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of the American Hospital Association

BRIDGING WORLDS

THE FUTURE ROLE OF THE HEALTHCARE STRATEGIST

CONTENTS

SHSMD SM

The Premier Society for Healthcare Planners, Marketers, and Communicators.

In this time of unprecedented industry transformation, the American Hospital Association's Society for Healthcare Strategy & Market Development (SHSMD) is committed to helping hospitals shape and execute truly strategic visions.

 The inspiring "Bridging Worlds" roadmap is just one of many resources SHSMD offers its members in healthcare planning, marketing, communications, physician relations, and business development.

For more reports and tools like this, visit www.shsmd.org.

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SOCIETY FOR
Healthcare Strategy & Market Development SM
of the American Hospital Association

Dear Member,

As you may be aware, the Society for Healthcare Strategy & Market Development (SHSMD) recently released a compelling and thought-provoking document called ***Bridging Worlds: The Future Role of the Healthcare Strategist*** in response to the transformational changes we are experiencing in healthcare today.

Bridging Worlds was developed in association with innovation and design firm HDR and with a team led by SHSMD Board Member Ruth Padilla. The report has already received wide acclaim from SHSMD members who appreciate the innovative examples outside of healthcare and the aspirational roadmap for strategic healthcare professional development.

Bridging Worlds is a practical resource for any healthcare leader. Rich Umbdenstock, CEO and President of the American Hospital Association, recently distributed *Bridging Worlds* to all AHA hospital CEOs, encouraging them to discuss it with their strategy colleagues and incorporate it into board and leadership retreats.

After reading this report, we encourage you to begin a dialogue about the evolving healthcare landscape, the implications for strategy professionals, and the recommended attributes, tools, and skills that can help your organization succeed. To support that dialogue, we have enclosed the following tools:

- An enlarged visual of the strategic landscape from the report. Use it to discuss today's complexities and tomorrow's opportunities; identify areas of focus for your organization and new areas for development.
- A comprehensive listing of all the attributes, skills, and tools identified in the report, organized by the major implication for which they were originally mapped. Use it to discuss opportunities for professional and organizational development.

Complimentary electronic copies of the report and the poster are available at *www.shsmd.org/BridgingWorlds*. Additional print copies are available for purchase.

Share questions or thoughts about the report at *www.shsmd.org/BridgingWorldsSurvey*. Watch *www.shsmd.org* for updates on SHSMD's expansion of the *Bridging Worlds* project, including new resources and opportunities for conversation.

Thank you for your continued membership in SHSMD. New knowledge found in *Bridging Worlds* is a great example of the benefits SHSMD membership brings.

Sincerely,

Mark Parrington, FACHE
2014 SHSMD President
Vice President, Strategic Transactions
Catholic Health Initiatives
Englewood, CO

Diane Weber, RN
Executive Director
Society for Healthcare Strategy & Market Development
American Hospital Association
Chicago, IL

Executive **SUMMARY**

Healthcare is in the midst of a radical transformation, and the rate of change is accelerating. While the general direction of this transformation is widely understood, the future of the industry is clouded with uncertainty.

Every type of healthcare organization is experiencing significant change. Today, hospitals and health systems face new challenges from non-traditional competitors like retail players and technology startups, among others. At the same time, they are grappling with additional challenges that are altering business-as-usual practices, such as the shift from fee-for-service to fee-for-value; the transition of patient volume and revenue from inpatient care to other non-hospital-based endpoints; market consolidation; and the need for asset divestiture, just to name a few.

A sharp focus on patient-centric, high quality care is no longer enough to stay competitive. Every aspect of the industry is becoming increasingly complex.

While hospital and health system executives establish the strategic vision for their organizations, healthcare strategists—including planners, marketers, communicators, physician relations professionals, and business developers—play a central role in helping their organizations navigate amidst uncertainty and complexity to both shape and execute that vision.

But how?

Given the evolving changes in the healthcare environment and our desire to enhance the value we bring to the enterprise, how might we, as strategy professionals, re-imagine our work?

To answer this foundational question, SHSMD engaged strategy professionals and executives from a variety of organizations, both inside and outside healthcare. Their insights and observations helped us re-imagine how our members could evolve in order to meet myriad, dynamic challenges within the industry.
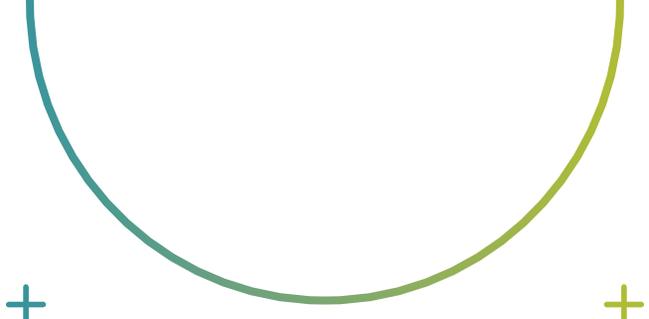
The goals for this project included:

- Understanding the implications of the changing role of hospitals and health systems

- Envisioning how the roles of strategists and their leaders will evolve to meet emerging challenges

- Gaining insights from strategy professionals and companies outside the healthcare industry

- Developing a roadmap for leaders of the attributes, skills, and tools needed to enhance the future strategist's role

Importantly, we have adopted the notion that strategic thinking is not the domain of any one particular individual or discipline; rather it is a critical skill for all healthcare leaders. Despite title or role, the future belongs to those who discover, plan for, communicate, and adapt to the changing needs of the healthcare landscape.

This document is intended for senior healthcare leaders and their strategists. It is also a valuable resource to anyone who contributes to the development or deployment of strategy in any form. Throughout, we use the term "strategist" to refer simultaneously to planning, marketing, communications, physician relations, and business development professionals. Whether discovering ways to differentiate and focus, or shaping the future of an organization more globally, our working assumption is that the practice of strategy is universal, though the application of strategy is likely specific to each particular discipline.

The document begins with a brief overview of the emerging healthcare landscape and articulates significant forces that characterize the healthcare environment today. In response, five implications and 18 key takeaways for the healthcare strategist are discussed. Collectively, the implications and takeaways form a point of view on the future role of healthcare strategy. The implications are summarized here and are explored indepth in the document.

BE NIMBLE TO EXCEED THE RATE OF CHANGE: Healthcare strategists need to evolve as fast as the external environment. They must frame problems, ask provocative questions, and move the organization to action.

TELL STORIES. CREATE EXPERIENCES: Understanding needs and motivations to compel storytelling and intentionally designing experiences is a critical part of influencing consumer behavior.

INTEGRATE AND CO-CREATE: The healthcare strategist must facilitate conversations within multi-layered and complex organizations, create coalitions, and seek out a diversity of inputs.

ERASE BOUNDARIES OF BUSINESS: Strategists must help develop accessible, integrated systems of care, assembled through creative means such as partnerships and technology.

GENERATE DATA-DRIVEN INSIGHT: Data is only valuable if it can deliver insights and better decisions, and strategists have a role in identifying the best tools to collect, interpret, and communicate information.
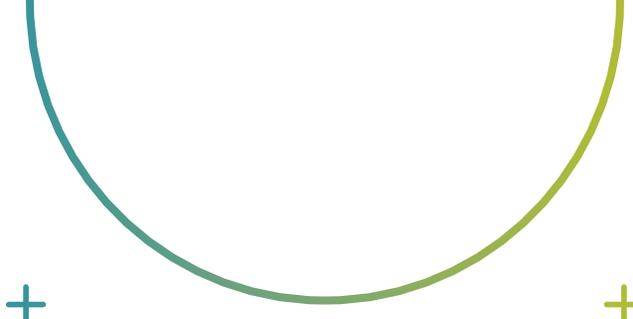
Finally, we offer roadmaps of the attributes, skills, and tools that can arm healthcare strategists to face the future head-on. These roadmaps expand upon SHSMD's 2013 competency survey that identified the content domains and job tasks that healthcare strategists currently perform at various stages of their careers. The survey also identified those tasks that will be more important in the future. The summary report can be found at www.shsmd.org/resources/member/reports/jobanalysis14.pdf.

Importantly, this body of work is intended to inspire discussion and debate among industry and organizational leaders. It is best understood as a roadmap, rather than a prescriptive recipe for healthcare strategy now or in the future.

Instead, it paints a vision of how the role of the strategist will likely evolve. The specific application of the work will vary based on the type of organization and the individuals' role within it. In some instances, organizations may elect to hire for new skills and experiences not currently represented in-house. Others may elect to develop existing leaders, using emerging skills and tools of strategy as a guide to map professional development. Some will seek out generalists— professionals who are adept in wearing multiple hats simultaneously. Others might prefer multi-specialty positions staffed by employees with deep subject matter expertise in two or more specific disciplines (for example, analytic modeling and strategy formation; design and social media). Recognizing the scale of organizational types and sizes, we intentionally make no recommendations on a preferred approach. Rather, we suggest paying more attention to the implications, skills, and tools that healthcare strategists will need.

Facing an unknown future makes it difficult to take action, especially when that action pushes an organization beyond the status quo. Regardless, different thinking will be essential for healthcare organizations to thrive in the future. This is the opportunity for healthcare strategists to add increasingly greater value to their organizations, to broaden the impact of their roles, and to shape the future of our industry.

"This forward-looking roadmap is a valuable and practical resource for any healthcare leader charged with moving complex organizations into the future."
— Neil J. Jesuele
Executive Vice President,
Leadership and Business Development
American Hospital Association

Overview

User Guide
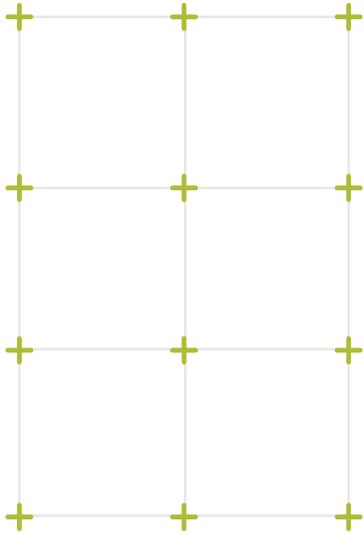
Foundation-Setting

This document begins by establishing a context around the changing landscape of healthcare. Most observers of the industry agree that numerous forces are converging to disrupt how healthcare has traditionally been provided and reimbursed. The Evolving Healthcare Landscape section presents one view on how aspects of the industry are currently evolving. The thinking here is not exhaustive; in most instances, there is a general sense of the direction that healthcare is headed, even if the details are not yet fully vetted. More importantly, the purpose of the document is to not be a healthcare trends analysis or assessment; rather, it is to examine the implications these changes could have on healthcare strategy.
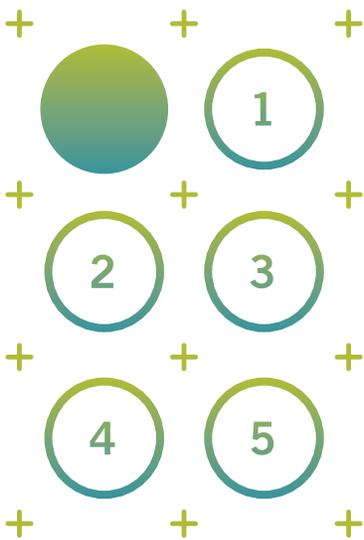
Implications

Following the foundational discussion on where the industry is headed, we present a series of implications, the "so what" for leaders of strategy within healthcare. Implications are the big ideas about the future of the healthcare industry and are presented in the introduction of every section.

To further synthesize and translate these imperatives for leaders, each section delves into a level of granularity that will move strategists toward action and execution. These sub-sections include:

- Key Takeaways
- Present Focus / Future Focus
- Attributes, Skills, and Tools
- Thought Provoker

User Guide
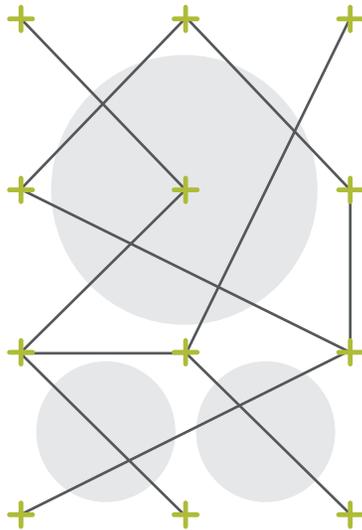
Key Takeaways

Key takeaways, or insights, are a natural extension of the imperatives. For example, if the clear lines that define the healthcare organization are blurring, then the takeaways speak to how the strategist might respond.

