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The Baldridge Foundation Institute for Performance Excellence

Presents:

The Leadership Challenge: Managing & Innovating Through Change

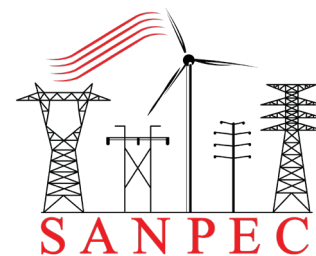
February 21, 2023



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Opening Remarks/Agenda

Introduction	Al Faber, President & CEO, Baldrige Foundation
Facilitator	Roger Spoelman, DBA, MBA Senior Advisor - Strategy, Leadership, and Innovation Co-Host, Baldrige Foundation Leader Dialogue Program
Panelists	John Raffoul DPA, FACHE – President, Adventist Health White Memorial 2019 Recipient of the Malcolm Baldrige National Quality Award Charles (Chuck) Peck MD, FACS – Co-Host, Baldrige Foundation Leader Dialogue Program Darin Vercillo, MD - Co-Founder and Chief Medical Officer ABOUT Healthcare Ben Sawyer, MBA, PT, OCS, LBB – VP, Transformation Engineering, ABOUT Healthcare
Audience Questions	Moderator – Al Faber
Closing	Al Faber Remarks

Background & Discussion Agenda

Background

Over the past year, the LeaderDialogue team has discussed with leaders across the healthcare spectrum the **Leadership Challenge of Managing and Innovating Through Change** during our podcasts and events. Some leaders are helping people re-energize as their engagement teams hit the wall. Others have been working to rebuild patient trust and loyalty to come back to their facilities while preparing their organizations to meet a new level of customer service and demand. Still others are innovating. They are the pioneers. They are venturing into unexplored territory in order to move their organizations forward and cast a new vision as to what healthcare can be and should become. Today, we're going to discuss the insights and learnings from those leaders.

Discussion Agenda

Following the Leader Dialogue *What, So What, and Now What* format, today's discussion track will proceed as follows:

1. What

- What were some of the hot topics being discussed in the Summer and Fall of 2019? What happened to those issues? Did they go away?
- If a magic "do over" or reset button was available to leaders, knowing what we know now, would we have led differently? What would we have spent time and attention on?

2. So What

- What can leaders do today to make up for lost ground? What questions should they be asking themselves and their teams? What should be at the top of today's leadership agenda?
- What are the ingredients of effective innovation? What does successful innovation look like? How can organizations do both – innovate and effectively manage change at the same time?

3. Now What

- Health Systems need to carefully consider the answers to the above questions. They should then deliberate as to the right go forward approach considering the following:
 - i. What's the best way for us to signal and implement a return to the basics of market focused healthcare leadership?
 - ii. How can we recapture, inspire, and cultivate competence and character as the foundation of organizational leadership?

WHAT?

What were some of the hot topics being discussed in the Summer and Fall of 2019?
What happened to those issues? Did they go away?



Hot Topics: Consumerism

What are Consumers Prioritizing? Is this still True?

1. Taking proactive control of their health

- Focusing on their health and wellness needs

2. Convenience, accessibility, and quality

Difficulty contacting the office is the **#1 roadblock** to acquisition

84% of patients would change their mind about seeing a provider rated less than 4 stars

