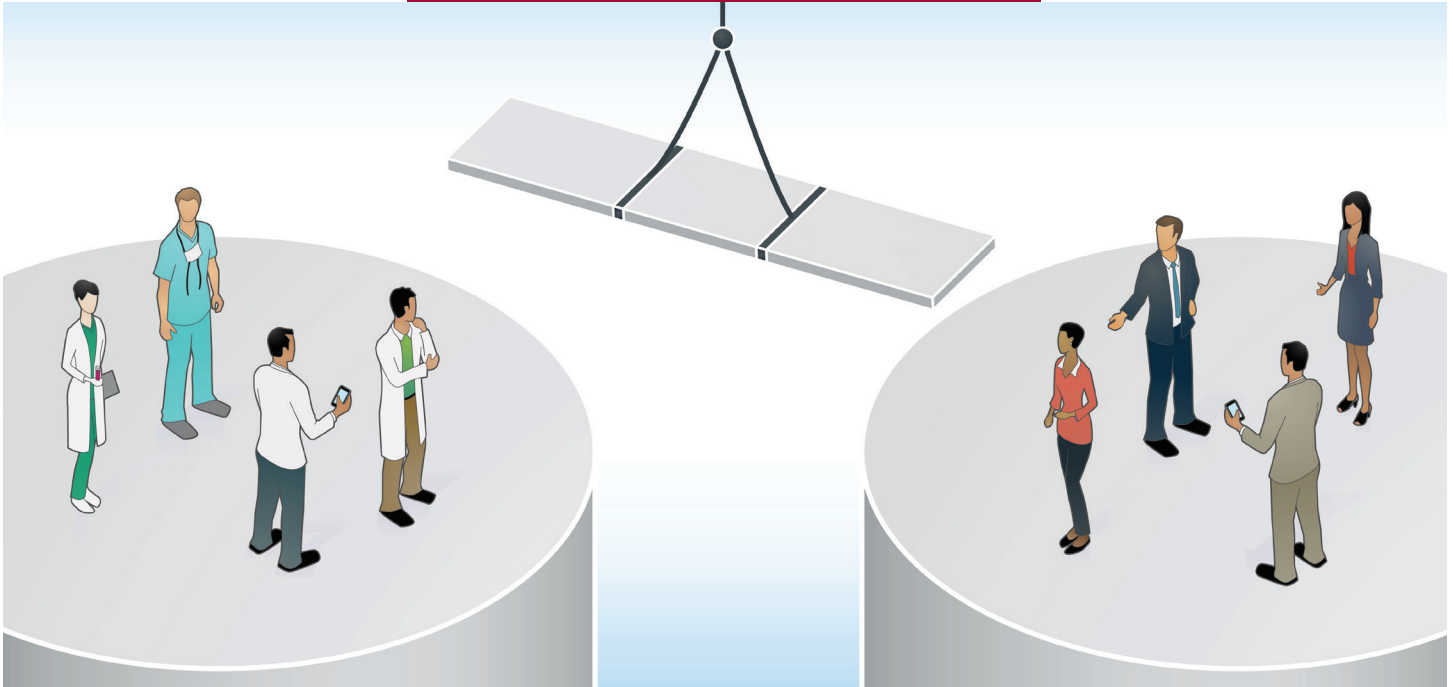


# Trustee Insights

PERFORMANCE IMPROVEMENT



## Accelerating Progress through Leadership Integration

Take four steps to break down operational silos

BY PATRICK T. RYAN AND  
JAMES MERLINO, M.D.

**Y**our executive leadership team has been firing on all cylinders. Your CEO has emphasized the need for safety initiatives, undertaken high-reliability training, established safety huddles and connected real patient stories to your organization's safety work. Your senior leaders have created an Office of Patient Experience and analyzed your data to prioritize improvement efforts. Your hospital or health system captures employee

feedback every quarter and has your human resources leaders developing retention and resilience programs. Your organization's quality teams have employed evidence-based practices and they are laser-focused on "meaningful measures."

So, with all of this progress, why does it feel like your senior leaders are climbing uphill every day?

The missing variable may rise well above these initiatives. While your organization's efforts may individually address safety, quality, patient experience and workforce engage-

### TRUSTEE TALKING POINTS

- Leadership teams may not always be convened around one aligned performance plan.
- Improvement initiatives and resources may therefore become uncoordinated and duplicative.
- Safety, quality, patient experience and workforce engagement are interdependent domains.
- Lack of a coordinated strategy for performance domains can undermine sustainable change.

ment, your leadership — and your resources — may not be convened around one aligned plan. Your organization may even be sacrificing the progress in one area when the

## Intermountain Healthcare Embraces Transformation

Utah-based Intermountain Healthcare continues to transform itself to best adapt to the demands of the changing health care environment. As part of the current transformation, the health system has organized its leadership to optimize the interdependencies of safety, quality, patient experience and workforce engagement. Under this construct, the system streamlines decision making, minimizes waste and redundancy, and positions the organization to deliver exceptional patient-centered care.

