Management on the Mend: The executive guide to system transformation

John S. Toussaint, M.D.
CEO, Thedacare Center for Healthcare Value

Targeting Value, Spreading Change

THEDA CARE
CENTER FOR
HEALTHCARE VALUE

November 4, 2015

Customer Value

Management System
Leadership Behaviors

Integrated Human Development, Finance and Information Flow Systems

New Operations System
(Model cell experiments with subsequent comprehensive spread)

Scientific Problem-Solving System

Purpose, Values and Principles
Some of the Places We Studied the Transformation

- Palo Alto Medical Foundation
- Winona Health Services
- ThedaCare
- Salem Health
- Lehigh Valley Health Network
- Sick Kids Hospital
- Seattle Children’s Hospital
- MemorialCare
- Providence Little Company of Mary
- HealthEast
- University of Michigan Health System

Leadership Prework

- The first step in your prework is recognizing that change is necessary.
- Step two is admitting that you need to change. Not just your organization. You. You might only need to change a little. Most of us need to change a lot.
- If you pride yourself on your ability to make quick decisions and set people straight, your leadership style is going to need an overhaul. If you have decided that you can delegate the work of change to middle management, you need to adjust that, too.
The Leadership Prework

- True North Definition and Goal Setting
- Prioritizing Strategy and Deselection
Purpose, Values and Principles

CHEO’s 2015-16 KPIs

<table>
<thead>
<tr>
<th>Exceptional Patient Experience</th>
<th>Connected Care</th>
<th>Education, Innovation, Discovery</th>
<th>Responsible Stewards</th>
<th>One Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety First</td>
<td>Days Matter</td>
<td>Improvements Made</td>
<td>Time Found</td>
<td>Inspiring Workplace</td>
</tr>
<tr>
<td>Reducing and avoiding serious safety events for patients, staff and physicians.</td>
<td>Reducing wait lists and wait times because every day matters in the life of a child.</td>
<td>Big and small changes that help move our strategy forward.</td>
<td>Making the best use of each hour of our time.</td>
<td>Engaging our team to improve satisfaction.</td>
</tr>
<tr>
<td>Number of incidents of moderate or severe harm to patients and harm to employees / physicians divided by adjusted patient days.</td>
<td>The amount of time patients were saved from waiting for a service compared to previous year.</td>
<td>Number of completed CHEworks improvement tickets.</td>
<td>Number of worked hours saved due to improved productivity (worked hours per patient activity) compared to previous year.</td>
<td>Percent of staff and physicians that provide positive ratings to 6 questions most highly correlated to engagement.</td>
</tr>
</tbody>
</table>
Example of Core Values

- Courage to speak the truth
- Joy in our work
- Thirst for learning

Principles Drive Systems That Change Behavior

<table>
<thead>
<tr>
<th>Principle</th>
<th>System</th>
<th>Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value for the Customer</td>
<td>15 minute lab turnaround</td>
<td>Team members calmly discuss all results with the patient and set follow up appointment and treatment vs. frantically trying to reach patient over the phone afterward.</td>
</tr>
<tr>
<td>Constancy of Purpose</td>
<td>Deploy True North metrics</td>
<td>Frontline team understands and works on the right problems.</td>
</tr>
<tr>
<td>Think Systemically</td>
<td>Enterprise-wide value stream mapping</td>
<td>Team members work across “silos” to improve the patient experience.</td>
</tr>
</tbody>
</table>
# Principles Drive Systems That Change Behavior

<table>
<thead>
<tr>
<th>Principle</th>
<th>System</th>
<th>Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead with Humility</td>
<td>Leaders go to Gemba to ask questions and understand</td>
<td>Leaders act as students, coaches and mentors rather than command and control agents.</td>
</tr>
<tr>
<td>Respect Every Individual</td>
<td>Daily management system that supports frontline problem solving</td>
<td>Caregivers act proactively every day to avoid mistakes and patient flow problems.</td>
</tr>
<tr>
<td>Seek Perfection</td>
<td>Visually review and improve performance daily</td>
<td>Managers and caregivers work on today's problems today.</td>
</tr>
<tr>
<td>Embrace Scientific Thinking</td>
<td>PDSA thinking</td>
<td>Team members solve problems.</td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>Principle</th>
<th>System</th>
<th>Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assure Quality at the Source</td>
<td>Standard Work</td>
<td>Caregivers create standards of care.</td>
</tr>
<tr>
<td>Focus on Process</td>
<td>Staff identify design flaws in care processes</td>
<td>Leaders coach staff to see and remove waste which eliminates blame.</td>
</tr>
<tr>
<td>Flow and Pull Value</td>
<td>Patients can access care when they need it and want it without waiting</td>
<td>Team members focus on patient obstacles that get in the way of patients access to care.</td>
</tr>
</tbody>
</table>
The Model Cell

