



## HEALTHCARE

# Change Healthcare Organizations From Good to Great

by **Glenn W. Bodinson**

**T**ransforming an organization from good to great is not easy. If it were easy, every organization would be great, and as we know, few are.

Most healthcare organizations are very good, but very good isn't good enough. We don't accept airlines being 99.99% accident free in their landings,

and we can't accept that in healthcare either.

The Institute of Medicine's *To Error Is Human*<sup>1</sup> report estimated as many as 98,000 people die in U. S. hospitals each year as a result of medical errors. The Centers for Disease Control and Prevention (CDC) has estimated for every person who dies from a hospital error or an infection, five to 10 others suffer a nonfatal infection.

The Institute estimated the cost of all these medical errors at over \$20 billion annually. "With approximately 33.3 million hospitalizations in the United States each year, that means as many as 88 people out of every 1,000 will suffer injury or illness, and perhaps six of them will die as a result."<sup>2</sup>

Healthcare safety expert Lucian Leape compares the risk of entering an American hospital to that of parachuting off a building or bridge.<sup>2</sup>

The costs and frequency of the unintended harm and unnecessary death are unacceptable. The good news is analysis of the consistent application of best practices demonstrates that if the best science based medical practices were consistently followed, 80 to 90% of these adverse events could be prevented.

### **Ventilator Caused Pneumonia**

Of hospital acquired infections, ventilator acquired pneumonia (VAP) is the leading cause of

## **In 50 Words Or Less**

- **Thousands of patients die from preventable medical errors each year, and many more are injured or infected.**
- **Leadership, culture and systems are key drivers for transferring best science into practice.**
- **Baldrige award recipients are among many proving the application of healthcare best practices saves lives and dollars.**

death and adds an estimated cost of \$40,000 to a typical hospital admission. It has been proven VAP can be virtually eliminated when four key evidence-based best practices, such as elevating the head of the bed, are consistently followed.<sup>3</sup>

Robert Wood Johnson University Hospital Hamilton's (RWJUH) results for hospital acquired infections, such as VAP and urinary tract infections, all demonstrate favorable downward trends since 2000. For example, VAP rates have decreased from approximately 10 per 1,000 days patients are on ventilators in 2000 to two per 1,000 device days in 2004. This exceeds the top 10% of organizations as reported by the National Nosocomial Infection Surveillance, a comparative database for hospital acquired infections.<sup>4</sup>

The national average for adverse drug events (ADEs) is two to eight per 1,000 doses. The McLeod Regional Medical Center located in South Carolina changed its culture from one of blame and shame to one focused on preventing errors. The center also used technology to change its system for ordering and medication reconciliation. The resulting rate of ADEs was less than one per 1,000 for the last half of 2004.

When medical best practices are followed in every healthcare organization, the savings in lives and money will be huge.

The Institute for Healthcare Improvement (IHI) has enrolled 2,500 hospitals in its campaign to avoid 100,000 deaths over an 18-month period starting Dec. 14, 2006, and every year thereafter. The participants have focused on six areas and defined these interventions to reduce harm and deaths:

- Deploy rapid response teams at the first sign of patient decline.
- Deliver reliable, evidence based care for acute myocardial infarction to prevent deaths from heart attacks.
- Prevent adverse drug events by implementing medication reconciliation.
- Prevent central line infection by implementing a series of interdependent, scientifically grounded steps called the central line bundle.
- Prevent surgical site infections by reliably

delivering the correct perioperative antibiotics at the proper time.

- Prevent VAP by implementing a series of interdependent, scientifically grounded steps including the ventilator bundle.<sup>6</sup>

Many of these are the same areas for improvement on which the Joint Commission on Accreditation of Healthcare Organizations is also focusing.

"When reliably implemented, these interventions will greatly reduce morbidity and mortality," according to the IHI.<sup>7</sup>

## Leadership, Culture and Systems

Implementing change is the challenge. Medical science knows what to do, but a knowing-doing gap is harming and killing patients. The solution to the challenge of consistent, prevention based implementation lies with three primary drivers: leadership, culture and systems.

