

Turning Disruption and Change into Peak Performance





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*Summary of Baldrige Foundation CEO Innovation Council
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INTRODUCTION

"Very few companies can clearly articulate WHY they do WHAT they do. By WHY I mean your purpose, cause, or belief—WHY does your company exist? People don't buy WHAT you do, they buy WHY you do it." - Simon Sinek

The battering of the healthcare system by the COVID pandemic has caused some healthcare leaders to return to the fundamental question of "why do we exist?" For example, Dr. John Chessare, president and CEO of GBMC HealthCare in Baltimore, Maryland and the 2022 recipient of the Harry S. Hertz Leadership Award, posed that question at the kick-off of the Baldrige Foundation's Spring 2022 CEO Innovation Council Roundtable. He noted that "in published statements some leaders say that the healthcare system exists to support and develop the health of the community, but if you watch what goes on it is often just the selling of services." The resulting challenge is that those citizens that most need healthcare, often representing the most disenfranchised and underinsured or uninsured among us, struggle to gain access to the care they need to survive and thrive. Dr. Chessare also notes that "as a leading industrialized nation, the United States has not completed the debate about whether health care is a right or a privilege. It is something we need to address."

Dr. Roger Spoelman, a co-host of the Baldrige Foundation Leader Dialogue Program, noted that in the wake of the pandemic, access to care became even more challenging as patients were turned away from the hospital due to the influx of COVID patients. According to Dr. Spoelman, "We expected patients to accept our message, and then come back in the same way that we used to treat them. But, no, the market has flipped to consumerism, and is now demonstrating that people will come back on their own terms." As Diagram 1 from The Health Management Academy below demonstrates, consumers have not been coming back and utilizing services the same as they were before the pandemic.

This leads to the obvious question of "how should health systems respond?" If consumer expectations are changing, and new innovative approaches are required, what is the right strategy and time window in which those strategies should be executed?

The participants in the Baldrige Foundation CEO Innovation Council took this question on, and over the course of two days provided keen insight and recommendations worth considering.

Diagram 1 – Demand Reduction
(Adams, 2022)



WHAT ROLE DOES SYSTEMNESS PLAY?

Achieving systemness and operating as one network of care is one challenge many executives have struggled with, made even more challenging during the pandemic. One CEO participant noted that "during COVID we experienced a 75% turnover in our leadership team and had a staff vacancy rate of over 25%. The impact was devastating to our culture. When leadership changes over, the staff worries, and you can feel the momentum shifting."

In fact, workforce disruptions and consumerism dominate the top priorities of CEOs, according to a recent Health Management Academy analysis. As Diagram 2 demonstrates, workforce and consumerism priorities are reflected across the various C-suite roles of leading health systems.

Regarding managing workforce disruptions, Al Faber, CEO of the Baldrige Foundation, discussed how the Baldrige Performance Excellence framework asks

Diagram 2
(Adams, 2022)

Rank	CMO	CIO	CNO	CSO	CFO	COO	CHRO
1	Site of service optimization	IT security solutions	Solutions for recruit/retention	D&A for consumer strategy	Invest in OP/ambulatory	D&I workforce	D&I workforce
2	Consumer strategy	Cyberthreat detection	Health equity initiatives	Solutions for staff shortages	D&A for strategic decision making	Care team wellbeing/burnout	Solutions for recruit/retention
3	D&A for decision making	Digital front door	Care team wellbeing/burnout	General consumer strategy	Cyberthreat detection	Cyberthreat detection	Improve employee engagement
4	Scale virtual health services	Tech solutions for staff wellbeing	Adaptable and flexible staffing	Future-ready and flexible workforce	Future-ready and flexible workforce	Adaptable and flexible staffing	Health equity initiatives
5	Health equity initiatives	System integration	Consumer strategy	Digital strategy	Digital strategy	Digital strategy	Improve hiring process efficiency

Source: Academy Research and Analysis

Cells highlighted in **blue** indicate priorities that are consumer-oriented, cells highlighted in **gray** indicate priorities that are workforce-oriented.

