

Medical Leaders Wanted— Business Degree Desirable

By Arthur Lazarus, MD, MBA, CPE, FACPE

In this article...

Although many will disagree, what physicians learn in business school is truly the key to success when it comes to running a health care organization.

The business of health care is unique. Medical delivery does not conform to usual market dynamics, and medical services and products are not household commodities. Because medical practice is so special, hospitals and health systems rarely import executives from other business sectors.

Contrast medical leadership with leadership in the auto industry, for example, where two “outsiders” were called on to rescue Detroit’s struggling automakers. Ford Motor Company named former Boeing executive Alan Mulally as its president and CEO in September 2006. Robert Nardelli, ex-chief of Home Depot, assumed the top post at Chrysler in August 2007.

Individuals with strong leadership and management skills can transcend many types of industries, but shouldn’t executives have specific training in medicine when it comes to leading health systems—training beyond on-the-job experience?

More than 20 years ago, health care experts identified several core competencies required to manage the “medical-industrial complex.”¹ Key areas included marketing, finance, accounting, economics, strategic planning, operations management and the decision sciences. A degree in medicine was not considered a prerequisite.

Pharmaceutical leaders

In reality, in the pharmaceutical industry, leaders without formal education in medicine or science appear to be the rule: sales and finance have spawned the majority of senior executives and pharmaceutical CEOs.

Andrew Witty, CEO of GlaxoSmithKline, is an economics graduate from Nottingham University. Jeffrey Kindler, the CEO of Pfizer, is a Harvard-trained lawyer. Prior to joining

Pfizer in 2002 as senior vice president and general counsel, Kindler was a senior executive at McDonald’s.

And Pfizer’s CFO, Frank D’Amelio, began his career at Bell Labs. Before joining Pfizer, he was chief administrative officer of Alcatel-Lucent, the telecommunications equipment and service company based in Paris.

Witty was selected for his global experience and perceived ability to grow the business in emerging markets. Kindler was admired for his wide-ranging business and management skills. D’Amelio was chosen for his ability to control costs and right-size operations.

The long-standing practice of appointing highly talented people with diverse backgrounds to top pharmaceutical posts should send a signal to the rest of the health care industry. It suggests that experience in global companies undergoing rapid consolidation and complex changes may count more than having a medical degree or experience in U.S. health care organizations.

Making the changes necessary to reform the U.S. health care system requires a rigorous and disciplined focus on business and strategy. I was never taught how to do that in medical school. Business school, on the other hand, provided such a learning opportunity.

Business school

Although my medical education was invaluable, and it clearly set me apart from non-medical executives, business school—not medical school—helped prepare me for a career in medical management.

My career has spanned academic medical centers and managed care and pharmaceutical companies, including roles as hospital chief medical officer and health maintenance organization vice president.

It seems only natural that medical schools, especially those that are affiliated with large university systems and schools of business, should provide students the necessary business acumen to be successful, whether in private practice or as a physician executive.

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But medical educators have fallen short of this goal, and medical students who show an interest in the business side of medicine are sometimes branded as “traitors.”²

The idea that physicians should be trained in business is anathema to many in the medical profession. Some say that doctors cannot possibly have both business and patient interests in mind at once.

Others may say medical school curricula are already overloaded with science courses, leaving no room for business courses. Even an expert in management has realized that: “MBA programs by their nature attract many of the wrong people—too impatient and analytical, with little experience in management itself. These may be fine traits for students, but they can be tragically ill-suited for managers.”³

Still, there is a growing awareness of the lack of business-trained physicians in leading positions in hospitals and academic medical centers. Increasingly, the phrase “business degree desirable” is appended to classified advertising geared toward physician executives.

There is also a growing recognition of the importance of the need for physician-led transformation of the U.S. health care system. Physicians with business training are primed to lead this transformation, given their enhanced leadership and management skills.

In fact, more than 50 U.S. medical schools offer combined MD-MBA programs (refer to <http://www.md-mba.org> for a complete list of schools). Students enrolled in these programs need the support of their medical school faculty more than ever, and skeptical faculty members need to realize that dual degree programs attempt to complement medical education with management education rather than the converse.

It will be important to track the careers of graduates of MD-MBA programs and assess their impact on the evolving health care system.

- Is medical school the optimal time to obtain an MBA degree?
- Will there be opportunities for newly minted MD-MBA graduates to use their knowledge and demonstrate their value early in their careers?
- Will the MD-MBA replace the esteemed MD-PhD as the dual degree of choice?

The students enrolled in MD-MBA programs are unique in terms of their career aspirations and reasons for selecting business training early in their careers. As future physician executives, they deserve our attention. As future medical leaders, they are certainly worthy of nurturing and guidance.



References

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Arthur Lazarus MD, MBA, CPE, FACPE

Executive-in-residence at Temple University Fox School of Business and Management and senior director of clinical research at AstraZeneca Pharmaceuticals in Wilmington, Delaware.

arthur.lazarus@astrazeneca.com.

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