What determines how great a healthcare organization will become is how well its leadership system creates a culture of excellence and safety, improves the enterprise system and effectively implements best practices.

First, two disclaimers:

1. The problem is not healthcare professionals. They are highly motivated to provide loving and compassionate care.
2. While parts of this article will focus on the benefits of using the Baldrige National Quality Program *Healthcare Criteria for Performance Excellence*,<sup>8</sup> not all organizations demonstrating their ability to dramatically improve clinical outcomes, sometimes by a factor of 10, are using the criteria. But, when I study what these organizations are doing, they appear to be applying the principles of performance excellence without formally calling it that.

The incentives for applying the criteria are evident and include:

- Providing the level of quality and safe care healthcare professionals and patients desire and demand.
- Reducing errors and near misses.
- Improving the work environment.



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- Saving money.
- Increasing patient satisfaction.

Even Medicare is adding its own incentives. In fiscal year 2006, hospitals that report quality data to Medicare will receive a 3.7% increase in inpatient payments compared to a 3.3% increase for those that do not report such data.<sup>9</sup> Insurance companies provide incentives by using quality data to make referral decisions that directly affect volume and revenue.

### Leaders Must Get on Board

From having worked with more than 300 organizations, it is clear to me the one predictor of how likely or how quickly an organization will make the transition from good to great is the quality of its leadership.

Senior leaders are the ones with the organizational and positional power to make performance excellence a success. They must set directions, create a patient focus, establish and communicate clear and visible values and set high expectations. Only leadership can focus the organizational culture on excellence.

Senior leaders also are the ones who see the enterprise as a whole and can best understand and balance the needs of all stakeholders. When it comes to performance excellence, leaders provide the sense of urgency, energy and resources to achieve major improvements.

A good starting point for senior, mid-level and unit leaders is to fill out a healthcare leadership system assessment (see Table 1); compare the results by level and organization to measure deployment, confirm strengths and identify gaps; then analyze where scores are significantly different and translate the feedback into prioritized action plans for improvement.

This assessment tool is based on observed best practices and guiding principles from the Baldrige healthcare criteria. It is designed to help leaders focus on identifying actions that, when implemented, will have the greatest impact on achieving performance excellence. Just as in good medicine, an initial diagnosis helps identify where you are today—your strengths to build on and areas for improvement.

Where leaders spend their time sends a clear sig-

nal to the organization about what is important. In his outstanding book packed with healthcare transformation best practices, *Hardwiring Excellence*, Quint Studer writes, "I tell CEOs all they have to do to have a successful hospital is to spend the same amount of time focusing on people, service, quality and growth as they already do in the financial area."<sup>10</sup>

The senior leadership team (administrative/operational and healthcare providers) creates the strategies, systems and methods for reaching performance excellence by stimulating innovation, building knowledge and capabilities and ensuring organizational sustainability. This team also develops capabilities and competencies that allow managers to execute the strategies and develop into the future leaders of the organization.

Bob VanGelder, director of business performance for the Tahoe Forest Hospital District in Nevada, once told me, "Some healthcare organizations confuse patient satisfaction (service) with clinical outcomes (quality). Both are critical for a great hospital, and the Health Care Criteria for Performance Excellence make a clear distinction."

Outstanding leaders compare their organization's performance against local competitors and the best in the country. Then they set and deploy stretch goals to create a sense of urgency. If the organization's performance is currently in the bottom 50%, then the leaders may set the first year goal to become top 50%, the second year goal top 25% and the third year top 10%.

These goals become harder to achieve as more and more organizations are getting on the improvement bandwagon. The issue is pace—how rapidly you are improving compared to the competition.

It is essential leaders align the organization's beliefs, values and behavior standards with the commitment to healthcare excellence and use recognition to reinforce the desired behaviors. In time the cultural values affect the mental models workers use when making behavioral choices in dealing with and caring for patients.