Present Focus / Future Focus

This sub-section includes a series of observations that characterize how the industry is changing at a more granular level. Here, we encourage strategists to consider how their focus will shift over the coming years and look for opportunities in their day-to-day work.

Attributes, Skills, and Tools

Each section also includes a listing of specific attributes and emerging skills and tools that strategists could fold into their portfolio. A glossary is provided at the end of the document to clarify these skills and tools.

Thought Provoker

As an industry, healthcare can learn a great deal from other industries. For each implication, we also present an outside industry analogy that helps illustrate the thinking. These are real-world examples with some applicability to healthcare. While it's easy to dismiss healthcare as being fundamentally different than other industries, we encourage leaders to look beyond apparent differences and search for learnings that can, in fact, be applied. We include various considerations related to the analogy that strategy leaders can use to apply to their own organizations.

Glossary and Resource Guide

We have developed a glossary to clarify terms that may be unfamiliar. In many cases, we have included links to documents and resources that provide further detail on the topic and make the information actionable.

EVOLVING HEALTH LANDSCAPE

Driven by payor reform, technology, scientific advancement, and consumer demands (among others), the healthcare industry is undergoing unprecedented transformation. As this landscape changes, the fundamental work of strategists must also change, both in response to and in anticipation of emerging trends. The themes below represent some of the significant aspects of change that the industry is experiencing and those who work in it can expect. Healthcare strategists should be aware of these changes in order to position themselves well for the new age of healthcare.

CHANGING UTILIZATION PATTERNS

TECHNOLOGY	NEW COMPETITION
BIG DATA	RETAIL-IZATION
NEW PAYMENT MODELS AND TRANSPARENCY	ADVANCED SCIENCE OF MEDICINE
PARTNERS AND COLLABORATORS	ENGAGEMENT AND ACTIVATION

"The hospital inpatient work as a percentage of overall healthcare spending continues to decline. The magnitude of the disruption and the potential implications for hospital-centric organizations is huge."

— James H. Hinton
President and CEO
Presbyterian Healthcare Services
AHA 2014 Chairman of Board of Trustees

Changing Utilization Patterns

Driven largely by changes in reimbursement, the need for cost control, and advancements in both technology and procedural technique, among other disruptors, healthcare delivery models are continuing to push more care into ambulatory, community, and home settings and away from the acute care hospital. The implications of this shift are considerable. While the rate of growth for outpatient encounters outpaces inpatient cases in nearly every organization today, many hospitals and health systems still see inpatient revenue as their primary economic driver. Still, many organizations are recognizing the need to develop networks of integrated services that extend beyond the hospital and are finding the investment, whether through acquisition or organic development, considerable. And while the current trend is from the hospital to the outpatient setting, a similar shift is underway in the ambulatory setting as emerging models seek to move care from large outpatient buildings into community-based and home settings. Similar to the evolution of the inpatient service mix over the past three decades, many organizations are experiencing changes in utilization, acuity of cases seen in outpatient venues, and the erosion of volume as programs aimed at prevention and the social determinants of disease come on-line.
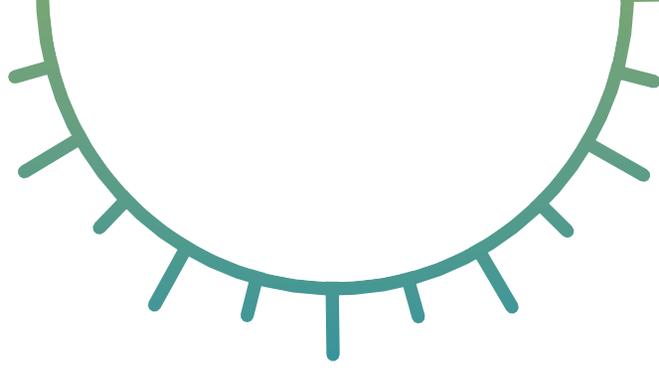
Technology

Technology is an essential part of every industry and every business operation. So too is it a consideration of strategy development and an element of strategy execution. Technology not only drives efficiency and scale, it also enables disruptive shifts in market dynamics, service models, and consumer engagement. As the development and convergence of the Internet, digital devices, portable technologies, and social networking is further enhanced, different kinds of tools and delivery models must continue to advance. Often, these models push beyond the four walls of a facility and may be developed by third parties who are completely disconnected from the traditional healthcare enterprise. This creates challenges relative to how both the technology itself and its output are integrated into the health delivery model. Since the rate of technology innovation regularly outpaces the industry's ability to integrate it meaningfully into operations and care delivery, it can be challenging for organizations to prioritize investment and rationalize how technology enables long-term goals. These realities are coupled with consumer expectations from other facets of their life where interactions are quick and intuitive, making technology gaps more pronounced and costly for healthcare organizations.

Big Data

The rapid adoption of technology by consumers and business operations has resulted in a flood of interaction and transaction data; arguably, more is on the way as the interconnectivity of devices and environments increases. While the industry hype around big data has been in full force since 2010, many organizations struggle to manage "little data." The four Vs of big data—volume, velocity, variety, and veracity—present additional challenges to the technology infrastructure of healthcare organizations. Most importantly, data is not useful without developing insights from it that enable better decision making. New tools are emerging that allow regular users to connect and visualize large volumes of data from multiple sources in ways that generate actionable insights.

"Patients or consumers actually have an expectation that you use data to benefit them and to benefit their health."

— Angie Esparza Muldoon
Senior Director, Health and Wellness
Strategy and Business Development
Sam's Club
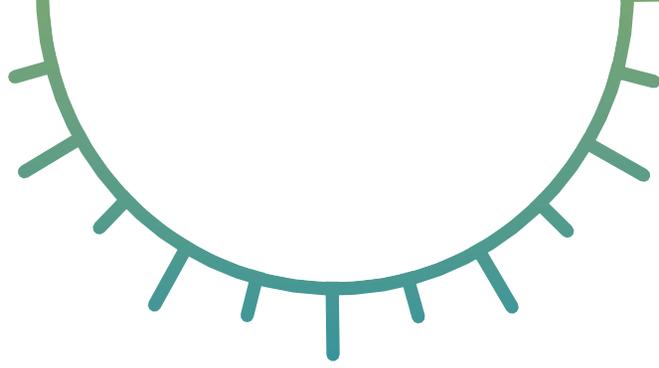
New Payment Models and A Move Toward Transparency

In general, reimbursement systems are largely shifting from production-based to outcome-driven models. This presents a significant conflict in the current state: healthcare organizations must find a way to operate under a fee-for-service methodology today, where incentives reward output, and simultaneously build operations, infrastructure, and leadership capabilities to compete as payment models continue to shift to value- and risk-based payment. Many organizations are struggling to gain traction for emerging outcomes-based strategies like population health, in part because of economic incentives that encourage maintaining the status quo. Also, the specific bottom-line impacts of emerging models are difficult to quantify. Further, as players in the healthcare marketplace enter into competition on their total value proposition, increasing transparency of cost and quality are likely to become the norm. This presents various challenges in the form of understanding and quantifying cost and quality, as well as making both understandable to consumers.

"We all have the same models we use for consolidation and collaboration. I haven't seen a lot of innovation in those areas. This is where strategists should be heavily involved."

— Dave Brooks
President
St. John Hospital and Medical Center

Partners and Collaborators

Healthcare is both labor and capital intensive. Healthcare organizations must explore all possible avenues to not only tighten up operating costs, but also lower their overall cost structure. To compete in value-based reimbursement environments, organizations must leverage economies of scale achieved through a combination of mergers, acquisitions, clinical integration efforts, and new models of collaboration. As investment funds tighten up, there is an increased demand for cost neutral or even cost-saving solutions that still demonstrate a solid return on investment.
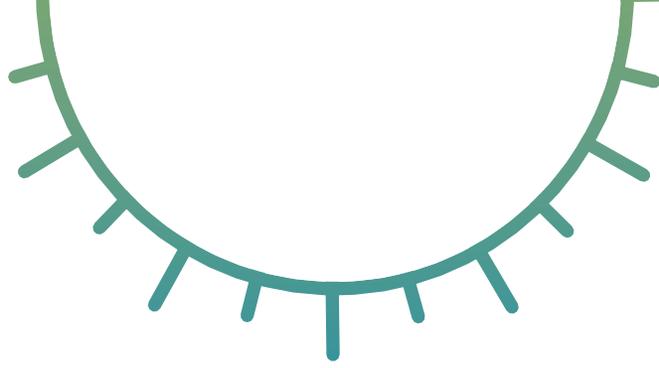
New Competition

While competition across the healthcare industry used to be relatively well-known—it was the hospital across the street or at least a local health system—today's healthcare entities face new kinds of competition on numerous fronts. National health systems are moving into regional and local markets through acquisition or partnership. Competition for the consumer's healthcare dollar can now emerge from anywhere, from technology start-ups to retail chains—among a variety of others. These new entrants focus on profitable aspects of healthcare, offering consumers convenience, integrated technology, ease of use, and a close fit with their daily routines. They are highly consumer-oriented and designed services that bring to healthcare what people expect based on their experiences with other industries. While these solutions are largely disconnected from the continuum of care today, new entrants in this space are moving rapidly to close any perceived gaps in connection between their offering and the traditional healthcare enterprise.

Retail-ization

Based in part on maturing consumer expectations, the retail-ization of healthcare is already well underway. Consumers are increasingly able to direct how their healthcare dollar is spent. More importantly, these choices are influenced by expectations of service and quality garnered from experience with other industries. Anytime/anywhere availability, upfront price transparency, and an intentionally designed consumer experience are hallmarks of successful non-healthcare service offerings like Netflix, Nordstrom, and Apple. Consumers are beginning to apply those same expectations to healthcare. The foray of traditional retail providers—like CVS Health and Walgreens—into the traditional healthcare delivery space has called attention to this trend, but other somewhat more subtle forces are shaping retail health models as well. The move toward price transparency associated with insurance exchanges is one such force. Telehealth models that offer customers a choice between accessing a physician by phone or video chat—priced using an upfront flat rate—are another. As retail thinking continues to permeate the industry, consumers will increasingly expect advanced, personalized, and self-directed care options executed through an array of websites, apps, and wearable devices, which may or may not be connected to their physician (or health system).
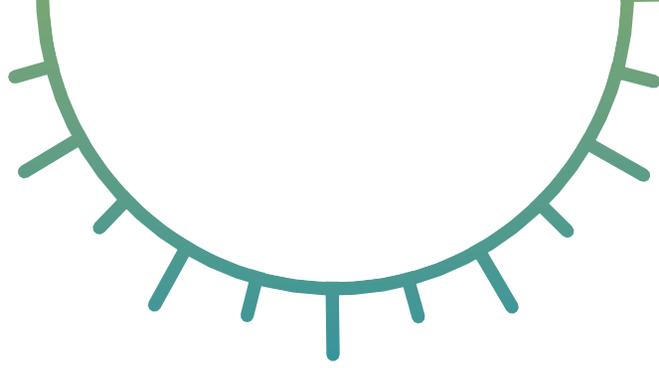
Advanced Science of Medicine

As the science of health advances and the cost of technology decreases, the discovery of biomarkers and biologic pathways improves. The influence of "-omics" (genomics, proteomics, metabalomics, microbiomics, for example), and the improvement of comparative analytics in approaches to therapies and disease mechanisms, are having profound impacts on care. More accurate predictions of disease susceptibility, earlier detection, and tailored therapies are all specific outcomes of scientific advancement in this space. Organizations that can actively leverage knowledge, advancements, and ongoing education to both physicians and patient populations stand to create a competitive advantage.

Engagement and Activation

General societal trends like globalization, cultural diversification, the aging of the baby-boomers, and the millennial generation influence both consumer expectations and service delivery models. The integration of healthcare, lifestyle, retail, and community services are becoming the norm as healthcare organizations look toward more holistic models that engage consumers in multiple ways. Different generations have different expectations of healthcare interactions; traditional approaches may not resonate with millennials. Engagement is a cornerstone of population health management, with care teams drawing on everything from technology-enabled care coordination and principles of gamification to 24/7 access models and social media that leverage peer-to-peer influence. The intent of these approaches is to improve overall health by altering behavior and establishing new routines.

"Real innovators among our leaders will recognize that what they have done before and what has been successful in the past will not carry us into the future for the long term."