“Even though we are a model health system — clinically strong, economically strong and culturally strong — we made the decision to transform the organization from the inside out to get ready for the changes the future will bring,” according to Intermountain president and CEO Marc Harrison, M.D. “We’ve reorganized our operations to be fully aligned with what is most important: helping people live the healthiest lives possible.”

Communication and transparency within and across operational units are hallmarks of the reorganization, Dr. Harrison noted. One way this is achieved is through “tiered escalation huddles.” These 15-minute huddles occur daily and begin with frontline managers and continue up through successive management levels, ending with the executive leadership team.

Organized around whiteboards that display dashboard metrics, charts, new ideas and other information, the huddles provide an opportunity for each tier to review key performance indicators, consider the resources needed to meet performance goals and discuss new ideas. The relevant performance metrics and issues are reported up through each tier based on pre-established escalation protocols.

“Every day, in 15 minutes, we hear about every major safety, quality and experience problem; every major down time; every caregiver injury, and every patient injury. We are able to actually see things across an entire enterprise that you could never see before. In just 15 minutes each day, leaders can communicate and align the organization to what is most important.”

Since implementing the escalation huddles, Intermountain has seen a major reduction in safety events as well as dramatic changes in the star ratings of its hospitals. Also, Dr. Harrison reported, “we met 90 percent of our very difficult quality goals last year.”

The value of huddles such as these extends to the board level as well. “Our board periodically attends our Tier 6 [executive] daily huddle to experience first hand how our organization escalates key information every day,” Dr. Harrison explained. Further, integrated performance dashboards provide board members with a comprehensive picture of the quality and safety issues the organization is facing, how these issues are being addressed and where the greatest opportunities exist to enhance the organization’s quality and safety action plans and outcomes.

— Patrick T. Ryan and James Merlino, M.D.

spotlight is suddenly refocused on another low-performing department.

Both authors of this article have served on boards of health care organizations for more than a decade. Executives at our company visit hundreds of clients every year, and we repeatedly see lists of initiatives — department by department, floor by floor, unit by unit. Recently, we were at a large health system that, when audited, found more than 260 improvement initiatives. Every leader of these efforts had the best of intentions, but many were unaware of the volume, breadth and depth of the other initiatives. Without a strategy and action plan that aligns improvement efforts and acts on the interdependencies of safety, quality, patient experience and workforce engagement, siloed planning can undermine sustainable change.

What do we know about the relationships between the critical areas of operation? Based on integrated analyses of safety, quality, patient experience and workforce engagement data from millions of patient surveys, we can affirm the following:

- Health systems with better performance on “Likelihood to Recommend” and “Overall Rating” measures have net margins that are 4.8 and 3.0 percentage points higher, respectively, than those in the bottom quartile. Their median percentage of Medicare spending per episode of care allocated to within 30 days post-discharge was 2 percent and 2.3 percent lower, respectively, and their reimbursement per beneficiary was 2 percent and 4 percent lower, respectively.
- Health systems in the top quartile for “Likelihood to Recommend”

and “Overall Hospital Rating” have, respectively, 4 percent and 13 percent lower rates of hospital-acquired conditions, 15 percent and 23 percent shorter lengths of stay, and 3 percent each fewer readmissions than those in the bottom quartile.

- Health systems in the top quartile for physician engagement have rates of hospital-acquired conditions that are 22 percent lower than those in the bottom quartile; and health systems in the top quartile for employee engagement have rates that are 6 percent lower than those in the bottom quartile.

- Health systems with highly engaged physicians have a median “Likelihood to Recommend” ranking that is 44 points higher than those with low levels of physician engagement.

These data validate the need for an integrated approach to leadership across the domains of safety, quality, patient experience and workforce engagement. Achieving such alignment requires vision and

models must be periodically evaluated and reorganized to maintain relevance to the market and enhance operating efficiency and effectiveness. Health care is no different,

an approach that should include three elements — safety, quality and patient centeredness — as one concept. To execute on this approach, all functional areas

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but health systems are often caught in the vicious cycle of thinking that what got us to where we are will get us to where we need to be. Nothing can be further from the truth. As the adage says, “Don’t let your past dictate your future.”

Our ability to challenge established norms and objectively evaluate how we are organized to perform will ensure that the needs of the organization are met. To fully realize the organizational benefits from the interconnectivity of safety, quality, patient experience and workforce

responsible for operationalizing the three elements should have a common reporting structure.

### **Establish a Balanced Scorecard**

Provider organizations have developed arrays of improvement initiatives, often in response to specific problems or regulatory mandates. These initiatives produce incremental improvement but are often uncoordinated and duplicative. Personnel working on them may be unaware of the efforts of their colleagues working on other initiatives.

