

MENDING MANAGEMENT II: IMPROVING CUSTOMER VALUE BY TRANSFORMING HEALTH CARE OPERATIONS

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In this article...

Human resources, information technology and finance are integral to creating a new operating system that will transform all health care operations.

IN THE MARCH/APRIL ISSUE OF THE *PHYSICIAN Leadership Journal*, I described experiments in operational transformation being performed by health care organizations around the world. For six years, I have been observing and sometimes assisting more than 145 organizations striving to deliver more coordinated, reliable and patient-focused care.

We call the new operating system lean health care and it is deeply rooted in creating organizations of problem solvers, intent on improving quality and reducing cost. We have found that such a sweeping transformation is, of course, not always successful. Those who do succeed recognize that it requires fundamental change throughout the organization. Let's look at the changes required by health care support services such as human resources (HR), education, information technology (IT) and finance as the organization transitions to lean health care.

Health care support functions conventionally have been viewed as separate from the business of health care. People in finance and human resources typically describe their jobs in terms of spreadsheets or personnel files. This is a central flaw. In order to create a truly coordinated care system, every person must come to work every day with patient care and supporting frontline problem-solving at the top of their agendas.

We saw this become a sticking point at ThedaCare, an integrated system of hospitals, clinics and health services in Wisconsin, when I was CEO there in the 2000s. Throughout the hospitals, cross-functional teams of people were focused on making sweeping improvements to frontline operations.

Teams frequently found that creating better working processes meant changing job descriptions and personnel in an area. From the beginning, ThedaCare leaders had promised that nobody would lose a job due to improvements. But we really had not thoroughly considered how we were going to keep that promise.

Once, during a team-improvement week that included employees in the outpatient clinic, it became clear that it would be much more efficient to handle incoming telephone calls in a different manner. A full-time receptionist would no longer be needed.

The woman who was currently in that job — and on the cross-functional improvement team — became silent and withdrawn. Someone checked in with HR and found a job that fit the receptionist's skill set, but it was 45 miles away in another town. Deciding that she did not want to commute every day to the other office, the woman quit before an adequate response could be formulated. For months afterward, people scoffed when we said nobody would lose their jobs due to continuous improvement and cited the case of the receptionist.

This happened, we know now, because operations was not completely partnered with HR. Operations leaders often knew before an improvement event began that redundancies would likely occur and people would need to be transferred to new jobs. We did not, however, inform HR in advance and work out a process to redeploy people.



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This experience taught ThedaCare leaders much about how firmly we all were locked in our own silos. Support services such as HR, education and organizational development, IT services and finance each operated as a separate fiefdom with their own rules and spheres of influence. When operations began to fundamentally change the way we delivered health care, a lot of our needs in these areas changed too.

In operations, we knew that we were creating an organization where job descriptions would change and people would move to new positions more frequently. We needed HR to become a proactive people-development department, and to change its processes for teaching, hiring, training and assessing job performance.

We found that the process of developing people needs to center on what the organization expects of people. The competencies for everyone, from the administrative assistant to the CEO, had to be defined. Once defined, the people needed to be trained to those descriptions. Standard work was also created for every position, from the hospital president to administrative assistants. (Typically, standard work governs about 85 percent of an assistant's job and something like 5 percent of a senior executive's.)

A new manager coming into the system today undergoes a four-month training program. Taught by an experienced manager peer, each component of the management system's standard work is learned by doing and nearly all of the training is done on the job.

Frontline workers, on the other hand, are taught standard work in a specially designed learning center that acts as a simulator. Using the simulator, HR leaders found that nurses can be fully trained on standard work for their position in about four weeks and are happy to avoid the awkwardness of learning new skills and being corrected in front of patients. The usual frontline training process can take six months. These training systems ensure competence at all levels while preserving ThedaCare's core principle of respect for people.

People development is also focused on the future interests of the employee. What is the next role the employee would like to play? With this information, the manager can create a plan for the employee to obtain the appropriate skill set. In some cases that may mean preparing the employee to take the manager's job. This focus on succession is an important way for employees to learn and for the organization to prepare for the future.