— Kristen Wevers
Chief Brand, Marketing & Communications Officer
Mercy Health, formerly Catholic Health Partners

This Mind Map depicts a variety of business objectives in healthcare today that are top of mind for healthcare strategists. Those closer to the center represent the current state; those farther out represent an emerging landscape with areas of focus that are increasingly important. The emerging landscape was the precursor to the implications for healthcare strategists that follow in subsequent chapters. As the Mind Map illustrates, connections can be drawn between concepts nearer the periphery and what we view as the major themes defining the future of healthcare strategy: Be Nimble to Exceed the Rate of Change; Tell Stories, Create Experiences; Integrate and Co-Create; Erase the Boundaries of Business; Generate Data-Driven Insight.

Integrate and Co-create

Be Nimble to Exceed the Rate of Change

Co-opetition

Crowdsourcing

Healthcare Reform

Partners

Create Culture of Creativity

Non Healthcare Experience

Nimble Teams

Retail Health

Outcomes-Based Strategy

Lean Startup

Minimum Viable Product

Micro Markets

Culture of Networks

Primary Care of the Future

Integrate Hospital & Physician Organization

NETWORK

Donor Relations

Community Engagement

Enhanced Payer Relations

EXTERNAL RELATIONS

Stakeholder Relations

Cultural Recognition

CULTURE

Effective Internal Communication

Internal Engagement

Satisfied Employees

Educate

Grow Employed Physician Base

RECRUIT & RETAIN

Recruit & Retain Talent

Develop Talent

PHYSICIAN RELATIONS

MARKET SHARE

ACCESS

Convenience

Capture Uninsured Market

Streamline Access

Price Transparency

FINANCIALS

Productivity

Reduction of Costs

Profitability

Financial Performance

Revenue Cycle Management

Maximized Revenue

Total Cost of Ownership

OUTCOMES

Health Outcomes

Improve Clinical Outcomes

Patient Safety

GROWTH

Drive Volume for Key Service Lines

Expanded Service Offering

Grow Volume

Improve In-system Utilization

Better Payor Mix

Expanded Geographic Reach

Extend Care Delivery Network

Better Service Line Infrastructure

STRATEGY LANDSCAPE

Erase Boundaries of Business

- Ubiquitous Connections
- Anytime, Anywhere
- eHealth

COMMUNITY

- Social Determinants of Health
- Community as Anchor in Health
- Technology Enabled Care
- Social Responsibility & Citizenship
- mHealth

TECHNOLOGY

- Care Coordination
- Integration
- Innovation & Leading Edge Care
- Faster, Safer Technology Transfer
- Meaningful Use 2
- Advanced Diagnostics
- Physician Alignment
- Patient Portals
- Tele-medicine
- Develop Integrated Primary Care Network
- EHR Deployment
- Automation
- Improve Provider Relations
- Enhance Physician Satisfaction
- Create System Efficiencies

PATIENT ENGAGEMENT

- Architected Customer Experience
- Personalization
- Peer Influence
- Patient Engagement
- Social Network Recommend-ations

Tell Stories. Create Experiences.

- Reputation
- Share of Person's Health Dollar
- Visualization
- Psychographics

CUSTOMER SATISFACTION

- Patient Satisfaction
- Respond to Customer Needs
- Consumer Education

BRAND

- Key Messages
- Differentiation
- Consistent Voice & Message
- Brand Awareness
- Brand Preference
- Discover What is "Right to Win"
- Deliver Measurable Product Interest
- Market Position

QUALITY

- Increase Market Share
- Reduce Leakage / Outmigration
- Increase Referrals
- Improve Consistency of Care
- Lean
- Core Measures
- Achieve Top Performer Position

DATA

- EHR
- Referrals
- Descriptive Modeling
- Clinical Data
- Little Data
- Claims Processing
- Drive Time Analysis
- Actuarial Sciences
- Demographics
- Dashboards
- Lifestyle Data
- CRM
- PRM
- Big Data
- Predictive Modeling
- Real-time Insight

Generate Data-Driven Insight

Legend

- Current Landscape
- Emerging Landscape

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Implications

1

Be Nimble to Exceed the Rate of Change.

2

Tell Stories. Create Experiences.

3

Integrate and Co-create.

4

Erase Boundaries of Business.

5

Generate Data-driven Insight.

1

Be Nimble to Exceed the Rate of Change.
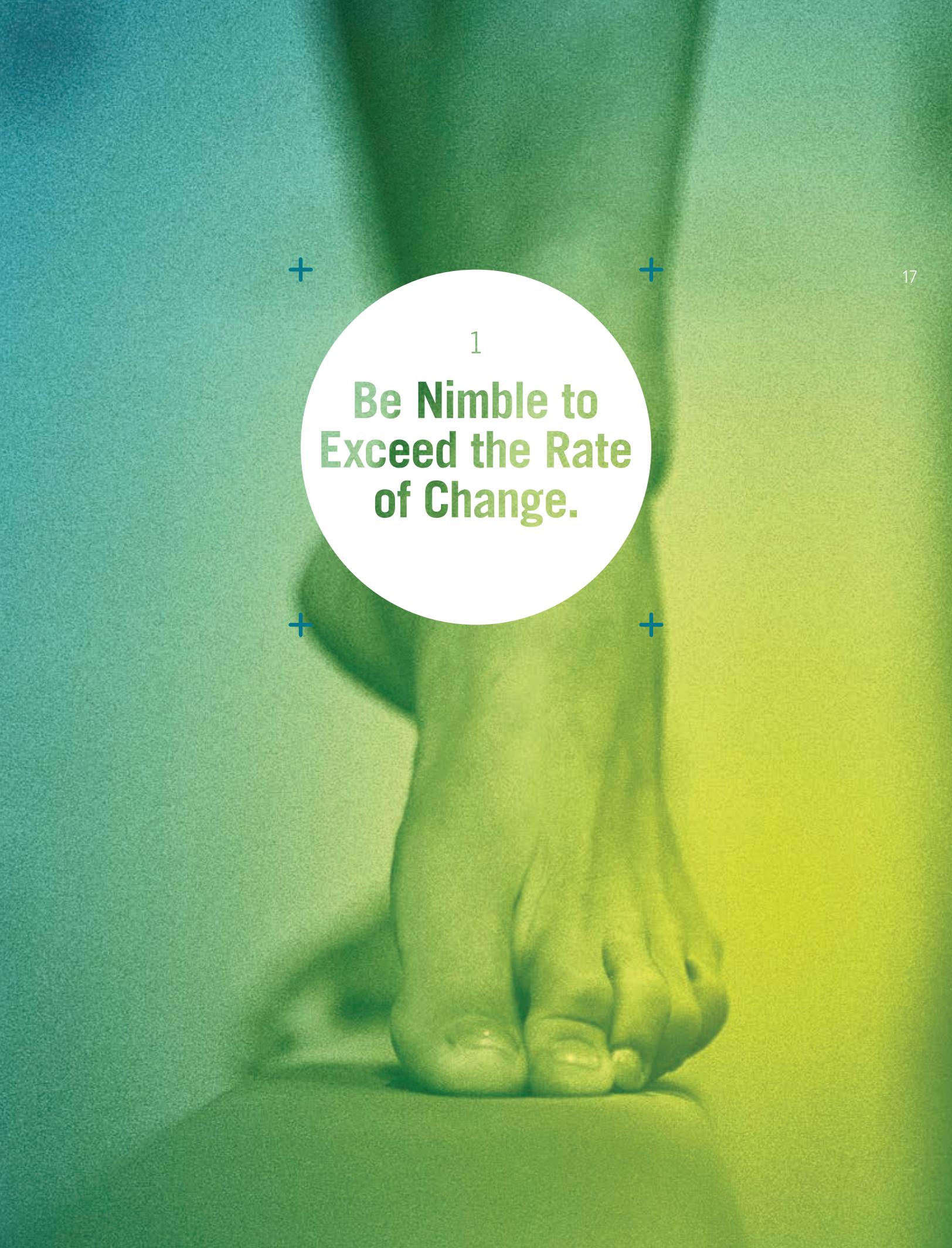
Be Nimble to Exceed the Rate of Change.

Healthcare strategists need to evolve as fast as, if not faster than, the external environment. They must frame problems, ask provocative questions, and move the organization to action.

Historically, hospitals and health systems have been anything but nimble; layers of decision making and a legacy of inertia can make decision making slow and methodical. The undeniable speed of change requires healthcare organizations to get to market faster. To do this, they need to use a more streamlined approach to strategy. In non-healthcare organizations, strategy is conceived as a continuous process with multiple, rapid iterations. Following this lead, the healthcare strategist of the future can leverage principles from other industries, such as the Lean Startup movement, rapid prototyping, and agile software development, to help their organization develop smart strategy more quickly and simultaneously connect with the consumer more effectively. Ultimately, strategists will need to be able to connect the dots between human experience, raw data, and strategic initiatives.

Thriving in this new world of constant change will require strategists to take on new responsibilities not traditionally within their realm. They need to take swift and innovative action to turn ideas into reality. Strategists can no longer "wait and see," or only pass along recommendations. They must drive action.

What is needed is the right balance of subject matter expertise and entrepreneurial acumen. This combination challenges the status quo and discovers meaningfully different ways to approach the business, while simultaneously accounting for healthcare's must-haves like safety and clinical quality. People with this kind of expertise-based entrepreneurial orientation quickly evaluate opportunities and assemble agile teams to implement them.

"In this environment, if you're not changing, you're dying. Sitting still is a bad idea."

— *Brian Nester, DO*
Acting President and CEO, Lehigh Valley Health Network

Key Takeaways

1 + Consulting Skills

The best consultants are viewed as strategic partners to executives; they are trusted advisors who can help organizations diagnose issues, formulate a sound plan of action, and assist in implementation. Increasingly, strategists are asked to play a similar role internally. The ability to help others think differently, create new approaches to applying expertise, construct a work plan, and develop an analytic framework that offers true visibility into a problem are all critical. This requires a high degree of comfort with ambiguity. The specialist-generalist tension is inherent in developing this consulting mentality. Some consultants are considered experts in a particular area (a service line, for example) and others are considered generalists, facile at working through a number of business challenges.

2 + Idea to Execution

Strategy is more than a plan or a static document. It must drive action, change behavior, and produce measurable results. It is vitally important to close the "idea to execution" gap. According to research on strategy models across a diverse array of global companies conducted at the Harvard Business School,[1] 70 to 90% percent of internal execution efforts fail. Why? Identifying an opportunity and gaining leadership support is the easy part. The development and execution of the strategy are often left in the hands of employees who conceived of it. This underestimates the human resources, time, and focus it takes to fully implement a solution; the employees' time is already fully committed by the organization. The result is promising ideas fail to become viable solutions; they either never progress or are implemented at a considerably slower pace. Healthcare strategists must consider how a strategy will be implemented while formulating the strategy.

3 + Lean Strategy

Traditional strategy is rooted in a rigorous search of the "perfect" and "well-reasoned" plan. This mentality was driven by recognition that strategy is the basis for significant funding decisions; when large sums of capital are at risk, it made sense to draw on a comprehensive and thorough plan. A more streamlined approach is needed to achieve speed to market in today's environment of accelerated change. Many companies mistakenly believe that supporting new initiatives requires significant financial investment and fail to act for this reason. The startup mentality, in contrast, embraces the constraint of limited resources because it forces a bootstrapping approach that often leads to innovation. Entrepreneurial management practices actually encourage creative ways to recombine knowledge or resources. The overarching philosophy should be fund to poverty, not fund to excess. Provide just enough planning and investment to test a concept, and then move ahead or pivot.

20

Present Focus

Future Focus

Present Focus	Future Focus
Fixed responsibilities	Open to new challenges
Traditional business model	Lean Startup model; Build-Measure-Learn Loop
Fully vetted business plans	Minimum Viable Product; Just enough funding
Thinking like an employee	Acting like an owner
Talking	Doing
Mitigate risk	Willingness to test
Fully-realized, fixed product offerings	Quick-to-market, iterative offerings
Top down	Outside in
Comprehensive planning process	Just enough planning process
Pilot projects	Fast track implementation; Pivot on the fly
Bulletproof concepts	Hypothesis testing
System-wide strategy	Micro strategy connected to vision
Standing committees	Nimble teams

Thought Provoker

Think

GE makes everything from light bulbs to wind turbines, locomotives to medical imaging devices. After the economic collapse of 2008, GE needed ways to become more agile and effective. Chief Marketing Officer Beth Comstock wondered if the Lean Startup philosophy would work in a manufacturing company. She invited Eric Ries—a Silicon Valley pioneer who is credited with developing the Lean Startup movement—to meet with senior leaders, including highly technical engineers. The concept of the Minimal Viable Product resonated with the group and CEO Jeffrey Immelt approved an initiative on the spot. That led to the development of FastWorks, billed as the "largest Lean Startup experiment in the world." Eric initially trained 80 coaches devoted to the program. These coaches trained and mentored 1,000 executives in the first year. After two years, 40,000 employees have been trained and 300 FastWorks projects are underway.