- The model cell must be focused on a business problem that is important to the organization.
- The model cell runs an inch wide and a mile deep. This means the scope of the project must be limited, usually to one unit or clinic, even though the ideas being tested are intended for the entire organization.
- Create an entirely new system based on standard work. The team will not be making tweaks or small adjustments to current processes. It will instead create new work processes and will use the scientific method to address any problems that arise.
- Tie the model cell work to True North. This means, of course, that True North must be established prior to starting the model cell.
- This work must involve senior leadership. If the work is not championed by a member of the executive leadership, you need to stop and reassess. The hand on the helm must be willing to change, as well.
Lehigh Valley ER Model Cell Results

- Avoided spending $18 million on a new facility while serving a growing population.
- Six months before implementation of the ER model cell in 2011, the Muhlenberg ED diverted ambulances to other hospitals - 50 hours each month. For 12 consecutive months after implementation there were zero diversion hours.
- The rapid assessment unit has maintained an average of 26 minutes between the time a patient arrives and sees a provider.
- Time-to-treatment has decreased by 30 minutes.

PAMF Model Cell

Co-location  Dyad Huddle  Agenda Setting  Grains of Sand

Anticipation  Warm Hand-off  Visual System  Rings of Defense
Spread

Purpose, Values and Principles

New Operations System
(Model cell experiments with subsequent comprehensive spread)

Scientific Problem-Solving System
The Framework of the Lean Central Office

• Teaching center for lean concepts
• Develop the health system’s existing and future leaders
• Facilitate lean activities
• A single improvement system
Lean Mindset: Leader Development

Goal:
• 3 (or more) OCMMC leaders achieve Lean Leader Certification in FY 15

Key Activities to Achieve:
• Coaches to help leaders achieve the competencies required for certification
• Lean fellow to educate candidates in the certification process and establish an anticipated date of completion

<table>
<thead>
<tr>
<th>Candidate Certified Lean Leader</th>
<th>LTT</th>
<th>FLT</th>
<th>Improvement Kata Comp's</th>
<th>Coaching Kata Comp's</th>
<th>Break through Comp's</th>
<th>Target Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Janet Moran Coach: Margarita De Jesus</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>COMPLETE</td>
</tr>
<tr>
<td>Debbie Tracy Coach: Dale Vital</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>.50</td>
<td>✓</td>
<td>March 2015</td>
</tr>
<tr>
<td>Lynn Redwater Coach: Dale Vital</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>June 2015</td>
</tr>
<tr>
<td>Sonia Farisar Coach: Emily Randle</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>June 2015</td>
</tr>
<tr>
<td>Michelle Gutierrez Coach: Dale Vital</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>FY 16</td>
</tr>
<tr>
<td>Joy Acosta Coach: Cindy Callaghan</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>FY 16</td>
</tr>
<tr>
<td>John Fenger Coach: Emily Randle</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>FY 16</td>
</tr>
<tr>
<td>Monetta Stockton Coach: Susan Romero</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>FY 16</td>
</tr>
<tr>
<td>Mojhan Ehtemam Coach: Cindy Callaghan</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>FY 16</td>
</tr>
<tr>
<td>Dr. Marino Coach: Emily Randle</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>FY 16</td>
</tr>
</tbody>
</table>
Purpose, Values and Principles

- Integrated Human Development, Finance and Information Flow Systems
- New Operations System
  (Model cell experiments with subsequent comprehensive spread)
- Scientific Problem-Solving System

Purpose, Values and Principles
People Development

- A commitment is made to every hire that they will not be laid off due to redesign of care processes
- Every job opening and all candidates for positions are posted
- HR uses standardized visual management boards
- Each candidate’s skills assessment progress is tracked visually
- A redeployment pool is established to retrain and/or find a replacement job
- Each manager and executive has three people being developed to take their job
- HR partners with the lean central office to develop leaders
Forecasting

• Forecasting is an estimate of likely future outcomes. It is where leaders think that the organization is heading, adjusted quarterly as new facts emerge.