3. Holistic wellness and mental health are rising in importance

- 35% of consumers want to improve their overall well-being

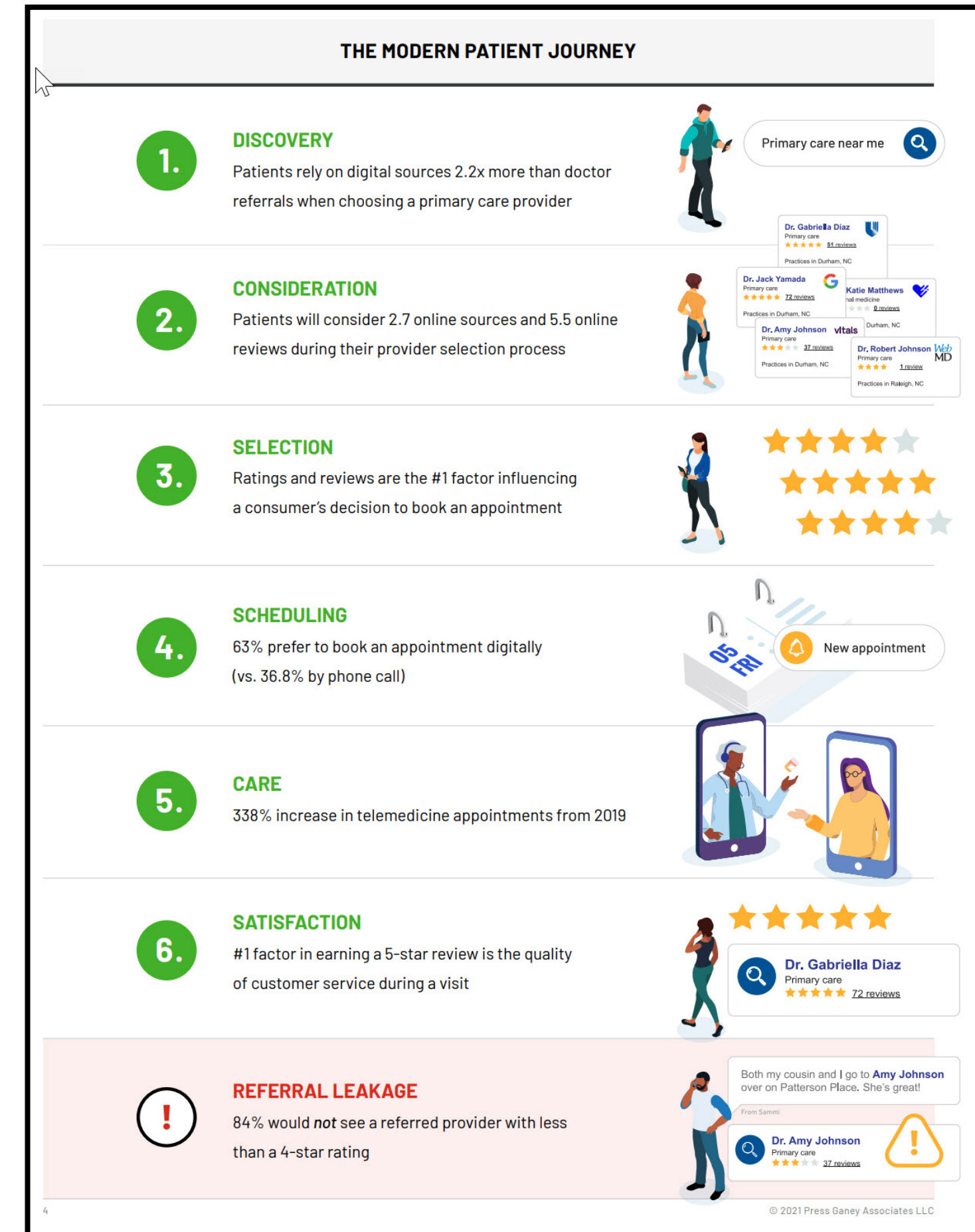
4. Digital access and technology are essential differentiators

- Digital front door capabilities, telemedicine, specialized services, wearables, etc.

5. Expanded choices and service options are expected

- Consumers expect a broad array of services and products available when and where they want them

Sources: Press Ganey & Clarkston Consulting



Hot Topics: Equity & Social Determinants of Health (SDOH)

Partnering with the Existing Infrastructure of Community-Based organizations (CBOs) to Address SDOH's

▶ Social determinants of health (SDoH) are the conditions in which people are born, grow, work, live, and age¹

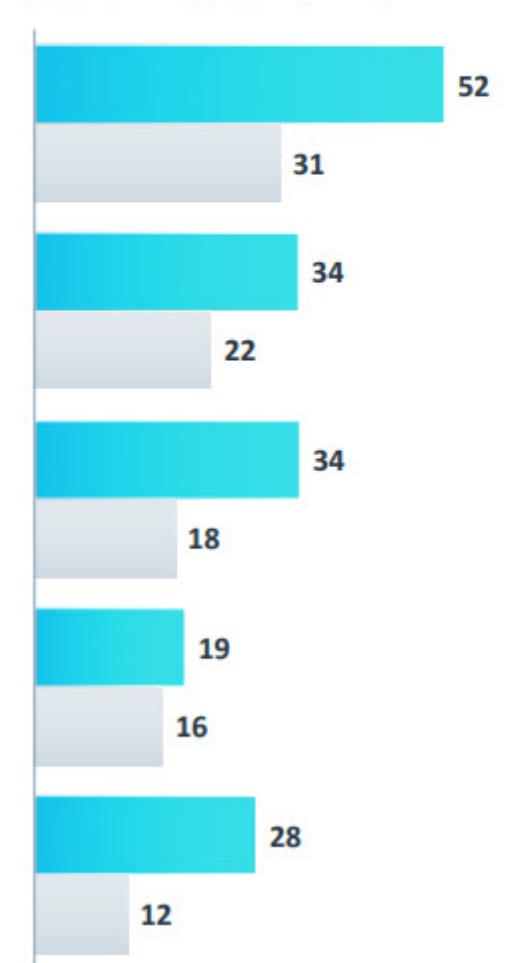
▶ Survey respondents reporting higher inpatient or ER utilization were more likely to report unmet social needs