In the table above D&A refers to data and analytics, while D&I is referring to diversity and inclusion

organizations questions to clarify how well their learning and development systems support the personal development and nurturing of workforce members with a view to creating a successful working environment. This includes cultivating organizational agility and resilience, accountability, organizational and individual learning, innovation, intelligent risk taking, participation in succession planning, and the development of future organizational leaders.

One example Faber shared was the importance of having a workforce support structure in place to manage effectively during times of crisis. As a retired U.S. Army colonel whose organization received the highest Army Communities of Excellence award based on the Baldrige Criteria on three separate occasions, Faber relayed his experience of providing support to service men and women coming back from wartime conflicts with post-traumatic stress disorders (PTSD). He noted that "in the Army there is the designation of a battle buddy assigned to each soldier. It is someone with whom they can talk to in confidence, who knows their family and personal interests, and is able to lend support through times of crisis and challenge." As PTSD has been on the rise in the healthcare worker population due to the stresses and strains of the pandemic, this practical example served to reinforce how important it is to have a well-developed learning and support system in place.

Dr. Chessare reinforced this noting that "when COVID hit, the fact that the GBMC team had our leadership

system up and running enabled us to be much nimbler and more responsive to the associated challenges. We had already embraced the Baldrige criteria to create a formalized leadership system. This enabled us to continue to accelerate the march towards achieving our vision—even during the pandemic. We learned from Baldrige that you need a formalized system to integrate your strategic planning with the daily actions of your leadership team. We created a cascading process by which the local leader reviews the organization's goals and then works with his or her team to create local goals to ensure alignment and to galvanize action. It has enabled us to function as one system."

Phillip Young, CEO of Northeast Baptist Hospital, concurred stating, "Workforce development and rebuilding our culture has become priority number one for us. During our most recent leadership retreat I asked the team what it is going to take for us to create a world class work environment. The pandemic has given us an incredible opportunity to rebuild our teams and culture in new ways, to become the best we can be in this new post-COVID world. Our natural instinct is to try to get back to delivering services and making ends meet in the same ways we used to. Doing something transformational is scary. It's hard. It's outside the norm. And the payment incentives as they exist today may not support it well—yet. But unless we get creative as to how to achieve a transformational vision of what we can be, who else is going to do it?"

THE CHALLENGE OF CONSUMERISM

Consumerism represents the protection or promotion of the consumer's interest. In general, consumerism encourages the acquisition of goods and services to the benefit of the consumer. Anna Lappe, a widely respected author, clarified that "every time a consumer spends money, they are casting a vote for the kind of world they want."

In the healthcare sector, the curation of an optimal consumer experience has been underway for some time. Integrated delivery networks (IDN) and accountable care organizations (ACO) have expanded the cradle-to-grave services continuum to improve access and promote wellness while reducing high-cost utilization across covered lives. As payers have moved away from claims processing as their primary function towards curating ideal healthcare consumer experiences on behalf of their large employer customers, there has been an inevitable "payvider" collision between payer and provider strategies. Adding to this mix are the newer retail health entrants such as CVS, Walgreens, and Walmart who are competing on the provision of primary/urgent care, testing, and other bundled services.

Dr. Spoelman asked, "Do we believe healthcare is a service relationship business or have we treated consumers in a transactional fashion that lets them know that we will provide services on our terms—take it or leave it? We've been able to get away with that for a long time, but it would seem those days are over. Providers could become commoditized in this business unless we recognize that people need to feel value in our presence, not just in the services that we offer, particularly as other competitive service options become increasingly available."

Dr. Scott Nygaard, Chief Operating Officer of Lee Health System in Ft. Myers, Florida, noted in response that "in the wake of the pandemic, we've had to reflect on these questions, rebalance our portfolio of assets, and determine how we can best deploy and leverage the limited resources that we have in order to best serve our community and fulfill our mission. As we made progress, we asked ourselves, 'what is different now?' We realized that it was the environment—the positive and aligned culture that we had the privilege to help create—that was driving our success. It made me wonder how much capability in healthcare is simply wasted because people

are not given the opportunity to align around a shared and powerful vision of improving the health of the communities they serve."



