

Week 7 - Case Study

BUS3280: Organizational Behavior

The Mayo Clinic: An Enduring Organizational Culture

The Mayo Clinic has healthcare facilities in Rochester, Minnesota; Jacksonville, Florida; and Scottsdale/Phoenix, Arizona. These three campuses collectively employ more than 3,300 physicians, scientists, and researchers, and 46,000 allied health staff. It is the largest, not-for-profit group medical practice in the world.

The Mayo Clinic, founded by brothers Charles Mayo and William Mayo, has an enduring set of unshakeable values or ideals that have defined the clinic's culture throughout its entire existence. "Those ideals — teamwork, collegiality, professionalism, mutual respect, and a commitment to progress for the organization and for individuals — make [the] Mayo Clinic a stimulating environment in which to practice medicine, teach, and conduct research." Shirley Weis, Mayo's chief administrative officer, indicates that these values derive directly from the Mayo brothers and the Mayo family.

The primary value of the Mayo Clinic is: "The needs of the patient come first." This primary value is supplemented by eight values statements regarding respect, compassion, integrity, healing, teamwork, excellence, innovation, and stewardship. Mayo's Web site further states: "These values, which guide Mayo Clinic's mission to this day, are an expression of the vision and intent of our founders, the original Mayo physicians and the Sisters of Saint Francis." Shirley Weis emphasizes: "We see very much that those values need to stay the same while the world around us changes."

The authors of a study of strategic human resource management at the Mayo Clinic express the viewpoint that "[c]ulture becomes the vehicle through which problems and challenges become addressed, defined, reframed, and ultimately solved. When cultural values do not work in this fashion, they must be modified or jettisoned. The culture is not the end or goal but rather the means." The essential means for the Mayo Clinic always has been and continues to be putting the patient first. Ken Ackerman, chairman of Minneapolis-based consulting firm Integrated Healthcare Strategies, succinctly describes the Mayo Clinic philosophy: "Putting the needs of the patient first, it's that seven-word phrase that all 50,000 people in the Mayo system know. And they walk the talk."

According to Bob Walters, a Mayo Clinic senior administrator and former chief administrative officer of the Jacksonville campus, not only is the value - the patient comes first - enduring, but it also is what attracts people, both the physicians and allied health staff, to Mayo. Indeed, the priority placed on patients ranks second among the top ten reasons that physicians cite for working at the Mayo Clinic. Interestingly, the top reason is having challenging patient cases on which to work and inspiring colleagues with whom to work. Taken together, the top two reasons focus on Mayo employees working together to serve patients in the most effective way possible.

Although the willingness of the staff to put the patient first and to work collaboratively is the essence of the Mayo Clinic's culture, that essence is made possible, at least in part, through the influence of the Clinic's compensation system. Leonard Berry, writing in *Organizational Dynamics* about his research on leadership lessons at the Mayo Clinic, asserts that the most influential factor in preserving the Mayo brothers' vision and values "is likely the Clinic's approach to staff compensation. Virtually all Mayo

employees are salaried with no incentive payments, separating the number of patients seen or procedures performed from personal gain.” Berry quotes one Mayo surgeon as saying that the compensation approach is a “disincentive system that works.” Berry also quotes another Mayo surgeon as stating: “By not having our economics tied to our cases, we are free to do what comes naturally, and that is to help one another out. ... Our system removes a set of perverse incentives and permits us to make all clinical decisions on the basis of what is best for the patient.” W. Bruce Fye, a Mayo cardiologist and a medical historian, says that with Mayo’s salary system, physicians do not have divided loyalties, and that there isn’t any “competition between doctors to take care of patients.”

Clearly, the culture of the Mayo Clinic has proven to be a viable and effective means for solving problems and meeting challenges in contemporary healthcare. Can Mayo’s culture serve as a model for other healthcare organizations to emulate?

DISCUSSION QUESTIONS

1. What purpose does culture serve for an organization?
2. Describe the Mayo Clinic’s culture from the perspective of espoused values and enacted values.
3. Using the perspective of the functions of organizational culture, explain the impact of Mayo’s values and ideals.
4. What role has the Mayo Clinic’s compensation system played in developing and maintaining its culture?
5. Do you think the Mayo Clinic’s culture provides a good model for other healthcare organizations? Why or why not?