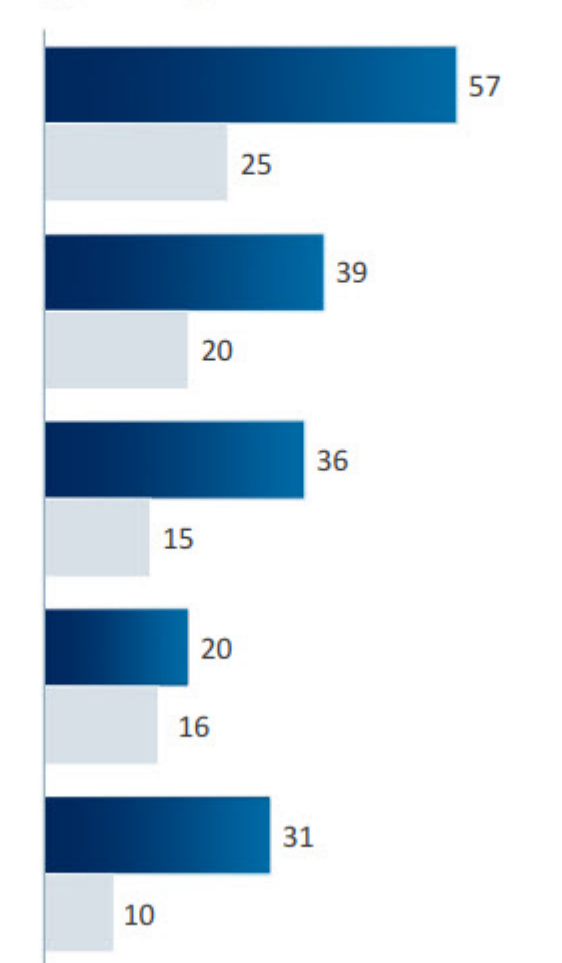
of surveyed respondents are adversely impacted by at least 1 of these SDOH, meaning they have an unmet social need²



% of respondents with IP utilization reporting unmet social needs



% of respondents with ER utilization reporting unmet social needs



Compared to those whose social need is met...

- Respondents reporting **food insecurity** are **2.4x** as likely to report multiple ER visits and **2.0x** as likely to report an IP visit over a 12-month period
- Respondents reporting unmet **transportation needs** are **2.6x** as likely to report multiple ER visits and **2.2x** as likely to report an IP visit over a 12-month period
- Respondents reporting unmet **community safety needs** are **3.2x** as likely to report multiple ER visits over a 12-month period

¹ As defined by the World Health Organization

² Survey also included questions regarding income, employment, and education as these are often underlying factors of the social needs highlighted in these analyses. See methodology for how unmet social needs are defined for these analyses

Hot Topics: Emerging Players

There was expansion of Payviders and Disruptive Non-Traditional Providers. Is this still underway?



Rapid Expansion of Disruptive Non-Traditional Providers

Growing number of Payvider Joint Ventures, Consolidations, and Shared Risk Offerings

Clarify: What is a Payvider?



Hot Topics: Command Centers

Centralized Management of Core Functions: 4 Types

1. Incident Response Center

- Activated when needed in case of emergencies, ranging from severe weather events to mass casualty events