STRATEGY AND TIMELINE CONSIDERATIONS

Priority number one then is to be clear on one's purpose, answering the question "WHY does our organization exist?" Next is to answer the question "HOW are we going to fulfill our vision and mission?" If consumer expectations are changing and new innovative approaches are required, what is the right strategy and time window to execute on one's strategies to ensure that the organization's purpose is being achieved? The final question is "WHAT should be the prioritized initiatives and actions to take, and WHAT should be the related performance measures and process to learn and adjust as the journey unfolds?"

To that end, there were several considerations for success that the CEO Innovation Council members were asked to consider as they contemplated the opportunity to turn the disruption and change of the pandemic into peak performance going forward. These included:

1. Avoiding the annualized thinking trap
2. Operating as one system of care
3. Achieving real-time situational awareness
4. Assessing digital front door opportunities
5. Effectively load balancing demand and capacity

What follows is a definition of each and some of the associated key challenges to overcome.

AVOIDING THE ANNUALIZED THINKING TRAP

Organizations work from annualized budgets and plans; therefore, it is no surprise that leaders align to an annualized operating model prioritizing the accomplishment of strategic initiatives and tasks by quarter to achieve the annual plan. When completing the financial and performance reports for each month, it is not uncommon for those results to not be available until approximately 10 or more days into the following month so that organizational feedback for the current month's work is available for review towards the middle of the following month. It becomes easy then to think that there is not much we can do this month, as one month rolls into the next and so on until finally the fourth quarter arrives, and there remains a myriad of unfinished tasks and priorities to complete before the end of the fiscal year.

Dr. Spoelman described this common annualized thinking trap as being a key root causal factor in the perpetuation of a pernicious \$30 million annual revenue cycle performance gap at Loyola University Medical Center several years ago while he was serving as the interim CEO. How the Loyola team solved the problem is described in detail in the Leader Dialogue podcast discussion [Driving Clarify and Focus: the 12 Week Year](#) with guest Dan Isacksen, chief financial officer of Trinity Health System, who then was Loyola's Vice President of Finance, and Brian Moran, author of the New York Times best-selling book *The 12-Week Year*. This insightful case study discussion describes how the Loyola University Health System team was able to achieve a \$100 million revenue cycle turnaround by applying the principles of *The 12-Week Year* in a robust team-oriented effort that overcame the trap of annualized thinking to achieve breakthrough results.

Moran was also the keynote speaker at the Baldrige Foundation's Spring CEO Innovation Council in Atlanta. Moran and Dr. Spoelman expanded upon the Loyola case study podcast during the event clarifying the principles and approach behind the dramatic revenue cycle turnaround. A few notable examples are outlined here.

1. The further out into the future that you set your plan, the less predictable it becomes, so consider compressing the year into 12 weeks so that each week is like a month, and each day meet briefly to focus on the few goals to be accomplished. Doing so

enables four times the performance production by the team per annum.

2. Create emotional engagement with the goals by creating a personal connection to the target outcomes. In the case of Loyola, this meant each team member shared pictures of family members to whom they were committed to achieve better outcomes as if those family members were the patients receiving incorrect bills and follow-up correspondence. It galvanized the team to action and ensured that the whole organization was owning the problem.
3. Don't focus on the outcome. Focus on the execution of the plan to achieve the outcome you seek.
4. Most plans are never implemented because they don't have a good structure. Create a rigorous structure to focus the team's attention and solve the problem.
5. The actions you take today create your long-term results. When people successfully plan for the future, they act on the future today.



OPERATING AS ONE SYSTEM OF CARE

Emerging from the headwinds of the pandemic, workforce disruptions and care coordination across multiple care settings have both been significant factors contributing to the challenge of achieving systemness and operating as a highly reliable network of care.

Contributing issues to workforce disruptions have been: the retirement of many experienced clinical leaders during the pandemic, supply chain challenges, and the fragmentation of processes and technology support systems.