An example: a PET/CT scanner prototype was initially projected to cost a few million dollars and take several years. With the FastWorks approach, the team sought customer feedback upfront and developed two prototype iterations for under $300,000. The customer input helped focus the design and identify the right value proposition. GE estimates FastWorks will save several million dollars per project in product development cost.

"I like people who constantly want to pitch different ways and new ways of doing things, never satisfied with the status quo."

— Eric Wilker
Senior Vice President
Business Planning & Operations
*Warner Bros. Worldwide Television Marketing*

Thought Provoker

Do

Scenario

Your marketplace is demanding that healthcare be more convenient, accessible, and personalized. Non-traditional organizations have made forays into your market as stand-alone entities and through partnerships. Many of your traditional competitors are also experimenting with unique ambulatory care options to push care to lower cost settings and create new access points for patients who might not have sought out their system in the past. All of these competitors—traditional and non-traditional—have already deployed services, are planning more, and have shown an ability to move much more quickly than your health system has in the past.

→ Instead of considering your strategic response as a project, consider it as a series of experiments. Make a list of five things that must be discovered in order for the initiative to succeed.

→ Identify your core audiences. List at least 5 to 10 ways to get direct feedback from consumers, patients, and internal stakeholders quickly. Think both small scale and large scale.

→ In contrast to the traditional planning process in which the planning horizon is long and phases occur in sequential order, consider how you might design, build, and test your potential solutions so that testing with prospective customers happens earlier in the process? Can you test prototype solutions at the end of one month as opposed to at the end of a year? List the resources and expertise needed to build prototypes, measure, and learn.

→ Facilitate a group exercise: Engage a group of key stakeholders. Ask one group to imagine that the implementation of the solution you're considering was an epic failure. Then, ask them to identify the specific reasons why things failed. Have a second group imagine the solution was an unqualified success. Ask this group to identify factors that led to a successful outcome. Compare the factors from both groups and identify any common themes.

Attributes, Skills, and Tools

TOOLS

SKILLS

TOOLS

Gap analysis
2x2 matrix
Evaluation frameworks
Laddering

Critical Thinking

ATTRIBUTES

CONTINUOUSLY LEARNING

Persuasion

Business case
Rules of engagement
Knowledge sharing platform

Directed ideation
Innovation
Low fidelity prototypes
Oblique Strategies

Design Thinking

RAPIDLY CONSUMES INFORMATION

Pivot-ability

Lean Startup model
Agile development methodology
Oblique Strategies

Ten Types of Innovation
Parametric modeling

Integrative Thinking

COURAGEOUS

CURIOUS

Process Design

Process mapping
P3
Simulation

Business case
Business Model Canvas
Crowdfunding
Internal accelerator
Microgrants
Lean Startup model
Business model generation
Ten Types of Innovation

Entrepreneurship

MOXIE

PERSISTENT

RISK TOLERANT

Shepherding

Business Model Canvas
Internal accelerator
Knowledge sharing platform
Mentoring
Rules of engagement

Competency Survey Connections

The 2013 competency study identified **ORAL AND WRITTEN COMMUNICATION** as important skills. We expand these skills to include **PERSUASION**, a process aimed at changing attitudes or behavior through multiple communication channels and message delivery.

The competency survey also identified **FINANCIAL MANAGEMENT** and **LEADERSHIP** as essential skills. We extend these skills to include **ENTREPRENEURSHIP**, an important skill for rapidly testing new concepts and then bringing those concepts to market profitably. We also advance the notion of **SHEPHERDING**, which enables strategists to guide through persuasion rather than authority.

2

Tell Stories.
Create
Experiences.

Tell Stories.
Create Experiences.

Demographic information and clinical data are not the same as understanding an individual's needs and motivation. Storytelling and the intentional design of experiences is a critical part of influencing consumer behavior in healthcare.

The practice of healthcare touches intimate and often emotional elements of our humanity. Health is one of the most—if not *the* most—personal aspects of our lives. Connecting to the emotional components of peoples' lives is one of the strongest ways to build relationships between a brand and the consumers it serves. For as seemingly natural (and obvious) as the emotional connections should be, healthcare interactions often produce the opposite effect.

"Bring the customer into the process. Their voice is very powerful. It is difficult to argue with the voice of the customer."

— Jodie Lesh
Senior Vice President, Strategic Planning
& New Ventures, Kaiser Permanente

In many respects, healthcare systems are behind more quickly-evolving industries in forging, maintaining, and engaging these emotional connections. If laundry detergent can evoke an emotional response and positive brand affinity, so too should healthcare experiences. Many organizations have taken steps in this direction by using patient testimonials or life stories as part of advertising campaigns. These strategies are certainly a positive step, but only scratch the surface of what is possible.

Companies in the consumer package goods and retail industries find ways to connect digital media, social network strategies, traditional advertising, product design, and bricks-and-mortar solutions in support of an overarching story. In addition to making margin, engaging consumers to take an active role in their own health and ultimately to change their behavior is a foundational mandate of healthcare. In many ways, the influence of a consumer's peer group and social network is stronger than any marketing campaign.

Key Takeaways

26

1 + Brand as Compass

In many respects, an organization's brand is an expression of the unique value that organization offers. For that reason, the brand should serve as both an organizational compass and a tool by which to evaluate whether actual experiences align with consumer needs and expectations. Every aspect of the organization's design—its stories, its on-line presence, its mobile solution, its physical environment, literally everything— should be an extension of the brand and used to differentiate.

"I analyze every experience I have outside of healthcare, everything I experience as a consumer, and try to draw parallels to healthcare. How are we going to get there?"
— Sven Gierlinger
Chief Experience Officer
North Shore LIJ Health System

2 + Everything Is a Story

Healthcare organizations often focus on the technical component of the industry. Items such as quality metrics, affiliations to research, and credentialed staff are used to express strengths to the consumer when in fact consumers care mostly about their experience. While expertise and areas of proficient skill are still essential to consumers, strategists must put those in the context of each individual's experience/story to make it more meaningful.

FODOR'S Travel Guides have long set the standard for helping vacationers and business travelers alike get to know a destination before arriving, as well as offering practical tips on topics ranging from how much gratuity to leave on a meal ticket to local customs. With 440 guides covering more than 300 locations, Fodor's is the world's largest travel guide publisher and undisputed leader in its business category. In 1996, Fodor's made its Internet introduction and has continued to evolve its web content beyond facts-and-figures to more story-based content. For example, website visitors can answer guided questions by selecting pictures of travel experiences to help craft a tailored vacation. In 1997, Fodor's teamed-up with travel journalist and photographer Peter Guttman to author an inspirational book called *Adventure to Imagine* that depicted 28 kinds of travel experiences and their destinations. Rather than focusing on technical content—as their publications were known for—Fodor's chose instead to frame travel as a story that consumers could write for themselves.

3 + Discover Need

Healthcare organizations use a variety of methods to quantify and understand patients' needs. While some healthcare organizations struggle to meet today's known needs, many are following successful retail and technology brands that have pushed further to discover the unarticulated needs of their customers. Ethnographic immersions, focus groups, consumer preference studies, and rich segmentation are all time-tested approaches to uncovering hidden need without asking consumers directly.

For example, when **PROCTOR AND GAMBLE** undertook the reinvention of its floor cleaning products, leadership used an observational technique where social scientists spent countless hours watching consumers clean their floors at home. The deep insights and fundamental needs they uncovered using this approach—like the fact that consumers spent more time cleaning their soiled mops in bathtubs and sinks than they did cleaning

"The best way to communicate is by giving specific examples of real people and real situations. Stories are relatable."

— *Christine Schuster*
President & CEO
Emerson Hospital

their floors—lead P&G to develop the Swiffer Sweeper, a billion-dollar product line today. Like P&G, healthcare strategists must learn to rely on more than quantitative data to understand what their consumers want. Discovering these needs that expand beyond demographics will help strategist tailor their products and services in a more robust manner.

4 + Design Experiences

Healthcare organizations invest considerably in measuring and improving patient satisfaction. However, a satisfied patient does not necessarily imply a good consumer experience. Experience design is an emerging field that draws on multiple disciplines and methods. The aim is to immerse users in a series of memorable events executed through multiple integrated media (e.g., physical space, web content, mobile, etc.) that connect back to an overarching theme or story.

For example, San Francisco-based **WORKSHOP CAFÉ** designed an entirely new experience for mobile professionals who use their coffee shop as a workspace. After observing how typical coffee houses failed to meet the needs of people who used them as temporary workspace, Workshop Café architected a tailored experience *de novo.* Seating areas include multiple power outlets (so they're never in short supply), adjustable furniture and ample room for a laptop. Various micro-environments were designed to accommodate different work styles—like bench seating for individual work, communal areas for teams, and private cubbies for patrons who need to make phone calls. As a result, mobile workers not only purchase coffee, but are happy to pay by the hour to use the workspace.

Present Focus

Future Focus

Present Focus	Future Focus
Mass context	Personal relevance
Mass advertising	Peer influence
Community health assessment	Consumer observation and ethnography
Mass communication	Layered and targeted messaging
Patient satisfaction	Architected customer experience
Physician referrals	Social network recommendations
Segmentation	Multidimensional and dynamic segmentation
Singular direction, product / service to patient	Interaction and feedback between product / service and patient

Thought Provoker

Think

The clothing and outdoor gear company **PATAGONIA** has long enjoyed an incredibly strong emotional connection with its customers. This is not by accident. Patagonia cultivates this close relationship by grounding its product in the human stories its clothing and gear is made for. Patagonia shows images of regular people having the types of experiences their customers either have, or hope to have. By making these experiences relatable and transparent, they are able to evoke a feeling that anyone, not just elite athletes, can accomplish these goals.

They convey actual stories of athletic success and adventure in the outdoors, of people achieving their goals, rising to the challenge, and doing so while wearing Patagonia products. This defines the company as more than its products, but about the experiences and lifestyle the products are made for.

Patagonia also conveys stories about its employees and the leadership of the company. They tell the customer "we're just like you." They convey that the company is not just making product to make money, but making it for themselves too, which suggests a rigorous degree of integrity. The company embodies the lifestyle it sells to its customers. This helps create a trustworthy image and evokes a sense of community around the product. Finally, the company backs up its "sell" with quality products that Patagonia employees would, and do, use themselves.

Thought Provoker

Do

Strategists should seek to place consumers at the center of their own health story. Who are the heroes, from the consumer's perspective, of their unfolding story?

→ Create a three-layer diagram showing your organization's brand promise, the values and lifestyles of those within your organization, and the values and lifestyles of your target customers. Identify the points of alignment and the gaps.

→ Identify a list of at least 10 lifestyle details—such as language, culture, and interests—of your target demographic. For each item, identify three ways your organization can personalize service offerings, messaging, and experiences.

→ Spend half a day or more observing a particular service or product by embedding someone within the environment in which the experience occurs. Focus on pain points, reoccurring themes, unspoken issues, and variation in experience. Identify needs that are not being met or that could be improved upon.

→ Select three of the consumers you identified in the observation phase. Expand upon their experience until you have created an individual journey for each throughout the healthcare system. Pay attention to points where physical space, service interaction, and technology could enhance their experience/journey. Consider the experience before and after the consumer has encountered your organization. Which of the elements do you do well now? Are there any shortcomings? How can we make things easier for them?

Attributes, Skills, and Tools

SKILLS

TOOLS

ESRI Tapestry data
CRM / PRM
Geolocation
Ethnography

Connect Needs to Segments

Apply out of industry models
Ethnography
Structured interviews

Design Thinking

Geolocation
Touchpoint analysis
Personas
Experience maps
Low fidelity prototypes
Kano model

Experience Design

ATTRIBUTES

AWARE

CREATIVE

EMPATHETIC

EXPERIENTIAL

IMAGINATIVE

RELATIONAL

THOUGHTFUL

TOOLS

Observation

Ethnography
Patient intercepts
Field guides

Rapid Prototyping

Storyboards
Mind maps
Vignettes
Sketch noting

Storytelling

The Seven Basic Plots
Pixar *Rules of Storytelling*
Answer "Why" first, then "What" and "How"
Sketch noting
Storyboards
Mind maps
Vignettes

Improvisation

Scenario enactments

Competency Survey Connections

The 2013 competency study identified **PROMOTIONAL WRITING** as an important skill. We expand this skill to include **STORYTELLING** as a way to orient consumers to healthcare service offerings and put them in control of their choices.