2. Security Operations Center

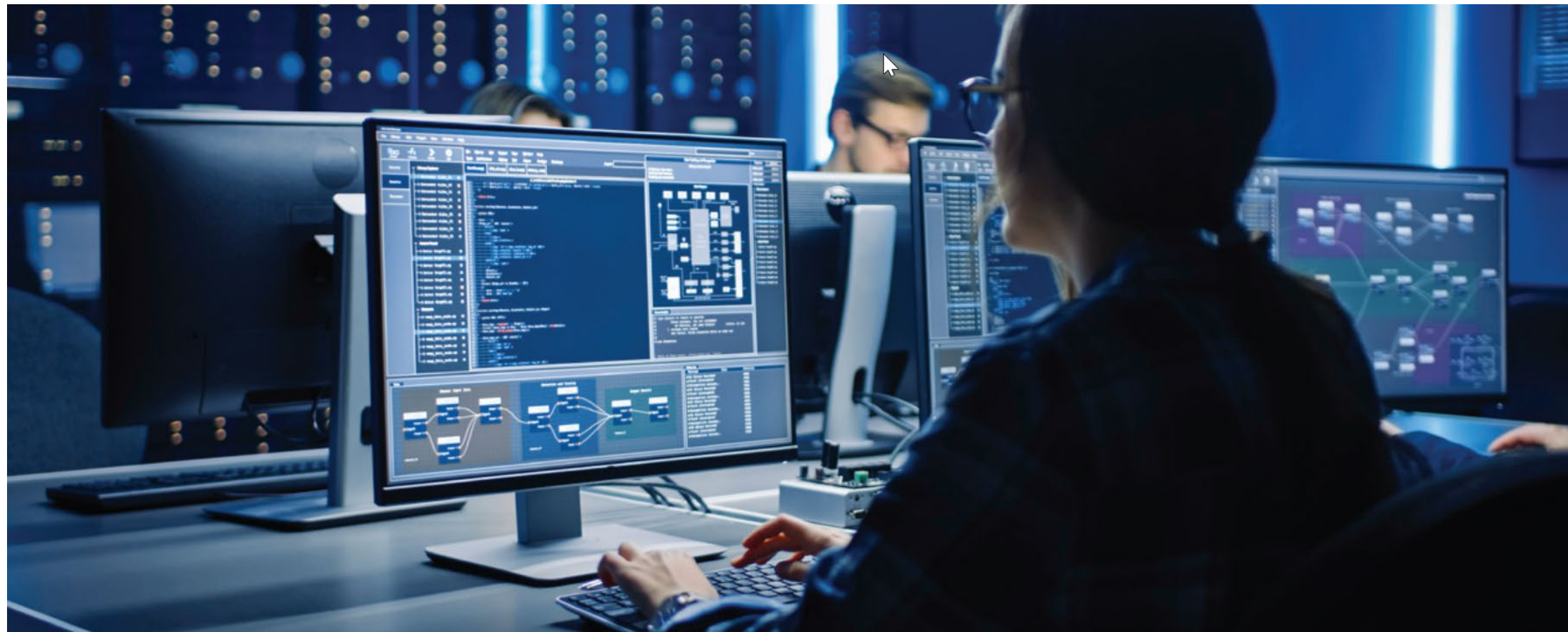
- Performs surveillance as well as integrated services around threat detection and alarm management response

3. Facility/Building Operations Center

- Building management, fire, medical gas, asset management system, real-time location systems, and even nurse call systems have been integrated into facility command centers

4. Capacity Management Center

- Typically focused on bed management, bed turns, patient transportation to and from services, patient care hand-offs, and discharge coordination



Sources: Press Ganey & Clarkston Consulting

WHAT?

If a magic “do over” or reset button was available to leaders, knowing what we know now, would we have led differently? What would we have spent time and attention on?