### Impact of Culture

Culture has a major impact on patients' experiences and clinical outcomes, and leaders are responsible for not only creating but also sustaining their

**TABLE 1**

**Healthcare Leadership System Assessment**

Organization:	Level:	Almost never	Sometimes	Frequently	Almost always	Always
1. The organization has a shared commitment to excellence and being a great healthcare organization.						
2. The culture and work environment support physicians, clinical staff, support personnel and management in their quest for excellence.						
3. Major decisions are guided by a clear vision, values and a plan that describes what the organization wants to be and how to get there.						
4. Goals exist at each level, and actions are linked to achieving our organization's vision and top objectives.						
5. All employees know the vision, values, top objectives and goals for the organization, their departments and their processes.						
6. Accountability for achieving our goals and getting results is clear at each level within the organization.						
7. Through their behavior, our senior leaders serve as role models in reinforcing the values and expectations.						
8. Leaders at all levels are accessible to patients, physicians and staff, building relationships that foster trust, confidence and loyalty.						
9. There is clear agreement among our leaders about what the top priorities are for profitable growth and performance improvement.						
10. Leaders at all levels have the necessary leadership skills and technical knowledge to achieve our organization's top goals.						
11. Our healthcare outcomes and service delivery are in at least the top 25% for comparable facilities.						
12. Our healthcare processes and support processes work together as an effective and efficient system.						
13. Our patient safety culture makes it safe for staff to find and talk about near misses so processes can be changed to eliminate the possibility of future adverse outcomes.						
14. We have an effective system for preventing medical errors or service disappointments and for recovering from mistakes affecting our patients when errors do occur.						
15. Our staff has easy access to the information and equipment they need to do their jobs safely and efficiently.						
16. We have established work practices that fully utilize, empower and satisfy our employees.						
17. Sufficient resources, training, support and time are provided to make improvement projects and activities successful.						
18. Progress in completing improvement goals is systematically reviewed, and healthy feedback and coaching are provided.						
19. Improvement opportunities are successfully implemented and sustained over time.						
20. Planned continuous improvement (vs. firefighting) is the norm within our organization.						
21. Accomplishments are celebrated, recognized and/or rewarded.						



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organization's high performance culture.

Most Baldrige recipients talk about how great their people are. Part of what makes them great contributors to the organization's excellence is the high performance culture leaders have built over time. It is a safe, nurturing and learning culture that supports appropriate behavior choices. It helps retain patient caregivers, which improves patient satisfaction, increases referrals and thereby improves financial performance.

An important point here is that culture is hard for competitors to duplicate, so it's a major competitive advantage in healthcare.

When receiving the Malcolm Baldrige National Quality Award in 2004, Christy Stephenson, president and CEO of RWJUH, declared, "Our people are what have made our organization successful, because it is the passion and the commitment of every one of our 1,800 employees that have transformed our hospital."

Stephenson was describing the benefit of the hospital's investment in an excellence culture. RWJUH is a role model for the use of its reward and recognition systems to reinforce the behaviors that provide patients with great service and clinical outcomes.

A prevention based culture helps staff see risks, errors and near misses and then learn from them. In working with performance excellence principles, leaders come to understand a culture that penalizes a discussion of errors or potential errors dooms itself to repeating those situations—putting patients at risk and wasting time and dollars on people working around errors.

At Presbyterian Hospital in Plano, TX, leadership has implemented a program called "safe choices." By designing safe systems, managing behavioral choices and creating a learning culture, they are working to create an open, fair and just culture that helps them see, understand and mitigate the risks within their facility.

### **Don't Blame, but Fix the System**

People want to do their best. According to Donald M. Berwick, MD, CEO of IHI (paraphrasing quality guru W. Edwards Deming), in an organization "the problems come from poor systems ... not bad people."<sup>11</sup>

If you pit a good performer against a bad system, the system will win almost every time. We spend too much time fixing people who are not broken and not enough time fixing organizational systems that are broken. If it is true your systems are perfectly designed for the results you are getting, you have to change the system to improve the healthcare results. Only leadership has the power and responsibility to change the systems.