This fragmented approach is increasingly being replaced by domain-specific efforts that are more effective in improving care for patients across the continuum of care. The leaders of these domains (safety, clinical quality, patient experience and workforce engagement) often know one another well, and when they work collaboratively toward the same goal, they can identify opportunities to integrate their efforts.

Based on our assessment of best practices, an integrated board scorecard should, in addition to financial performance, include

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**The board’s responsibility for good stewardship of the organization also requires guiding its culture, which requires championing a more strategic approach to people management.**

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commitment. Following are four critical first steps toward leadership convergence under one unified strategy and related metrics.

### **Actively Encourage Leadership Convergence**

In any sector, organizational operating

engagement, organizations need to think differently about how they organize these leadership verticals.

There should be one strategy that connects all of these domains and one team to deliver on that strategy. For instance, the organizational strategy should focus on improving the patient experience,

performance on safety, patient experience, workforce engagement and clinical excellence (see Table 1: *Balanced Scorecard for Leadership Convergence*).

By displaying essential metrics for the relevant domains in one place, scorecards allow leadership teams to regularly monitor progress in each domain over time and better understand and communicate the relationship between that progress and the overarching, unified goal of delivering optimally safe, effective, patient-centered care.

### Support Your Executive Leadership Team

In order to facilitate true transformation, senior leaders must sometimes make difficult or unpopular decisions. If you believe in these individuals' ability to successfully lead their teams, make sure they know you trust them with the mandate and have confidence in their decisions. Top CEOs know that they must nurture close relationships with their board to enable themselves to be nimble with decision making and garner support when needed.

### Align Your Structure with Your Strategy

Meaningful structure facilitates alignment of day-to-day business with organizational strategy by establishing focus, holding stakeholders at all levels accountable and positioning them to succeed in a manner that is consistent with enterprise expectations.

To this end, organizations must be structured so that there is sufficient line of sight between the

**TABLE 1**

## Balanced Scorecard for Leadership Convergence

| Domain               | Essential Metrics  | Sources                             | Recommended Frequency |
|----------------------|--|-------------------------------------|-----------------------|
| Safety               | <ul style="list-style-type: none"> <li>• Serious safety event rate (SSER)</li> <li>• Employee survey rating: "I would feel safe being treated as a patient here."</li> </ul>   | Safety reporting<br>Engagement data | Quarterly<br>Annually |
| Patient Experience   | <ul style="list-style-type: none"> <li>• Likelihood to recommend:                             <ul style="list-style-type: none"> <li>– HCAHPS/inpatient survey rating</li> <li>– CG-CAHPS/medical practice survey rating</li> </ul> </li> <li>• Nurse communication</li> <li>• Physician communication</li> <li>• Staff worked together to care for you."</li> </ul> | Patient surveys                     | Quarterly             |
| Workforce Engagement | <ul style="list-style-type: none"> <li>• Employee survey ratings:                             <ul style="list-style-type: none"> <li>– "I would recommend this organization to family and friends who need care."</li> <li>– Loyalty: "I would recommend this organization as a good place to work."</li> </ul> </li> </ul>  | Engagement data                     | Annually              |
| Clinical Excellence  | <ul style="list-style-type: none"> <li>• Hospitalwide, all-cause 30-day rates (observed/expected)                             <ul style="list-style-type: none"> <li>– Mortality</li> <li>– Readmissions</li> </ul> </li> </ul>  | Publicly reported                   | Biannually            |

objectives of individuals, teams and the "big picture" — the health system's vision. Every member of the organization should be clear on how the work in their area of responsibility connects to the work of others in different areas.

The board's responsibility for good stewardship of the organi-

zation also requires guiding its culture, which requires championing a more strategic approach to people management. Health care human resources methodology has traditionally been very transactional, but this narrow approach can hinder progress in today's challenging environment.

Instead, hospitals and health systems need to adopt a broader focus that encompasses not only whom they hire, but also how they on-board and prepare these people for their roles, how organizations develop them and how they are recognized and rewarded. In addition, it is incumbent on boards to ensure that organizations are tackling critical issues such as clinician burnout, workplace violence and bullying. This requires an organizational structure in which accountabilitys are explicitly translated all the way to the job level.

Finally, the future of hospitals and systems is dependent on preparing the next generation of leadership through thoughtful succession planning. Recognizing the significant impact that extraordinary leaders

### TRUSTEE TAKEAWAYS



- Adopt a unified strategy and action plan to align improvement initiatives.
- Hold one team accountable for delivering on that strategy and action plan.
- Support senior leaders who must make difficult or unpopular decisions.
- Evaluate and reorganize operating models to ensure strategic relevance.

have on organizational performance, preparedness for leadership turnover sets the stage for sustained leadership effectiveness, engagement and performance.

### Conclusion

Health care delivery is challenging and highly nuanced. Health care leaders must consistently work to keep their strategies relevant and their organizations viable while striving to achieve high performance. Board members can help drive progress toward this goal by understanding the sector pressures and encouraging senior executives to break down the operational silos in order to execute on the interdependencies across the critical performance domains.

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