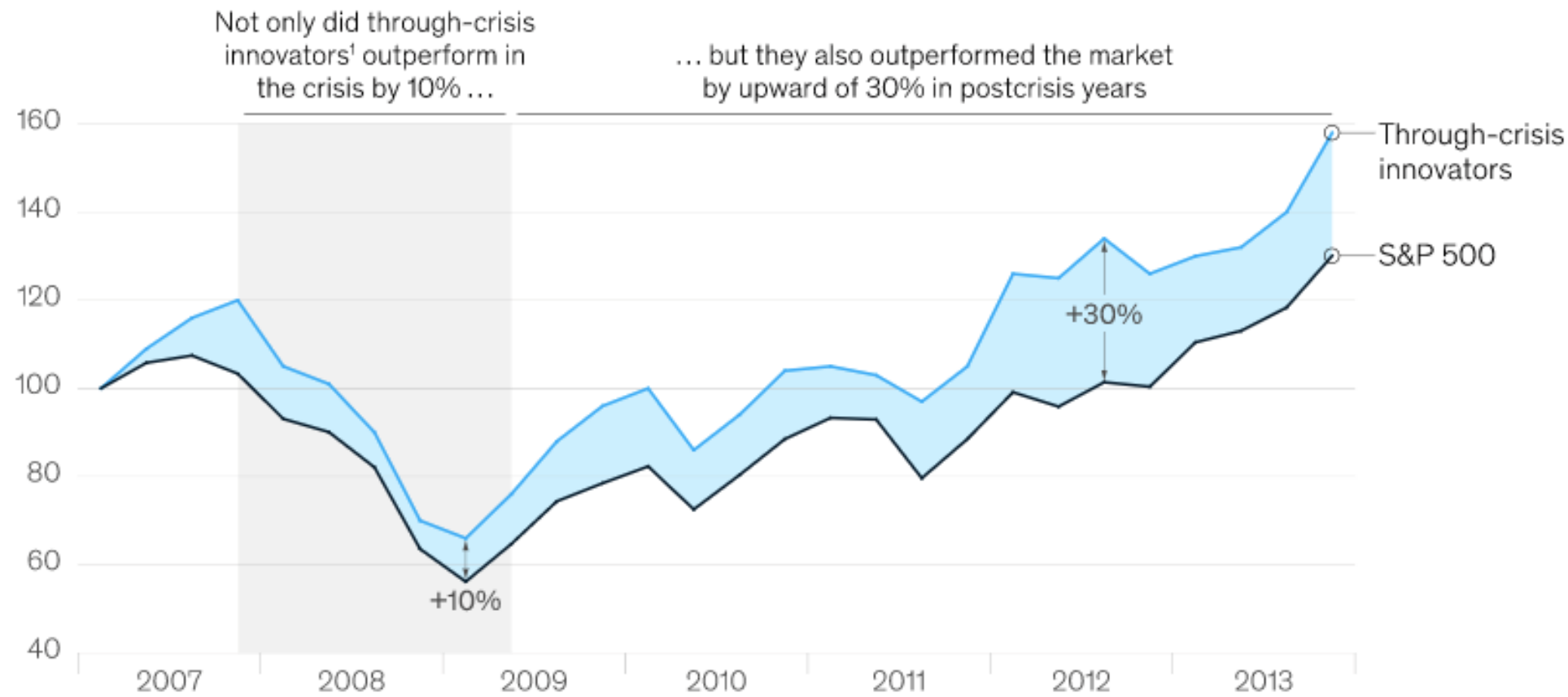


Would We Have Prioritized Innovation More?

Historical and Survey Response Significance

History suggests that companies that invest in innovation through a crisis outperform peers during the recovery.

Normalized market capitalization, index (Q1 2007 = 100)

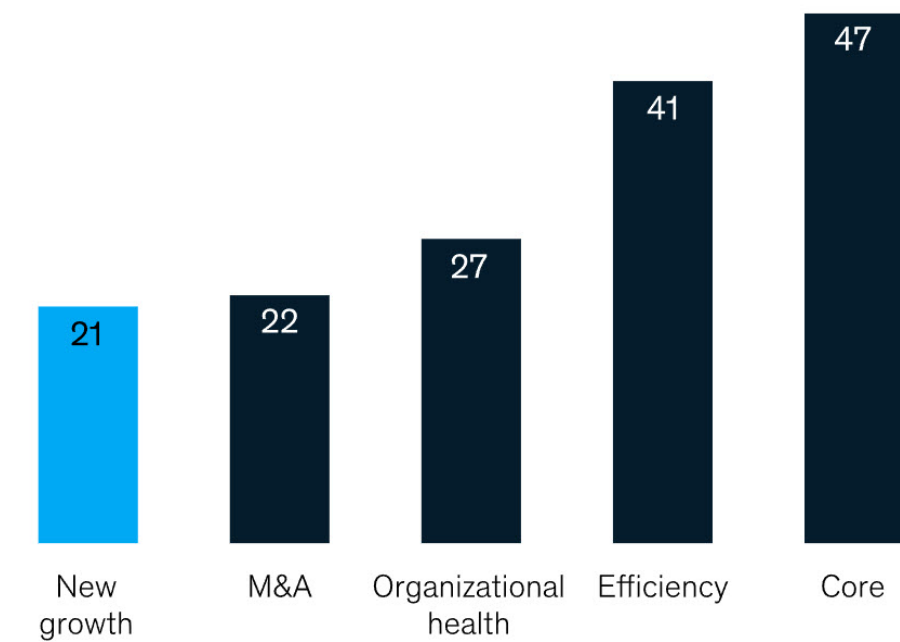


*Identified as companies on the *Fast Company* World's 50 Most Innovative Companies list for ≥2 years through a crisis, normalized to 2007.