• It is a far more accurate gauge of what will happen next quarter—what you will need in terms of resources and the amount of revenue you will likely pull in

• Winona Health uses a rolling forecast that shows four quarters in the past and six quarters into the future. The past is used to help extrapolate into the future. Winona has found that six quarters into the future is about as far as they can go while maintaining accuracy. The rolling forecast is updated quarterly.

• It requires literally thousand of hours less time to prepare
The Critical Work of a Forecast

- Determine the factors that actually drive the business
- Setting up standard work to collect and input those drivers on a regular basis.
- Data on every driver should autopopulate into the forecast and drivers must be reviewed and agreed upon.
- Drivers are the few forces that will make or break a business—such as nursing hours per patient day or number of surgeries per day.
What Drivers Are Not

- Drivers are **not** 7,000 lines of data as on the spreadsheets that make up a budget
- They are **not** assumptions based on little or no data
Lean Transformation
Management Mindset Change

“Managing a company by means of a monthly report is like trying to drive a car by watching the yellow line in the rear-view mirror”

-Myron Tribus

**SH Business Intelligence Mental Model**

**Standard Work**

**Technology**

**Standard Work**

**Inputs** to**MAGIC BOX** to**Outputs** to**Action**

**Process Metric**

**Outcome Metric**

User Story: **As an** X **I need** Y so I can Z

Inputs People/Process

Magic/Outputs Technology

Action People/Process

The heart of healing
Purpose, Values and Principles

Management System

Integrated Human Development, Finance and Information Flow Systems

New Operations System
(Model cell experiments with subsequent comprehensive spread)

Scientific Problem-Solving System

Purpose, Values and Principles
Management Roles

Status of the Business:
- Information
- Continuous Improvement
- Metrics
- Escalation

Strategy Goals
Purpose:
- Mentoring
- Teaching
- Barrier Removal
- Strategy
- True North

Level 1
Level 2
Level 3
Level 4
Level 5
Level 6
Level 7

How Does A Lean Leader Behave

Traditional Manager
Technical specialists solving problems using complex methods

Lean Manager
Everyone solving problems using simple methods

Source: Lean Enterprise Institute
How Does A Lean Leader Behave

Traditional Manager

Managers do not like problems

Lean Manager

Managers make problems visible

Source: Lean Enterprise Institute

Management by Process

• Andons
• A3 thinking
• Daily patient and business status sheet
• Daily performance-and-defect review huddle
• Unit-based leadership teams focused on achieving results
• Standard work for leaders and supervisors
• Standard work audits
• Visual progress tracking
Bad Stat Sheet

Good Stat Sheet
Purpose, Values and Principles

Integrated Human Development, Finance and Information Flow Systems

New Operations System
(Model cell experiments with subsequent comprehensive spread)

Scientific Problem-Solving System

Management System
Leadership Behaviors

EXHIBIT 2 White Coat Leadership Characteristics Versus Improvement Leadership Characteristics

<table>
<thead>
<tr>
<th>White Coat Leadership</th>
<th>Improvement Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exhibits an “all knowing” attitude</td>
<td>Demonstrates humility</td>
</tr>
<tr>
<td>Adopts an “in charge” posture</td>
<td>Exhibits curiosity</td>
</tr>
<tr>
<td>Demonstrates autocratic tendencies</td>
<td>Facilitates improvement efforts</td>
</tr>
<tr>
<td>Adopts a “buck stops here” approach</td>
<td>Teaches others</td>
</tr>
<tr>
<td>Shows impatience</td>
<td>Learns from others</td>
</tr>
<tr>
<td>Blames others</td>
<td>Communicates effectively</td>
</tr>
<tr>
<td>Controls others</td>
<td>Perseveres</td>
</tr>
</tbody>
</table>
This Presupposes We Will Work To Fix Two Barriers

- Medical Education that is still producing heroes
- Payment that is still rewarding waste