The workforce disruption was partially due to the fact that health systems have been over capacity due to COVID, but there has also been urgency around filling staff vacancies, addressing burnout, and assessing options for effectively responding to rising salaries and the impact that is having on budgets

Many leaders view today's labor market as unsustainable. There is also broad consensus that the workforce of the future will not look like the workforce of the past. Accordingly, most leaders agree that there will need to be a renewed focus on:

- Building career pathways that go beyond traditional career ladders and enable people to practice at the top of their license;
- Investing in cultivating great managers and helping them develop the skill sets to effectively function in this new environment;
- Shifting the growing negative sentiment about working in healthcare into a positive outlook that supports recruitment and retention efforts going forward; and
- Eliminating administrative burdens and the workload of manual processes via the use of technology and care model innovations.

Contributing issues to effectively coordinating care across multiple care settings have been: the persistent challenge of moving beyond siloed operations, insulated departmental processes, and disparate and fragment data sources. For health systems to succeed in the future, it will require transformation across three areas:

1. Adoption of tools and best practices to drive referral demand and to enhance provider loyalty;
2. Optimization of resource capacity by driving pervasive situational awareness across the enterprise; and
3. Coordinated hand-offs across the various care settings to accelerate patient throughput to drive better performance results.

ACHIEVING REAL-TIME SITUATIONAL AWARENESS

The COVID-19 pandemic has tested global healthcare delivery organizations and the ability to adapt to a profound disruption. Leaders should consider using a real-time health system (RTHS) vision and maturity model to drive to peak performance, as priorities and business models continue to shift. The RTHS represents the transformation of the health system into an efficient, consumer- and patient-friendly enterprise that will create innovative care options and an improved healthcare experience. Key challenges include:

1. Creating a compelling and practical vision and strategy to transform care delivery operational workflows while managing persistent revenue demands and harsh cost optimization realities;
2. Leveraging the real-time patient event data, operational intelligence, and predictive analytics necessary to transform workflows and business processes and to capitalize on new opportunities to create value; and
3. Optimizing the utilization of enterprise resources to reduce waste, latency, and costs, and redirect resources to high-value business opportunities.



ASSESSING DIGITAL FRONT DOOR OPPORTUNITIES

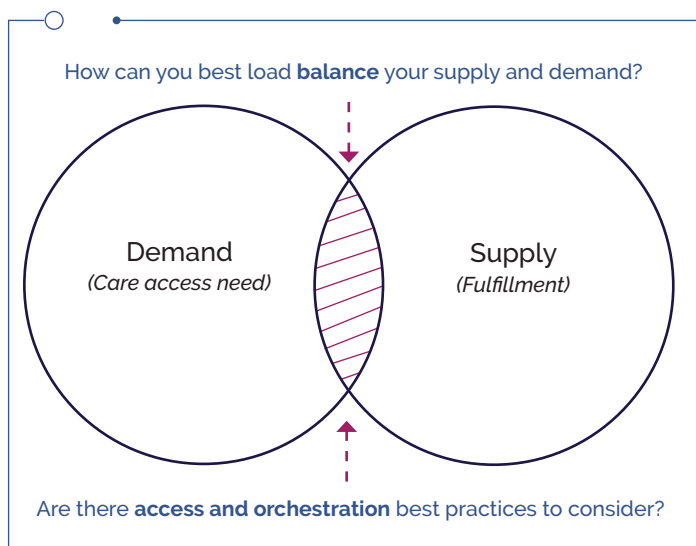
Leading health systems are responding to the disruption of the pandemic with digital and innovation initiatives that enable new business models addressing the challenges of increasing demand and escalating costs. The ability to seamlessly engage consumers through digital channels will become a core competency of leading healthcare providers.