Few executives however feel confident that they are prepared to capture new growth opportunities

Share of executives who strongly agree that they have the expertise, resources, and commitment to carry out the following actions successfully



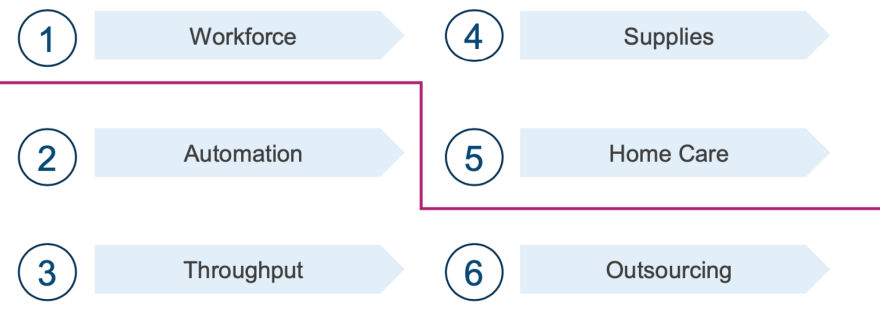
Source: McKinsey Innovation through Crisis Survey, April 2020

Feedback from the Field

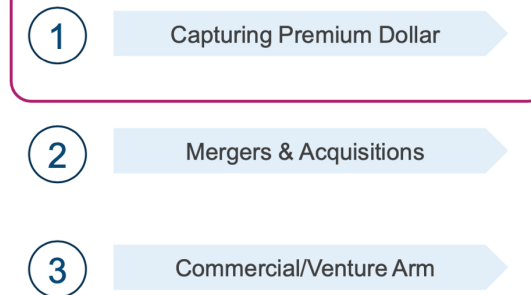
Where to Focus Innovation Efforts?

Balancing Cost Containment with Investments to Diversify Revenue

I. Cost Management Strategies



II. Revenue Diversification



Common Factors Driving LHS Budget and Investment Decisions



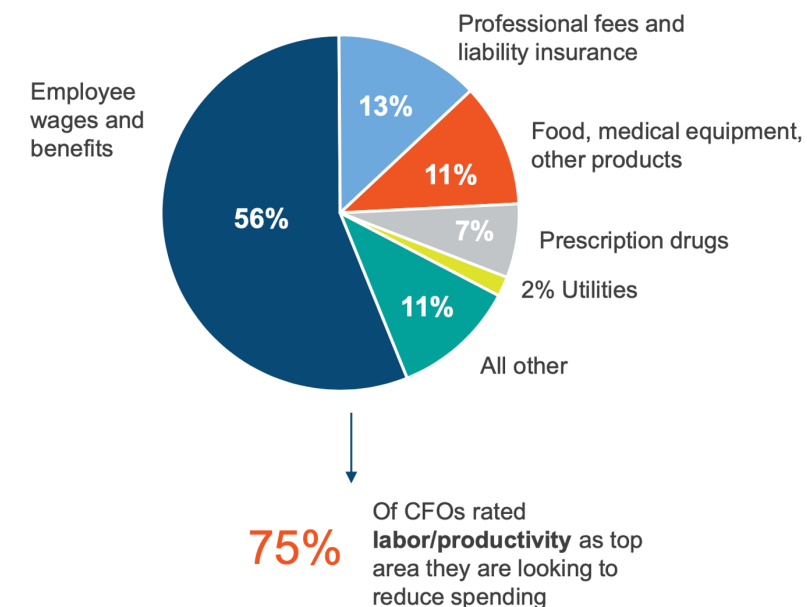
Source: Academy research and analysis.