To achieve performance excellence, it's critical that processes work together to optimize the system as a whole rather than to optimize the separate pieces. In a healthcare organization, everything is connected: patient experience, clinical results, staff satisfaction, reward systems, organizational structure and financial performance.

In an organization that achieves performance excellence, systems are well ordered, repeatable and use data and information for improved learning opportunities through evaluation, improvement and sharing. Great systems are designed to support organizationwide goals and help integrate plans, processes, information, resource decisions, actions, results and analyses so they function as an interconnected unit.

Senior leaders are the ones who encourage the development of an organizational roadmap that goes across departmental boundaries so everyone understands his or her place and how to get things done and can facilitate the removal of roadblocks that waste resources and frustrate staff.

Innovative approaches are available to help organizations take a systems approach. For example, with 4th Generation Six Sigma I recommend a proactive systems approach to preventing problems. It begins by working at the enterprise level to remove waste and chances for errors by integrating processes, because most problems happen at the handoff between the processes.

A systems approach has also proven successful in assuring the best clinical outcomes. At 2003 Baldrige award recipient Saint Luke's Hospital of Kansas City, MO, multidisciplinary care teams work with patients to design "care pathways." The teams have also developed 134 clinical pathways for high volume, high cost diagnoses to standardize care and reduce variation in treatment. The pathways are now applied to about 60% of Saint Luke's patients.

# Technology, Support Processes and Excellence

Innovations in medical technology are occurring at an accelerating pace. Recently, Sudhir Srivastava, M.D., of the Alliance Hospital in Odessa, TX, successfully completed the world's first totally endoscopic triple vessel coronary artery bypass through only five fingertip-size openings instead of slicing open the chest and splitting the sternum.

Minimally invasive cardiac surgery reduces trauma to the body and postoperative pain, lowers the risk of infection and results in a shorter hospital stay, faster recovery and minimal scarring.

Another example of technology innovation is the application of voice recognition software. Ted Wen, M.D., of the Presbyterian Hospital of Plano, TX, recently told me, "We have reduced the cycle time from when a radiology image is read until the report is sent to the ordering physician from two hours using the dictation method to five minutes using voice recognition software. The advantage is the patients can receive treatment sooner, and often that can make a big difference in the clinical outcomes."

## Food Service

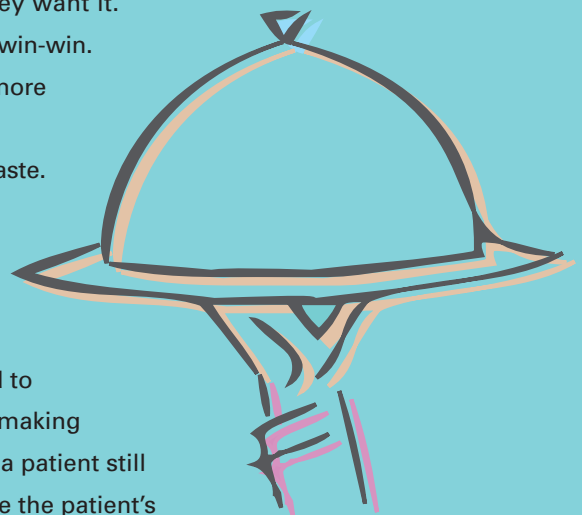
Improving food service, a support process, can have a big positive impact on multiple performance measures.

The same hospital also introduced five-star dining. A patient can order food similar to ordering room service in a hotel—what they want when they want it.

The prepared to order food arrives within 30 to 45 minutes. It is a real win-win. Patient satisfaction has increased by 20%, and food costs savings were more than 10%.

The old method of preparing and serving food in mass led to much waste. Food got cold and wasn't eaten when it arrived at predetermined times—when a patient wasn't hungry or was out of the room for a test. The reduction in wasted food more than offset the increased cost of delivery.

There is an additional health benefit for heart patients who are asked to change their eating habits. Dieticians can monitor whether a patient is making health choices and give more food selection coaching when needed. If a patient still refuses to change eating habits, the doctor is notified and might change the patient's medication level.