Tom Hansen, CEO at Seattle Children's Hospital, has used a template for succession planning that includes a list of key job requirements for his and other senior roles, the list of candidates for jobs and specific development plans for each candidate. This is regularly updated for the board of directors. Every manager and executive in the organization should have something similar. In this way, people development is always front and center.

Of course, developing people to learn new competencies is even more important for HR when you think of those employees

made redundant. In these cases, it is critical that there is a place for that worker to land. If there is no job immediately open, there should be a redeployment pool where workers can learn new skills, fill in vacancies and interview for new positions. If the worker leaves because a comparable job is not available, other staff members may consider that a layoff. Once lean is seen as mean or job-eliminating, it is unlikely the staff will engage positively with change.

FINANCIAL CHALLENGES — In the course of a transformation, the role of the finance department will also need redefinition. Instead of cops or controllers, the people of finance should be considered consultants, providing expertise to operations managers in interpreting and translating the numbers. Finance professionals bring a unique point of view to identifying and addressing problems and should be represented on every possible improvement team. For finance experts to find the time and capacity to be advisers and consultants they will need to stop wasting time creating and policing an annual budget.

Budgets are fraught with waste, inaccurate from the day they're created and give a false sense that financial performance is proceeding "as planned." Most assumptions in a budget are merely rough guesses. It is impossible to predict the future especially when it comes to patient volumes or market share shifts. But the thing I hated the most about the annual budget while I was a CEO was the gamesmanship it fostered. Every year, the expense target moved upward while managers made sure to spend every dollar received.

The alternative is to develop a system that focuses on improving financial performance, using a rolling forecast with target setting. To create a forecast, leaders in finance and operations begin by determining which factors actually drive the business, then set up standard work to collect and input those drivers on a regular basis.

Data on every driver should autopopulate into the forecast and drivers must be reviewed and agreed upon. Drivers are not 7,000 lines of data like on the spreadsheets that make up the budget. Drivers are the few forces that will make or break a business, such as nursing hours per patient day or number of surgeries per day. The forecast is updated as often as necessary depending on the dynamics of the business. At ThedaCare, we updated the forecast every quarter, which was the right cadence for understanding the changes in our business.

In order to improve any process, managers need accurate and timely information. Unfortunately, despite a multibillion-dollar spending spree on electronic health record software, IT departments still cannot provide frontline caregivers with the information they need to improve patient care every day. This has led to the development of a new and important discipline: clinical business intelligence (CBI).

CBI is an information system resource that collects and reports important data for the purpose of enabling frontline workers to improve patient outcomes. This function is necessary to guide clinicians and managers in the direction of the biggest opportunities for improvement, providing data on everything from inpatient infections to whether units are over- or understaffed. CBI usually is created as a department

or program separate from IT, even though many of the same skills are required in each area.¹ With CBI, data analysts are considered integral members of improvement teams, as well as other departments.

The concept of a data-gathering team separate from IT is still new enough that a core group of early adopters created The Clinical Business Intelligence Network¹ to learn from each other how to design and deliver accurate timely information to frontline operations.

Network member Salem Health has learned to get operations and analytics staff to talk to each other. The analytics team at Salem was able to build information flow processes that delivered important up-to-date clinical data on, for instance, clostridium difficile or C. diff infections. This information, along with a rigorous program of standardized workflows and scientific experimentation by a cross-functional improvement team, allowed Salem to eliminate these infections.² The important difference was operations managers and clinicians had access to the data at their fingertips, available to anyone on the team who needed the information. Nobody waited weeks for reports generated by an analytics team already overburdened by requests.

HR, IT, and finance are integral to the new operating system that will transform all health care operations. These functions must be redesigned to support the work of the model cell. That work must be underpinned by a set of principles that guide all activity. The leaders must then learn new behaviors and embrace a management system that supports daily problem solving.

We know that this new system is capable of delivering much more reliable and safe care. Ongoing experimentation in organizations large and small bear this out every day. Health care leaders must be aware, however, that transformation must involve the whole organization.



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