, including a screening program and mobile mammography."