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### Step Up the Pace

The Baldrige criteria ask about healthcare processes, support processes and innovation. The examiners look for the use of best practices in the application and during a site visit.

In today's competitive environment, Baldrige award recipients and others that have chosen performance excellence are reaping the benefits of financial stability, staff retention, prevention based culture, safe and quality care, and a compassionate, ethical environment where staff, patients and physicians thrive.

A good example is RWJUH (see "Baldrige—Just What the Doctor Ordered," p. 69, in the October issue of *QP*). Over the past five years, it

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has been New Jersey's fastest growing hospital and has steadily improved its market share while its closest competitor's share has remained the same or declined.

Great leaders have learned applying the Baldrige criteria help them focus, prioritize, integrate and align their improvement initiatives to accomplish the results that matter most. Without this, suboptimization is likely to occur.

In 2005, 33 healthcare organizations applied for the Baldrige award, making healthcare the fastest growing segment. The sector accounted for more than 50% of this year's applicants.<sup>12</sup>

Planning cannot succeed if goals remain at the senior management level. Instead, they must be deployed and aligned throughout all levels of the organization to improve the culture, processes and performance.

St. Louis based SSM Healthcare, a 2002 Baldrige recipient, developed one tool and best practice called the "passport" to ensure goals are aligned throughout the organization (see "Rx for Excellence," p. 42, in the April 2003 issue of *QP*). This pocket size tool is preprinted with the SSM mission and values, and employees list their individual goals, which align with department and facility goals.

The tool ensures alignment of the goals for the organization, department and individual. It is signed by both the employee and the manager and provides a line of sight from the individual employee to the SSM mission.

Another tool is the performance excellence board. As measurements indicate goals have been accomplished, these posters can be used to communicate this information to the organization and make success visible. Progress can also be publicized in newsletters and via an intranet, and individuals and groups should be praised for their accomplishments in person.

Achieving results is a strong motivator to continue the effort and instills pride in individuals and their workplace.

### Ensure Greatness

Every organization has the potential to achieve performance excellence, and there are several ways to get started:

- A good first step is to learn about the Baldrige healthcare criteria, which are based on world-class practices and provide a model for integrating clinical and business processes to drive performance excellence throughout the organization. This enables organizations to improve productivity and profitability while increasing patient and employee satisfaction.
- Conducting an annual assessment using the healthcare criteria is an excellent way to measure your pace of improvement.

David Spong, who retired after leading two Baldrige recipient divisions of Boeing, recently told me, "Performing our annual assessment to the *Criteria for Performance Excellence* is like giving your organization its annual physical. It can identify the organizational equivalent of silent killers like high blood pressure, diabetes

or cancer. It helps you identify the issues that may not be visible and are hurting your organization's performance and ensures that you work on the highest impact improvement initiatives!"

- The outside view is invaluable, but the view from the inside is equally important. Although, at first, it may seem the answers to the assessment questions are common knowledge to all, you will find there is often a wide range of perception and understanding within the organization.
- One of the best places to learn about best practices and how to transform any organization is the Baldrige National Quality Program's annual Quest for Excellence Conference held each April in Washington, DC. With 33 healthcare applicants for the Baldrige award this year, I would bet there will be at least one recipient from which you can learn.
- Even if you can't come to the Quest conference, your organization can learn how the four Baldrige healthcare recipients to date have saved lives and money, the processes used and the results accomplished by analyzing their application summaries. These powerful case studies can be found on the Baldrige program website.<sup>13</sup> For example, you can learn 19 sources for comparative and competitive data just by studying the RWJUH application summary.
- For those wanting to receive valuable feedback from a team of examiners, preparing a Baldrige or state performance excellence award application and becoming a state award examiner can be very helpful. An article I wrote for *QP* describes a step-by-step process for accomplishing this.<sup>14</sup>

It is an exciting time to be working in and with healthcare in America. The evolution of healthcare performance improvement is shifting from an evolution to a revolution. In today's competitive environment, it's not enough to be good. Patients, staff, partners and communities expect excellence. Now it is time for healthcare organizations to deliver.

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