The competency survey also identified **UNDERSTANDING NEEDS OF PATIENTS AND VISITORS** as an essential skill. In our view, **OBSERVATION** skills are essential to identifying human needs. The skills of **SERVICE DESIGN** and **EXPERIENCE DESIGN** provide an avenue to implement solutions to address consumer needs.

3

Integrate and Co-create.

Integrate and Co-create.

Hospitals and health systems are complex and multi-layered organizations. The healthcare strategist should facilitate conversations across these boundaries, create coalitions, and drive decisions forward.

Healthcare strategists hold a unique position within organizations, because their relationships and influence spans many organizational silos. They seek executive sponsorship for initiatives. They support business unit leaders. They build support from frontline staff to implement strategies. And they continuously monitor the pulse of internal audiences, the consumer, the marketplace, and the national landscape. This connection to diverse elements of their organizations—and to broader external influences— puts strategists in a position to both encourage and integrate conflicting viewpoints.

As healthcare organizations become more complex and increasingly decentralized, helping stakeholders connect the dots between their priorities and the broader organization's aspirations will be critical. As such, the healthcare strategist must connect stakeholders' day-to-day work with overarching strategy. Helping distinct parts of an organization, which have different priorities and speak different languages, work together toward common goals will be of immense value. Stakeholders—including leadership, frontline staff, physicians, partners, and consumers—need to be brought along in the process of translating ideas and strategies into fully executable solutions. To do this well requires an aptitude for creating broad coalitions of support, often by designing new strategies in partnership with a diverse array of constituents. The strategist must be able to facilitate the exchange of ideas, help leadership parse out the best ideas, and drive ideas to action.

Ideas can come from anywhere, both inside or outside the organization. Companies that stay most competitive over the long-term also look outward, using inspiration, ideas, and opportunities from other industries. Strategists who are tasked to help evolve their organizations cannot be bound by the legacy of "the way things have been done," but should continually be curious and inquisitive about how things could be done, often looking far beyond their own organization, discipline, and industry to find those opportunities.

Key Takeaways

1 2
3

Existing
Skill Set

Emerging
Skill Set

34

1 + Diversity of Thought and Experience

Good strategy is becoming less about expertise and more about curiosity, open-mindedness, and diversity of thought and experience. The ability to tap into distinctly different worldviews and experiences is critical, particularly when opposing thoughts can be merged into a more optimal solution than compromise alone can yield. These creative collisions often produce novel insights that can be leveraged to competitive advantage if managed well. Integrating diverse thinking isn't easy, but the results can be powerful. For example, in October 2006, **NETFLIX** issued an open challenge to improve its Cinematch DVD recommendation algorithm. Very quickly, teams from around the world developed

models that beat the Netflix algorithm. But, for two years, progress stalled. No single team was able to break the 10 percent improvement threshold until the top two teams combined their algorithms in June 2009. The lesson: The key to achieving better results was to integrate a sufficient number of diverse models— both good and bad, robust and simplistic. Similarly, strategists should seek ways to both assemble and encourage diversity of thought and experience as inputs from inside and outside the organization, then work to truly integrate myriad viewpoints to achieve one-plus-one-equals-eleven solutions.

"[Our] ability to navigate the organization effectively is critical. We position ourselves as very connected to all areas so that we can connect the dots for people, share best practices, put people in touch with each other."

— David Cannady
Vice President
Strategic Resource Group, HCA

2 + Engage to Co-create

If strategists are key to helping move ideas from concept into real-world solutions, then leading change is essential. Being a true leader of change involves, at least in part, mobilizing stakeholders around a common goal. Co-creation—the practice of engaging stakeholders in the design of solutions—is often considered a valuable tool to build broad organizational support for implementing solutions. Participants who have been heard and have contributed to the refinement of solutions will be more passionate about bringing them to reality. This concept of "spread" has been written about widely in both management and healthcare leadership texts. For many organizations, successfully deploying ideas and strategy remain elusive.

WHOLE FOODS MARKET provides an example of successfully using co-creation as part of a growth strategy. The national grocery chain's core business involves catering to upper- and middle-class patrons by selling high-end organic and specialty items. Whole Foods' leadership recognized that designated food deserts represented an opportunity to both expand its business and further its corporate responsibility mission. Whole Foods selected Detroit as the test site for its expansion strategy. Instead of using the existing development model, leadership began an intensive engagement effort with community leaders, public involvement groups, economic development teams, and local officials to design a new store concept. This co-creation process produced solutions that would generate value that the community would support by actually making purchases at the store. When the store opened, 72 percent of its opening-day employees were from the local community; one year in, sales are double those of initial projections.

"Strategists help open the eyes of stakeholders and have them see the realm of possibilities that exist. Capture their imagination."

— Bob Riney
President and COO
Henry Ford Health System

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3 + Open Source Leadership

Open Source Software is a software development and distribution philosophy that makes the underlying source code available for free to anyone to use, study, and modify. Open source applications range from the pet project of a small group of contributors to global teams developing critical technology infrastructure. Many technology companies pay employees to contribute to open source projects connected to their core business. These large, distributed projects have pioneered agile tools for collaboration and coordination. It seems like a huge risk to make valuable, proprietary information available to the public—and competitors. The advantage to this strategy is scale; hundreds or thousands of minds can contribute solutions back to the organization at little to no cost.

Open Source Software is a specific example of the Open Collaboration movement whose purpose is to drive innovation and accelerate the generation of value by making information readily accessible to all for free. **TESLA MOTORS'** recent announcement that its portfolio of patents for electric vehicle technology would be made available to the public—including potential competitors—is an example of open source development. In order for Tesla vehicles to be successful, the entire electric vehicle industry must advance. Recently, Anthony Foxx, US Secretary of Transportation, demonstrated another kind of open source leadership when the Department of Transportation (DOT) issued its Data Innovation Challenge. Innovators were asked to draw on publicly available data-sets, then "think up an idea or two for web-based tools, data visualizations, mobile apps, or other innovation technologies to address safety, access, or the management of traffic congestion." [2] By making proprietary information public and soliciting input through an open design challenge, DOT was able to develop robust solutions around its organizational priorities quickly.

Ideas often emerge from unexpected places—internally, externally, from experts and from novices. The challenge for the healthcare strategist is to design mechanisms to solicit this kind of robust feedback, then translate it into action.

Present Focus

Future Focus

Present Focus	Future Focus
Annual planning process	Annual goals with continuous planning alignment
Strategic plan document	Dynamic, interactive deliverables
Structured planning process	Structured transformation process
System-wide strategy	Micro strategy connected to vision
Organizational silos	Diverse coalitions
Robust business case	Lean Startup; Hypothesis testing
Mitigate risk	Willingness to test
Singular direction, product / service to patient	Interaction and feedback between product / service and customer
Stakeholder input	Crowdsourcing; Manage dissenting viewpoints

Thought Provoker

Think

38

PIXAR'S system for creating successful films is unique within the feature film industry. Most films are the vision of one director, with a writer and production team working at the service of that vision. Pixar creates films using a much more collective and collaborative practice than its competitors. While there is a director, that role is much more of a cultivator of creative thought than an autocrat. Formal criticism and creative conflict are encouraged as a way to strengthen every aspect of the final product.

The director's and producer's challenge is to cultivate, filter, and coordinate the creative capital of all the different players involved, including both creative and technical camps.

By being open to the ideas and solutions of others, and mediating conflict as the film evolves, they are able to create films that are enormously successful both creatively and financially.

Do

Think about a current problem in your organization that is particularly complex or vexing. Write a short description of the problem and the current approach to addressing it.

→ Identify individuals within the organization who could help you more fully understand the problem at hand. Consider how many within that group have completely different world views, backgrounds, and experiences than you and from each other.

→ List three non-healthcare organizations or brands that inspire you. List the core strategies that make each brand unique and successful. Describe how each brand would approach your problem.

→ Consider individuals outside the organization whose perspective might be both unique and beneficial. How might you engage their point of view? How might consumers and patients be used to help?

→ Engage a diverse group of stakeholders to "sling mud" at a concept under development. Have them identify all the flaws, barriers, and pitfalls. Next, have them prioritize these issues. Finally, ask them to propose four solutions for the top five problems.

Attributes, Skills, and Tools

40

SKILLS

TOOLS

ATTRIBUTES

Diverse relationships
Networking
Shared goals

Coalition Building

COMFORT WITH AMBIGUITY

COMFORTABLE AMIDST CONFLICT

Mudslinging
Normative voting
Social currency

Facilitation

ENGENDERS TRUST

KNOWS WHEN TO INTRODUCE REALITY

RENAISSANCE MENTALITY

Ideation platform
Knowledge sharing platform
Mudslinging
Social currency

Socialization

TEMPORARILY SUSPENDS JUDGMENT

AGENT OF CHANGE

TRANSPARENT

TOOLS

Assemble Diverse Teams

Tenth person thinking
Learning styles inventory
Outside viewpoints

Reconcile Multiple Models

Bake-off
The pertinent negative
Safe forum for critique

Open Collaboration

Crowdfunding
Crowdsourcing

Competency Survey Connections

Both the competency survey and this project identified **FACILITATION** and **COALITION BUILDING** as essential skills.

The competency survey also identified **ORAL COMMUNICATION** as essential. We expand this skill to include **SOCIALIZATION**, an approach to informally build support among influential stakeholders.

The competency survey identified **TEAM BUILDING** as an important leadership skill. In our view, **DIVERSE TEAMS** should include varied viewpoints and experiences to be most effective.

4
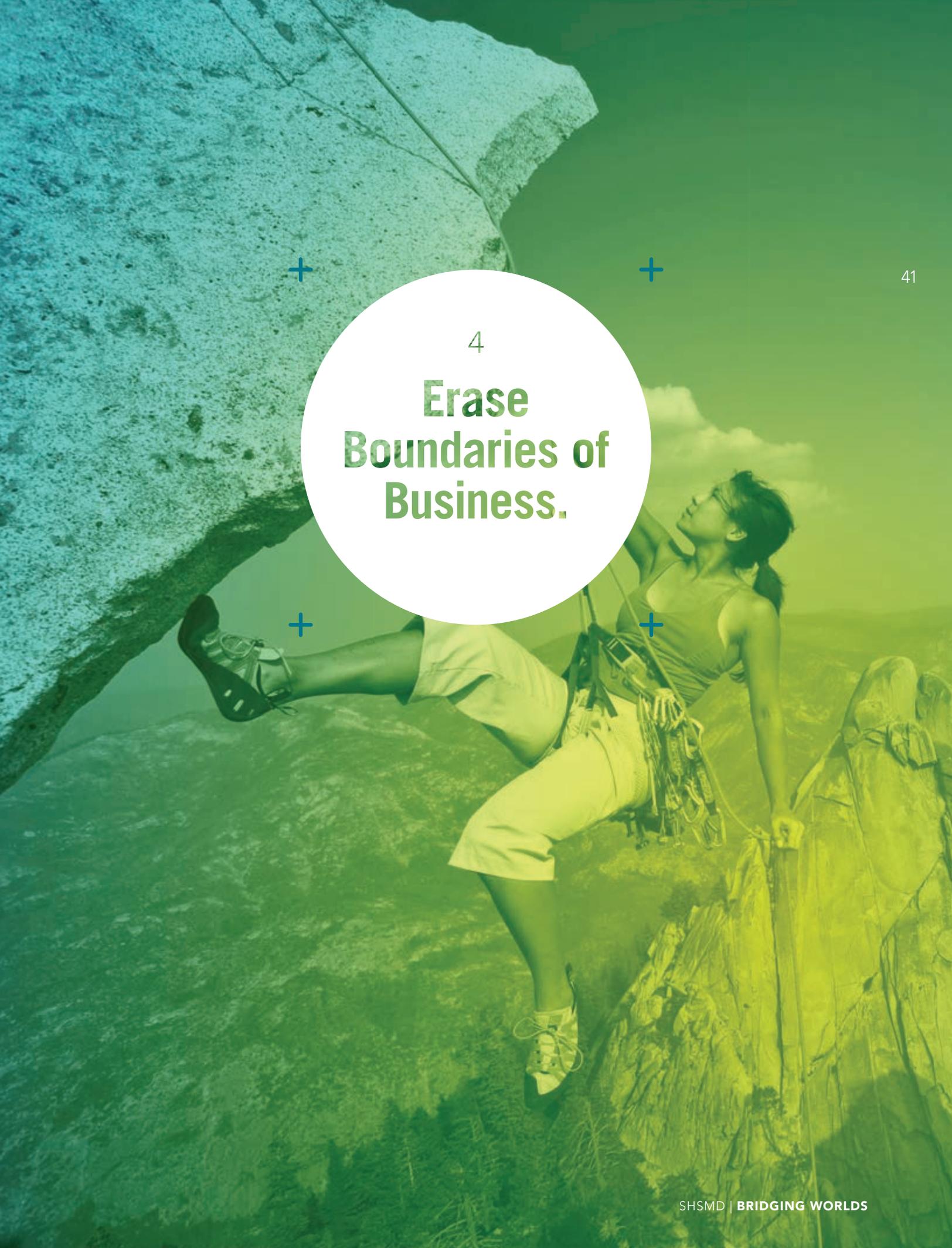
Erase Boundaries of Business.