A comprehensive consumer support model is important to drive adoption and a positive user experience of digital front door solutions. As healthcare providers continue to adopt virtual care across clinical service lines, it is essential that patients have a positive experience regardless of when, how, and where they engage. The digital front door enables patients to digitally connect with their providers and health information and allows the healthcare provider to deliver a consistent, contextual, and personalized clinical experience. Objectives of an effective digital front door include:

- Enhancing the consumer and patient experience by empowering them to be in control of their healthcare experience including assessing care when, how, and where they want it; and
- Enabling personalized consumer and patient experiences and interactions that guide them effectively through their healthcare journey across both physical and digital touchpoints.

EFFECTIVELY LOAD BALANCING DEMAND AND CAPACITY

The cornerstone of real-time health system performance is getting the right patient to the right care venue to ensure the right outcomes while driving the right economic model. The rapid expansion of care settings away from the traditional acute care model accelerated by the pandemic makes this enterprise resource orchestration capability more important than ever.



One leading health system CEO notes that "in the future, 85% of all healthcare will take place out of the hospital." Another CEO speculates that "10 years from now, people will hardly remember the monolithic structures we call hospitals. Your bedroom will be your hospital bed." (The Health Management Academy, 2019)

Going forward, health systems will need to know, in real-time, what resources they have available—people, beds, services, procedures, diagnostic tests, etc.—across their health system (the supply) to accommodate the requests for services from patients, physicians, and employers across the range of access portals (the demand). Matching supply to demand across the health system enterprise is the definition of enterprise resource orchestration, and a cornerstone capability of the real-time health system of the future.

SUMMARY

When moving from disruption and change to peak performance, priority number one for organizations is to be clear on purpose, answering the question "WHY does our organization exist?" Next is to answer the question "HOW are we going to fulfill our vision and mission?" As consumer expectations are changing, and new innovative approaches are required, determination of the right strategy and the time window to execute on one's strategies to ensure that the WHY purpose is being achieved becomes paramount. The final question is WHAT should be the prioritized initiatives and actions to take, and "WHAT should be the related performance measures and process to learn and adjust as the journey unfolds?"

As John Bookmyer, CEO of the Pain Management Group notes, "Government, employers, hospitals, and physicians often have different healthcare agendas depending on the vantage point they take. One large employer in our area advised me that the reason our community is a great place to live is because there is the balance of a three-legged stool in place—employment, education, and government. If healthcare costs become so high that employment is compromised, then the stabilizing foundation of the community wobbles and is at risk of collapse. It is a clarion example of how healthcare performance and community well-being are inextricably linked."

Dr. Nygaard of Lee Health System summed it up this way: "When leaders work together to create an aligned culture, it really changes the way an organization shows up. The result is an unstoppable force to accomplish great things for the community the health system serves."

The often-used phrase "Burn the ships!" demonstrates the all-in commitment leaders and organizations should make to their vision, mission, and strategy – the WHY, the HOW, and the WHAT. It is an example that comes from history documenting the landing of Spanish conquistador Hernando Cortez in 1519 on the shores of the Yucatan with 11 ships, 500 soldiers, and a single purpose of securing the great treasures of the Aztecs. Once he landed, Cortez rallied his men to ensure their commitment to the purpose in front of them. Some men grumbled and complained, to which Cortez famously replied, "Burn the ships. If we are going home, we are going home in their ships." With that Cortez and his men were forced to go all-in on their purpose, and when they did, they accomplished something that had not yet been accomplished during the previous six centuries.



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Baldrige Foundation

The mission of the Baldrige Foundation is to ensure the long-term financial growth and viability of the Baldrige Performance Excellence Program, and to support organizational performance excellence in the United States and throughout the world. The Malcolm Baldrige National Quality Award is presented annually by the United States President to role-model organizations that demonstrate quality and performance excellence.

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The Baldrige Foundation was created as the private partner to the Baldrige Performance Excellence Program in 1988. Its mission is to ensure the long-term financial viability of the Baldrige Performance Excellence Program and to support organizational performance excellence throughout the United States and the world. The Baldrige Program, located at NIST within the U.S. Department of Commerce, is a separate entity and is solely responsible for managing and administering the Malcolm Baldrige National Quality Award. For more information on the Baldrige Award process please visit: <https://www.nist.gov/baldrige/baldrige-award>.

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