Biggest Cost Challenges Tied to Biggest Budget Item

Labor and Ops Efficiency Present Greatest Opportunities to Drive Cost Savings

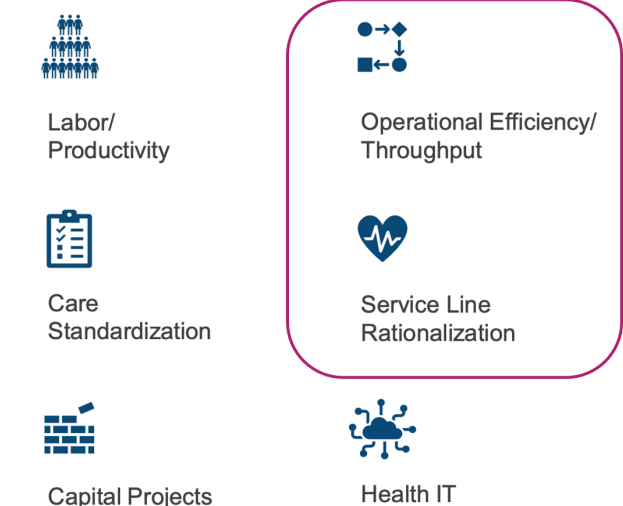
Unpacking the Typical Hospital's Operating Budget

Academy 2022 CFO Survey



Areas Where LHS Have the Most Difficulty Reaching Cost Containment Goals

Academy 2022 CFO Survey



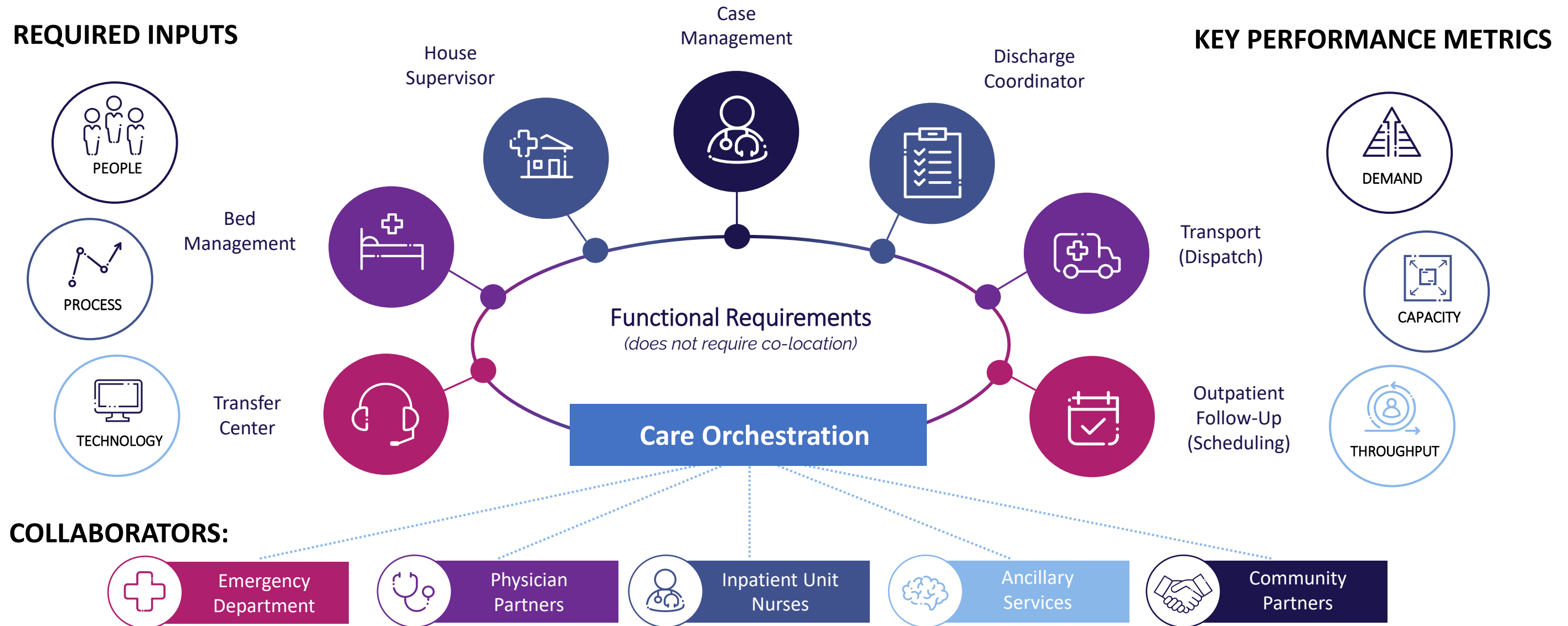
Source: Academy research and analysis.

- *Fitch's new outlook warns that the nonprofit sector will likely require transformational changes to offset short- and long-term pressures. For example, health systems will need to become efficient and effective in managing transitions of care within the rapidly expanding care setting environment given increased consumer choices.*

Source: Health Management Academy. Advisory IQ.