Erase Boundaries of Business.

Healthcare organizations must develop accessible, integrated systems of care. Importantly, they do not need to own all the system components. These systems can be assembled through partnerships and technology.

Consumers have long relied on the healthcare system to provide them with the entirety of their healthcare, from routine doctor visits and episodic illness to care for acute illnesses and end-of-life treatment. Having a trusted physician, hospital, or health system gave patients a clear and immediate course of action for health concerns and simultaneously created a loyal customer base for healthcare organizations.

This is no longer entirely the case. New competitors are co-opting parts of the care continuum. Some of the offerings most challenging for traditional healthcare systems include retail health models, mobile and e-health, and new provider-patient relationships, although there are many others. Progressive organizations are beginning to design platforms that offer tailored solutions for specific problems, allow the consumer to select from an array of services to address their specific health needs in ways that are more immediate and appropriate for them, and that offer anytime, anywhere access. Most hospitals and health systems have a long way to go before such solutions are fully realized and integrated with existing systems of care delivery.

In today's entrepreneurial environment, competition can emerge from anywhere: a 20-year old with a compelling idea and a credit card—or support from crowdfunding sites like Kickstarter—can develop a concept, bring it to market, and siphon off aspects of the business that healthcare organizations previously controlled. These types of start-ups are able to infiltrate the market and adapt quickly because of their willingness to challenge the perceived status quo and because of their basis in technology, rather than a strong dependence on people. The challenge for healthcare organizations is to think more like these start-up competitors while simultaneously finding ways to create end-to-end solutions that connect back to the healthcare enterprise. This is a truly integrated system of care that connects all aspects of a consumer's health and wellness portfolio in ways that are accessible and frictionless.

Key Takeaways

	1	2		3		4
	+	+		+		+

Existing Skill Set   Emerging Skill Set

1 + Technology Roadmaps

Healthcare organizations are challenged to deploy consumer-facing technology to compete with more agile technology startups. Importantly, though, technology for technology's sake is rarely sustainable over time. The best tech applications are enablers of an improved service model. Take **UBER CAB** as an example. The company was able to redefine the entire experience of locating and paying for cab rides using technology already in existence (like geo-location and auto-payment). Healthcare strategists are not expected to be technology experts. However, the role of the strategist could be to identify consumers' unarticulated needs, help develop new service models, identify the areas where technology is a critical enabler, and then help develop strategic frameworks for technology acquisition and deployment. This maximizes the value and impact of technology initiatives.

2 + Managing Channel Conflict

The relationships and partnerships necessary to survive in healthcare's next evolution are more complex and nuanced than ever before. The notion of "co-opetition"—entities may be partners in one market and direct competitors in others—is central to this concept. For example, **ASCENSION HEALTH** recently announced alliances with competitors in four states. This partnering approach creates access to key markets and a better bargaining position with payors, plus the opportunity to avoid expensive service duplication. While the alliances are formalized in specific markets, the individual health systems remain competitors in others. As partnerships become more pervasive and diverse, these conflicts will be increasingly common and complex. Healthcare strategists should understand these nuances, the short- and long-term implications, and how to structure novel partnerships to create a foundation for future success.

"A material amount of healthcare is going to be delivered digitally. We have to ask ourselves what do consumers want in that area? Marketing and strategy have a big role to play."

— Warner Thomas
President & CEO
Ochsner Health System

3 + Different Planning Models

44

Many organizations are re-thinking traditional planning models, such as service area definitions that are based on inpatient admission distributions or zip codes, and are testing more granular approaches that emulate other industries. Retail planners, for example, developed sophisticated tools to identify specific intersections with the greatest volume and revenue potential by considering psychographics, social media check-ins, traffic flow, and consumer behavior. The tactic attempts to move beyond arbitrary boundaries that are less relevant to how today's consumers live, work, and play. Through the creation of so-called "micro-markets" in healthcare, planners are focusing more specifically on the

unique characteristics of neighborhoods to make strategic decisions, rather than relying exclusively on zip code boundaries. While this approach represents an evolution of an existing practice, some organizations are starting to think differently about what data feeds its models. For example, drawing on purchasing and lifestyle data could paint a more inclusive picture of a community's overall health, as well as provide visibility into actual choice. Healthcare strategists should understand new planning models, data sources, and their applications in the healthcare market.

"The challenge and opportunity for strategists is on both sides of the data. On the front end, make some decisions about what we really need to know. On the other side, identify the insights and action to take."

— Jamey Shiels
Vice President, eBusiness
Aurora Health Care

4 + Design Ecosystems

Over the years, organizations like **APPLE** have become adept at thinking beyond an individual, isolated product, or service. Instead it seeks to design broader systems around its product. Consider the iPod. While often thought of simplistically as a product innovation, the iPod was actually a complex system that included synergies among hardware, software, a new consumer marketplace (iTunes), a new channel to attract consumers to Apple, and a brand innovation (Apple as a lifestyle company, not just a personal computing company). Apple relied on partners—including manufacturers, application developers, and the music industry—to execute a system that extended beyond the boundaries of its enterprise. Systems like the one Apple designed around the iPod are often called "ecosystems," meaning a series of complex interconnections among different parts. In general, ecosystems include: service model, physical environment, virtual environment, operations/process, user experience, technology enablers, on-ramps to service, accessories, and brand. [3]

In order to meet new competition and design for sustainable innovation, strategists should consider how to design ecosystems of products and services to address acute care service lines, health and wellness, and services that extend beyond the traditional boundaries of business. This requires thinking about the interplay among the ecosystem's parts, as well as evaluating which should be owned or executed through a partner.

Present Focus

Future Focus

Present Focus	Future Focus
Compartmentalized service areas	Micro-markets
Market share	Covered lives and targeted populations
Facility-based care and asset organization	Technology-enabled care; Anytime, anywhere service offerings
Healthcare as a monolithic system	Health as an ecosystem of customized offerings from a variety of entities to meet specific needs
Wholly-owned system of care	System of care executed through partners
Patient-to-physician relationship	Additional customer relationship to the system, and its many parts, including those that are outside the organization
Singular direction, product / service to patient	Interaction and feedback between product / service and customer

Thought Provoker

Think

The **AIRLINE INDUSTRY**, like the healthcare industry, is highly regulated, capital intensive, and relies on the expertise of a diverse array of human resources. For many airlines, there is both an interest and economic need to extend coverage to smaller, non-hub markets while reducing overall cost structure; historically, major carriers were unable to serve shorter regional routes with reasonable cost efficiency. Southwest Airlines, and others, have built their business models around serving regional markets. These regional players provide a clear value proposition to consumers: lower fares, on-time flights, and extraordinary customer service at a lower cost. In response, the major airlines extended their reach through regional carriers that operate under the parent brand in a DBA (doing business as) arrangement.

All airlines also rely on a variety of partners for many critical aspects of the customer experience: travel agents and travel websites, government-operated security and air traffic control, use of airport facilities and amenities controlled by separate entities, and inflight food-service vendors. There is no differentiation among these parts of the experience by the traveling consumer, whether it is governed by the airline, the regional carrier, or a separate entity. By offloading these aspects, the airlines are able to focus on the core of their business: transporting people from point A to point B efficiently and safely.

Thought Provoker

Do

Traditionally, we've thought about the continuum of care in terms of facility-based solutions. As the boundaries of the system begin to fade, consider the implications of defining continuum in terms of health status.

→ Make a list of health statuses, (e.g., well, preventative, acute, pre-chronic, multi-chronic, etc.). Under each health status, list potential data sources that would reveal something unique and insightful about consumers in that status. Focus on data sources that you may not have today. For example, insight into consumers' travel patterns, purchasing habits, and social media use could provide insight into how an organization might interact with people when they are healthy and not thinking about healthcare.

→ Imagine the needs of people with each of the health statuses you identified. Under each health status, list at least five specific needs. This could be based on qualitative data, direct observation/interview, or your experience.

→ For each need listed above, identify one technology-based and one non-technology-based service offering that would potentially satisfy the identified need. Push yourself to imagine new service offerings that don't exist in your organization today. If you get stuck, consider what solutions the airline industry might design if you hired their industry experts as a consultant.

→ Now, review your list of potential solutions. Identify the ones that must be offered by your organization, and that you have the capabilities to implement well. Which could be delivered more effectively through partners?

Attributes, Skills, and Tools

SKILLS

TOOLS

TOOLS

ATTRIBUTES

CHARISMATIC

CONNECTED

DEEPLY INFORMED

NEGOTIATOR

POLITICALLY SAVVY

PERSISTENT

PERSUASIVE

RIGOROUSLY HELPFUL

Design Thinking

Ten Types of Innovation
Experience maps
Touchpoint analysis

Entrepreneurship

Gap analysis
Ten Types of Innovation

Model Thinking

Claims data
Actuarial data
Simulation
RO Disease Model
Retail purchase patterns

Systems Thinking

Network theory
Non-planar design
Simulation

Urban Planning

Consumer observation and ethnography
Geographic Information System (GIS)
Retail purchase patterns
Simulation

Service Design

Gartner's "Hype Cycle"
Ten Types of Innovation
Experience maps
Touchpoint analysis
Functional specification
Requirements gathering
Simulation

Integrative Thinking

Network theory
Non-planar design

Competency Survey Connections

The competency survey highlighted several critical thinking skills, including **ANALYTICAL REASONING**, **DECISION MAKING**, **INDUCTIVE/DEDUCTIVE REASONING**, and **PROBLEM SOLVING**. In our view, these skills are foundational. We expand the concept of critical thinking to include specific approaches, including **DESIGN THINKING**, **INTEGRATIVE THINKING**, **MODEL THINKING**, and **SYSTEMS THINKING**.

5

Generate Data-driven Insight.

Generate data-driven insight.

Data is only valuable if it can deliver insights and better decisions. Strategists have a role in adopting the best tools for collecting data, analyzing it, and communicating information.

Data is an increasingly important tool for making decisions across all industries. In many healthcare organizations, the ability to manage and analyze data is lacking. An opportunity exists to use data more convincingly to tell a compelling story.

Good strategy has long been grounded in historical data. As systems begin to contemplate new operating models alongside the deployment of new assets, these historical forecasting methods will be less useful. Healthcare organizations need to understand how new service and payment models will affect operations, particularly relative to

shifts in demand, changes in cost structure, and future revenue. In anticipation of these changes, strategists should make the shift to obtaining real-time data from diverse sources and building forward-looking predictive models. Predictive modeling is a nascent field that is garnering significant interest, particularly given its success in the 2012 presidential election. Deeper insight, coupled with information-rich visualization, makes data actionable.

A new kind of behavioral modeling acumen is also emerging that seeks to make insightful connections by combining clinical, financial, and lifestyle data. Strategists should seek to improve modeling by using new data sets seemingly unrelated to healthcare—such as social media activity, geo-located check-ins, or purchasing data—to make simple correlations that reveal health behavior and decision-making. The ability to translate a vast array of clinical data into outputs that are meaningful at a personal level is essential to successful population health management.

"Knowing your customer might just be the secret sauce. As long as we know our customers, we can devise a strategy."

— James Skogsbergh
President
Advocate Health Care
AHA Board of Trustees

Key Takeaways
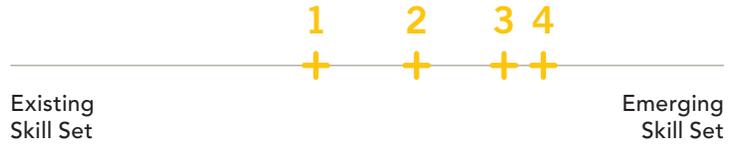
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1 + Everything Is a Story (Part 2)

Whether it's big data or small data, developing skills in analyzing data, visualizing it, and making novel connections between data sets will be an increasingly valuable skill. To make data insightful and actionable, strategists will need to make data memorable. Information overload is common in organizations today, and healthcare is no exception. Finding ways to cut through the noise and help people focus is critical. Recent studies examining how decisions are made suggest that humans draw on emotion first—far more than previously thought—and then use the logic center of the brain to reinforce or justify the initial inclination. As Stanford professor Jennifer Aaker argues, "When data and stories are used together, they resonate with audiences on both an emotional and intellectual level." [4]

"We certainly are data-driven. We've also learned not to overreact. You need to listen to what consumers are saying, and figure out what is a real issue and what is not."

— Laurie Schalow
Vice President Public Relations and
Corporate Social Responsibility
Yum! Brands, Inc.

2 + Data Visualization

Data is meant to enable better decision-making. Across industries, organizations covet deep analysis that is readily comprehensible and creates a broad base of understanding. Engaging data visualizations are a means to allow leaders to quickly zero-in on areas that need attention and to build consensus around direction. **PROCTER & GAMBLE** is a leader in the use of data visualization. Decision Cockpits, as they're called, are deployed to the desktops of nearly 50,000 employees worldwide, and draw on common metrics and standardized ways of presenting those metrics using visualization. This creates a unifying effect for the organization, particularly as managers move from one business unit to the next. In addition, P&G has created Business Spheres in many of its locations. Business Spheres are command centers of sorts, specially designed meeting rooms outfitted with large screens displaying real-time business intelligence data and staffed by analysts and visualization specialists. Organizational leaders use the Business Sphere environments to assess the current state of operations, understand market dynamics, and strategize about future opportunities.

3 + Source Non-traditional Data

Healthcare organizations have a wealth of demographic and medical information about patients, but know very little about their motivations. As healthcare transitions from episodic care to population health, it is more important to understand consumer behavior and decision making. Many healthcare organizations rely on consumer quantitative image and preference studies, but these methods do little to truly understand the consumer. The retail industry has developed sophisticated methods to capture consumer interactions across channels by combining internal tracking data with external consumer data sources. By having a clear picture of what consumers do in all facets of their life, inferences can be made to anticipate and influence future behavior.

4 + Predictive Analytics

Today's business analytic models largely draw on descriptive analytics that use historical data to generate summary-based insights. While valuable, descriptive analytics is of less value when the future is unlike the past. Instead of looking backward to ask what happened, progressive organizations are hungry to look forward in anticipation of what could happen next. Predictive analytics does just that by utilizing statistics, complex modeling, data mining, and machine learning techniques to make reasonable forecasts given the informed assumptions about the future. Predictive models can help to evaluate trends, predict outcomes, and anticipate future needs in a more robust and dynamic manner.

"Our biggest gap is not looking at healthcare from a consumer perspective."

— Tim Adams
Senior Vice President of Operations
Central Region, Tenet Healthcare

Present Focus

Future Focus

Present Focus	Future Focus
Historic data	Real-time data; Forward-looking models
Simple data sets	First-, second-, and third-party data
Episodic interactions	CRM (Customer Relationship Management)
Referral tracking	PRM (Physician Relationship Management); ERM (Employer Relationship Management); CRM
Databases	Predictive models
Reports	Real-time dashboards
Charts and graphs	Data visualization
Self-reported data	Monitored usage data
Individual customer	Social connections

Thought Provoker

Think

Over the years, **NETFLIX** has evolved into a streaming video service. Netflix developed its own entertainment genre taxonomy, identifying over 70,000 distinct sub-genres. This robust categorization combined with viewing patterns and compiled ratings enables Netflix to make idiosyncratic recommendations and predict the viewer's rating. Every interaction with subscribers generates data, allowing Netflix to develop unique insights about consumer preferences and viewing behaviors. These insights are regularly used to develop new entertainment content with a high assurance of commercial success, something the rest of the entertainment industry has not yet been able to emulate.

Thought Provoker

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Do

As you look at data about your market, what stories emerge? What characters, conflicts, and images come to mind as you consider specific data points?

→ Think about the current state of data analysis, insight, and communication in your organization. Make a list of barriers that prevent the use of data for informed decision making.

→ Make a list of touchpoints where customers interact with your organization. Identify as many data collection opportunities as you can for each touchpoint. Highlight the data points that are not currently captured or used for decision making.

→ Make a list of organizations or brands you personally interact with every week. Identify any interactions that influence health or could be useful in understanding consumer behavior.

→ List five ways these interactions and the resulting data could be used to create stronger consumer relationships.

Attributes, Skills, and Tools

TOOLS

SKILLS

TOOLS

Hadoop
R
Cloud computing

Data Science

ATTRIBUTES

ARTICULATE

INQUISITIVE

METHODICAL

PUNDIT

VISUAL

Programming

JavaScript
Python
R

Python
R
Cloud computing

Machine Learning

Visual Communication

D3
Dashboards
GIS
Tableau
Qlik

Claims data
Actuarial data
Deductive reasoning
Inductive reasoning
ESRI Tapestry data
Very granular
demographic data
Social media data

Inference

Statistics

Claims data
Actuarial data
ERM, PRM, CRM
ESRI Tapestry data
Very granular
demographic data
Social media data

Storytelling

Model Thinking

Dashboards

Market basket analysis
Monte Carlo simulation

Competency Survey Connections

The competency survey also highlighted several critical thinking skills, including **ANALYTICAL REASONING**, **DECISION MAKING**, **INDUCTIVE/DEDUCTIVE REASONING**, and **PROBLEM SOLVING**. In our view, these skills are foundational. Our research identified more specialized skill sets for working with data, including **DATA SCIENCE**, **PROGRAMMING**, **STATISTICS**, and **MACHINE LEARNING**.

It is important to note that healthcare organizations do not necessarily need to own these skills in-house. The role of the strategist is to understand what data are needed, what insights could be produced, how to build a story with data, and how to leverage the appropriate skill sets and tools to achieve the desired outcome.

In addition to the foundational **ORAL AND WRITTEN COMMUNICATION** skills identified by the competency study, **VISUAL COMMUNICATION** skills are needed to improve data comprehension. We also expand the notion of communication to include **STORYTELLING**, an essential thought process to make complex information understandable, memorable, and actionable.

TAKING ACTION

Consider ways in which *Bridging Worlds* can be a resource to drive change in your organization, and continue to explore the concepts uncovered in the report.

SOME IDEAS FOLLOW:

→ Work through "Thought Provoker" exercises for select implications covered in the report

→ Examine the attributes, skills, and tools for development opportunities for individuals and the organization

→ Discuss segments of the report during retreats with your teams, executive leaders, and/or trustees

→ Discuss the report with colleagues in strategic planning, marketing, PR & communications, physician relations, and business development

→ Share your suggestions, experiences and ideas about *Bridging Worlds* at: www.shsmd.org/BridgingWorldsSurvey

The electronic version of *Bridging Worlds* is available at no cost at www.shsmd.org/BridgingWorlds. To purchase additional print copies, or for information on related tools and upcoming resources, please contact SHSMD at shsmd@aha.org.

ET CETERA

The diagram on the following pages presents the attributes, skills, and tools from all five implications in a single view. Use this diagram as a roadmap for professional development by identifying your areas of interest as wells as any gaps in your current skills. The Glossary and Resource Guide that follows provides definitions and links to further explore these skills and tools.

The Seven Basic Plots

Pixar *Rules of Storytelling*

Geolocation

Touchpoint analysis

Answer "Why" first, then "What" and "How"

Personas

Sketch noting

Storyboards

Experience maps

Storyboards

Mind maps

Low-fidelity prototypes

Mind maps

Vignettes

Kano model

Vignettes

Sketch noting

| Experience Design | Storytelling | Rapid Prototyping |

**Tell Stories.
Create Experiences.**

ESRI Tapestry data

CRM / PRM

Geolocation

Ethnography

| Connect Needs to Segments |

Apply out-of-industry models

Ethnography

Structured interviews

| Design Thinking |

Scenario enactments

| Improvisation |

Gap analysis

2x2 matrix

Evaluation frameworks

Laddering

| Critical Thinking |

Directed ideation

Innovation

Low-fidelity prototypes

Oblique Strategies

| Design Thinking |

Ten Types of Innovation

Parametric modeling

| Integrative Thinking |

Lean Startup model

Agile development methodology

Oblique Strategies

| Pivot-ability |

Business case

Rules of engagement

Knowledge sharing platform

| Persuasion |

Business Model Canvas

Internal accelerator

Knowledge sharing platform

Mentoring

Rules of engagement

| Shepherding |

Process mapping

P3

Simulation

| Process Design |

Business case

Business Model Canvas

Crowdfunding

Internal accelerator

Microgrants

Lean Startup model

Business model generation

Ten Types of Innovation

| Entrepreneurship |

Be Nimble to Exceed the Rate of Change

Attributes, Skills, and Tools of the Future Strategist

CONTINUOUSLY LEARNING

RAPIDLY CONSUMES INFORMATION

COURAGEOUS

CURIOUS

MOXIE

PERSISTENT

RISK TOLERANT

| Design Thinking | Entrepreneurship | Model Thinking |

Ten Types of Innovation

Gap analysis

Claims data

Experience maps

Ten Types of Innovation

Actuarial data

Touchpoint analysis

Simulation

RO Disease Model

Retail purchase patterns

Generate Data-Driven Insight

Observation
Statistics
**Visual Communication**
Inference

Ethnography
Patient intercepts
Field guides

Claims data
Actuarial data
ERM, PRM, CRM
ESRI Tapestry data
Very granular demographic data
Social media data

D3
Dashboards
GIS
Tableau
Qlik

Claims data
Actuarial data
Deductive reasoning
Inductive reasoning
ESRI Tapestry data
Very granular demographic data
Social media data

Storytelling — Dashboards

Model Thinking — Market basket analysis, Monte Carlo simulation

Data Science — Hadoop, R, Cloud computing

Machine Learning — Python, R, Cloud computing

Programming — JavaScript, Python, R

Coalition Building — Diverse relationships, Networking, Shared goals

Facilitation — Mudslinging, Normative voting, Social currency

Socialization — Ideation platform, Knowledge sharing platform, Mudslinging, Social currency

Assemble Diverse Teams — Tenth person thinking, Learning styles inventory, Outside viewpoints

Reconcile Multiple Models — Bake-off, The pertinent negative, Safe forum for critique

Open Collaboration — Crowdfunding, Crowdsourcing

Integrate and Co-create

AWARE	ARTICULATE
CREATIVE	INQUISITIVE
EMPATHETIC	METHODICAL
EXPERIENTIAL	PUNDIT
IMAGINATIVE	VISUAL
RELATIONAL	
THOUGHTFUL	

COMFORT WITH AMBIGUITY
COMFORTABLE AMIDST CONFLICT
ENGENDERS TRUST
KNOWS WHEN TO INTRODUCE REALITY
RENAISSANCE MENTALITY
TEMPORARILY SUSPENDS JUDGMENT
AGENT OF CHANGE
TRANSPARENT

CHARISMATIC
CONNECTED
DEEPLY INFORMED
NEGOTIATOR
POLITICALLY SAVVY
PERSISTENT
PERSUASIVE
RIGOROUSLY HELPFUL

Erase Boundaries of Business

Integrative Thinking
Systems Thinking
Service Design
Urban Planning

Network theory
Non-planar design

Network theory
Non-planar design
Simulation

Gartner's "Hype Cycle"
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Consumer observation and ethnography
Geographic Information System (GIS)
Retail purchase patterns
Simulation

STRATEGIC INNOVATION PROCESS

This project used elements of discovery and qualitative research that blend design thinking and strategic thinking.

FRAME
Intentionally define the problem in order to solve the right problem.

Executed an environmental scan activity to understand the context of healthcare and then developed the central question for the project.

OBSERVE
Seek input from end users to understand the problem from their perspective.

Conducted 12 structured telephone interviews with strategy leaders, including 5 senior leaders within healthcare and 7 outside of the traditional industry. These leaders were selected by the SHSMD core team to represent a variety of organization types, industries, and professions.

CREATE
Generate ideas and synthesize them into insights.

Invited 20 innovative leaders to participate in a one-day ideation session using the SYNAPSE process. Intentionally designed and iterative activities pushed participants to re-imagine healthcare and the roles of strategists in the future. Insights from both the interviews and SYNAPSE event were synthesized to generate initial recommendations.

SPREAD
Utilize co-creation to pressure test concepts and garner a broader diversity of input.

Conducted five sounding board webinars with an additional 40 SHSMD members and 8 CEOs to solicit detailed feedback. This feedback informed the final work product.

Given the evolving changes in the healthcare environment and our desire to enhance the value we bring to the enterprise, how might we, as strategy professionals, re-imagine our work?

Low-fidelity Prototyping

Create and test prototypes, beginning on paper.

Rapid Iteration

Quickly develop, test, and improve concepts.

Ideas to Implementation

Ideas are not solutions until they are implemented in the real world.

Human-centered

The best solutions emerge from understanding the unarticulated needs of real-world end users.

Diversity of Thinking

Intentionally create a collision of experiences and thinking styles to develop the best ideas.

Adjacent Thinking

Explore problems through analogy, empathy, and imagination.

Alternate Divergent and Convergent

Deconstruct problems into components and re-assemble them in new and novel ways.

Glossary and Resource Guide

2X2 MATRIX: a simple, visual tool to analyze elements by scoring elements from low to high in two categories.

ACCELERATOR: a selective program for entrepreneurs that provides seed investment and intensive mentoring for a fixed period of time. The program culminates with a demo day pitch to potential investors. See entrepreneur. com/topic/accelerators.

ACTUARIAL DATA: demographic data used by insurance companies to assess risk.

AGILE SOFTWARE DEVELOPMENT METHODOLOGY: an approach to software development that focuses on collaboration, rapid iteration, and adaptive planning. See the Manifesto for Agile Software Development, agilemanifesto.org.

ANSWER "WHY" FIRST, THEN "WHAT" AND "HOW": see Simon Sinek's TED Talk *How great leaders inspire action*, ted.com/talks/simon_sinek_how_great_ leaders_inspire_action.

BAKE-OFF: a process of demonstrating, comparing, and evaluating two or more solutions to select the preferred option.

BUILD-MEASURE-LEARN LOOP: process advocated in *The Lean Startup* by Eric Ries to accelerate product development by actively seeking customer feedback. See the Lean Startup Process Diagram, theleanstartup. com/principles.

BUSINESS CASE: a justification for allocating resources to a project that communicates the business need and expected benefits.

BUSINESS MODEL CANVAS: a visual template proposed by Alexander Osterwalder that breaks down business models into nine components: Key Partners, Key Activities, Key Resources, Cost Structure, Value Propositions, Client Relationships, Customer Segments, Channels, and Revenue Streams. See businessmodelgeneration.com/canvas/bmc.

BUSINESS MODEL GENERATION: book and website by Alexander Osterwalder that outlines common business model patterns and provides guidance on developing new business models. See businessmodelgeneration. com.

CLOUD COMPUTING: an approach to deliver computing as an on-demand service rather than managing discrete hardware, software, and network components.

CRITICAL THINKING: a set of skills for evaluating and clarifying information.

CRM: Customer Relationship Management; a strategy, system, and analytic tool for developing and maintaining a relationship with customers.

CROWDFUNDING: a fundraising technique that pools the money of many individuals to achieve a goal. Supporters may receive product or service benefit in exchange for their financial support, but do have an equity stake.

CROWDSOURCING: the process of soliciting input from a large group of people, typically through an online presence.

D3: Data Driven Documents, an open source JavaScript library for creating data visualizations for the web. See d3js.org/.

DATA SCIENCE: "an emerging field that combines expertise from statistics and computer science to obtain, scrub, explore, model and interpret data"—Hilary Mason, Lead Scientist of bit.ly.

DEDUCTIVE REASONING: a set of logical rules for linking premise statements to conclusions; if the premises are true, the conclusions must be true.

DESIGN THINKING: a process for solving complex problems that encourages the consideration of human needs, creativity, and rapid iteration.

DIRECTED IDEATION: a form of idea generation that uses facilitated activities to guide participants toward a common purpose.

ERM: Employer Relationship Management; a strategy, system, and analytical tool for maintaining relationships with employers.

ESRI TAPESTRY DATA: a demographic data product from ESRI that shows changes in population growth, diversity, households, aging, and income as interactive map layers. See esri.com/data/esri_data/tapestry.

ETHNOGRAPHY: a social science that examines people and culture through observational research.

EXPERIENCE DESIGN: an emerging discipline that focuses on the human emotions attached to an interaction between a person and product or service.

EXPERIENCE MAPS: a timeline of interactions between a person and a product or service in the course of executing a task. Experience maps are used to identify gaps and painpoints in order to create a better customer experience. See the *Adaptive Path's Guide to Journey Mapping*, mappingexperiences.com.

FIELD GUIDE: a short document used by ethnographic researchers to inform and structure field observations.

FUNCTIONAL SPECIFICATION: documentation used in software development that describes how a system behaves, including inputs, processing, and outputs.

GAMIFICATION: the use of competition, status, and game elements outside the context of games, especially to engage and motivate users.

GAP ANALYSIS: a tool for critical thinking that compares an actual state to an ideal state.

GARTNER'S "HYPE CYCLE": a visual chart used by the IT research firm Gartner to evaluate the maturity and adoption of emerging technologies. The Hype Cycle consists of a Technology Trigger, Peak of Inflated Expectations, Trough of Disillusionment, Slope of Enlightenment, and Plateau of Productivity. See gartner.com/technology/research/methodologies/hype-cycle.jsp.

GEOLOCATION: technology to determine the real-world geographic position of a person or object.

GEOGRAPHIC INFORMATION SYSTEM (GIS): computer software to capture, store, analyze, and visualize geographical data, including spatial relationships, patterns, and trends.

HADOOP: a scalable open-source framework for the distributed processing of large data sets. See hadoop.apache.org.

IDEATION PLATFORM: a web application that combines elements of crowdsourcing and community to generate ideas.

INDUCTIVE REASONING: a form of reasoning that uses premises to build support for a conclusion; the conclusion is probable, but not certain.

INTEGRATIVE THINKING: a set of skills for making meaningful connections between unrelated elements.

JAVASCRIPT: a programming language commonly used in web browsers for interactivity, document manipulation, and communication.

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KANO MODEL: a theory and diagram developed by Professor Noriaki Kano to explain the relationship between product features and customer satisfaction. See "Leveraging the Kano Model for Optimal Results," uxmag.com/articles/leveraging-the-kano-model-for-optimal-results.

LADDERING: also abstraction laddering, a technique for making concepts more specific or more general in order to understand relationships and comparisons.

LEAN STARTUP MODEL: a set of principles for creating successful new businesses articulated by Eric Ries in the book *The Lean Startup*. The book advocates using a minimum viable product (MVP) to test and refine product offerings with real-world customers in order to have a higher certainty of success.

LOW FIDELITY PROTOTYPES: a method of refinement that uses the simplest, least expensive representation of a concept to solicit user feedback; effort is invested into improving the concept rather than the prototype.

MACHINE LEARNING: a specialized field of computer science that focuses on systems and algorithms that improve by learning. IBM's Watson is a well-known example of machine learning.

MARKET BASKET ANALYSIS: a data analysis technique for understanding buyer behavior by examining the relationship between products purchased together.

MICROGRANT: a microfinance practice of providing minimal funding to start a new income-generating project.

MICRO-MARKET: a small pocket of potential demand within a zip code.

MIND MAP: a visual method for capturing discrete information elements and the relationship between those elements.

MINIMUM VIABLE PRODUCT (MVP): a "version of a new product which allows a team to collect the maximum amount of validated learning about customers with the least effort." — Eric Ries [5]

MODEL THINKING: a set of skills for understanding real-world phenomenon by developing simplified representations.

MONTE CARLO SIMULATION: a simulation technique that uses iterative evaluation of random inputs and probability to evaluate possible outcomes.

MUDSLINGING: a socialization technique for gaining support by allowing participants to identify potential flaws and input for resolving those flaws.

NETWORK THEORY: a topic in computer science that studies relationships between connected nodes and their representation.

NON-PLANAR DESIGN: a branch of network theory that focuses on highly connected graphs.

NORMATIVE VOTING: a process for building consensus by allowing participants to use a limited number of votes to select the best ideas.

OBLIQUE STRATEGIES: a card deck produced by musician Brian Eno and artist Peter Schmidt that contains over 100 aphorisms intended to break through creative blockages by encouraging lateral thinking.

OPEN COLLABORATION: a philosophy for creating new products or services by engaging a large number of contributors and making the results readily accessible to all.

OPEN SOURCE: a software development model that makes the application source code available at no cost, with permission to modify the source code and redistribute under the same license terms.

PARAMETRIC MODELING: a discipline of architecture, engineering, and product design that uses adjustable input variables and computational algorithms to produce design concepts.

PATIENT INTERCEPTS: a research method that employs brief surveys of patients within the clinical environment.

PERSONA: a composite character created to represent the motivations, goals, and behaviors of a user segment.

PERSONALIZATION: aligning service offerings and messaging to the needs and context of an individual consumer, rather than addressing the consumer as a member of a larger group.

PERTINENT NEGATIVE: in medicine, symptoms that are conspicuously absent that helps guide diagnosis.

PIVOT: a "structured course correction designed to test a new fundamental hypothesis about the product, strategy, and engine of growth." — Eric Ries [5]

PIVOT-ABILITY: the capacity to adapt and change courses to pursue a new and potentially more lucrative direction.

PIXAR'S *RULES OF STORYTELLING*: a list of 22 rules tweeted by former Pixar employee Emma Coats and republished by Fast Company. See fastcocreate. com/3018559/pixars-22-rules-of-storytelling-visualized.

PRM: Physician Relationship Management; a strategy, system, and analytic tool for maintaining a relationship with physicians.

PROCESS DESIGN: intentional creation of workflows, roles, and technologies to efficiently deliver a product or service.

PROCESS MAPPING: a methodology for documenting the inputs, sequence of steps, actors, technologies, and outputs of a process for analysis and improvement.

PYTHON: an open-source general purpose, cross-platform programming language commonly used for scripting tasks, scientific computing, and data science. See python.org.

QLIK: a suite of applications for analytics, business intelligence, and data visualization. See qlik.com.

R: an open-source programming language and environment for statistical computing and producing graphics. See r-project.org.

R0 DISEASE MODEL: a numerical model for the rate of infection in epidemiology; this model has wide applications in marketing such as social media influence and net promoter score.

RULES OF ENGAGEMENT: a leadership directive that defines what is on the table for discussion and what is off limits.

SCENARIO ENACTMENTS: a method for testing processes and service model by having participants act out loosely scripted interactions.

SEGMENTATION: also market segmentation; using demographic data to identify subsets of consumers within a market.

SERVICE DESIGN: a multi-disciplinary approach to creating value by improving the interaction between customers and organizations. See thisisservicedesignthinking.com.

SKETCH NOTING: a visual form of note taking that combines graphical typography and illustration to improve comprehension and retention. See rohdesign. com/handbook.

SOCIAL CURRENCY: the sense of status and trustworthiness produced by social network participation, content creation, and user feedback.

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SOCIAL GRAPH: a representation of a person's social network relationships and their level of influence.

SOCIALIZATION: the use of informal communication with influential stakeholders to gauge their level of acceptance and support of new ideas.

STORYBOARDING: a process for organizing information and refining content by creating a sequence of simple illustrations.

STRUCTURED INTERVIEWS: a research method aimed at presenting each interview subject with the same questions to allow responses to be compared and evaluated.

SYSTEMS THINKING: a set of skills for understanding how components interrelate and create a larger whole.

TABLEAU: a suite of data visualization and business intelligence applications created by Tableau Software. See tableausoftware.com.

TEN TYPES OF INNOVATION: a framework for understanding innovation created by Adam Doblin in 1998. Doblin suggests that companies who integrate multiple types of innovation earn higher returns and are more difficult for competitors to imitate. See doblin.com/tentypes.

TENTH PERSON THINKING: intentionally using a devil's advocate to prevent flawed decisions by a group.

THE SEVEN BASIC PLOTS: a book by Christopher Booker that deconstructs storytelling into seven basic plots: Overcoming the Monster, Rags to Riches, The Quest, Voyage and Return, Comedy, Tragedy and Rebirth.

TOUCHPOINT: an interaction between a customer or user and a product, service, or brand.

TOUCHPOINT ANALYSIS: a method for improving customer experience by evaluating the interactions between an organization and its customers; a component of experience mapping.

URBAN PLANNING: the analysis and design of land use and infrastructure on an urban or regional scale.

VIGNETTE: a brief scene or single interaction.

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Endnotes

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