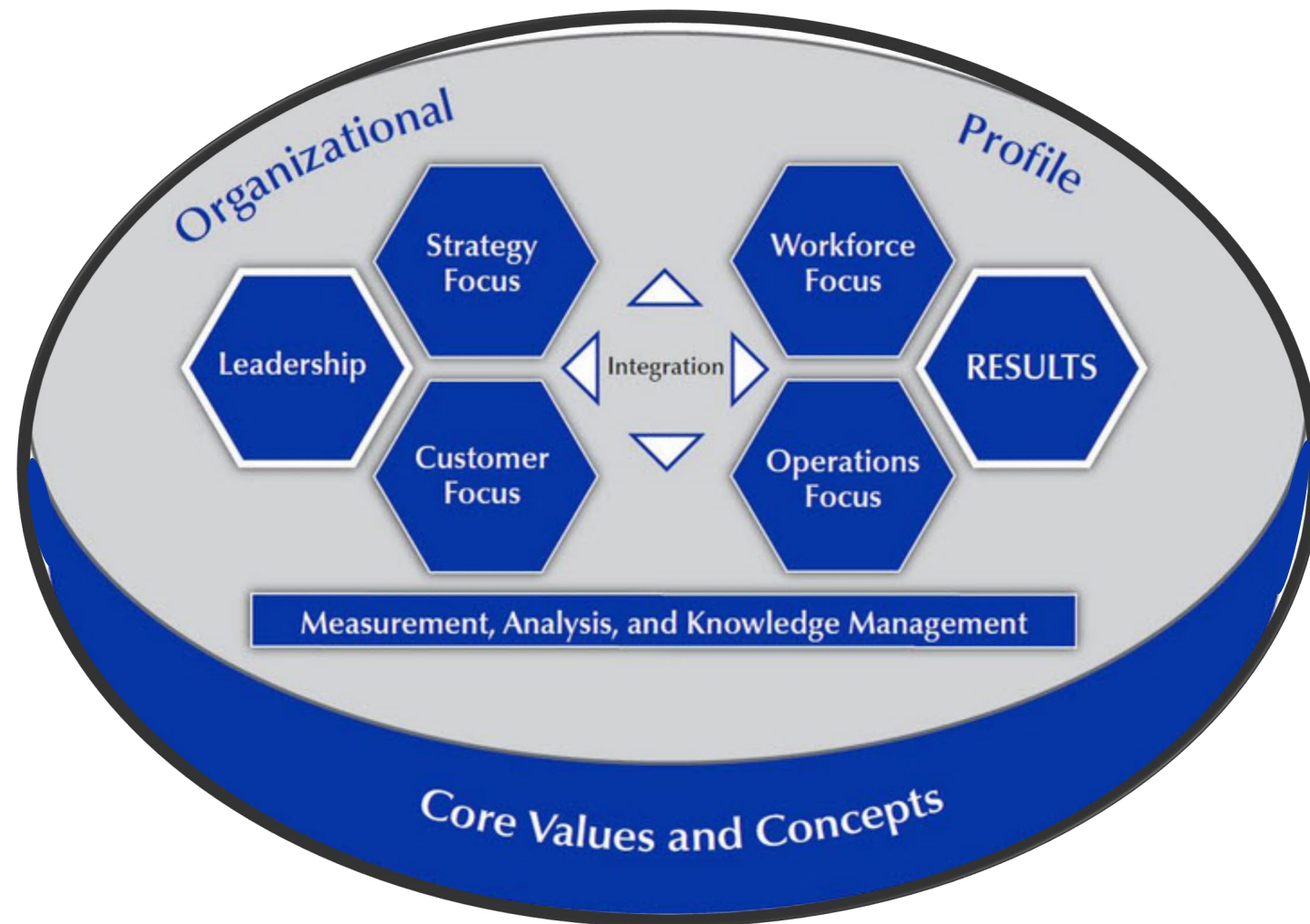
Maturing the Command Center

Comprehensive Care Orchestration & Management of the Transitions of Care



Baldrige Performance Guidance

Seven Categories to Consider



Category 1: LEADERSHIP

Category 2: STRATEGY

Category 3: CUSTOMERS

Category 4: MEASUREMENT, ANALYSIS, & KNOWLEDGE MANAGEMENT

Category 5: WORKFORCE

Category 6: OPERATIONS

Category 7: RESULTS

Baldrige Core Values and Concepts

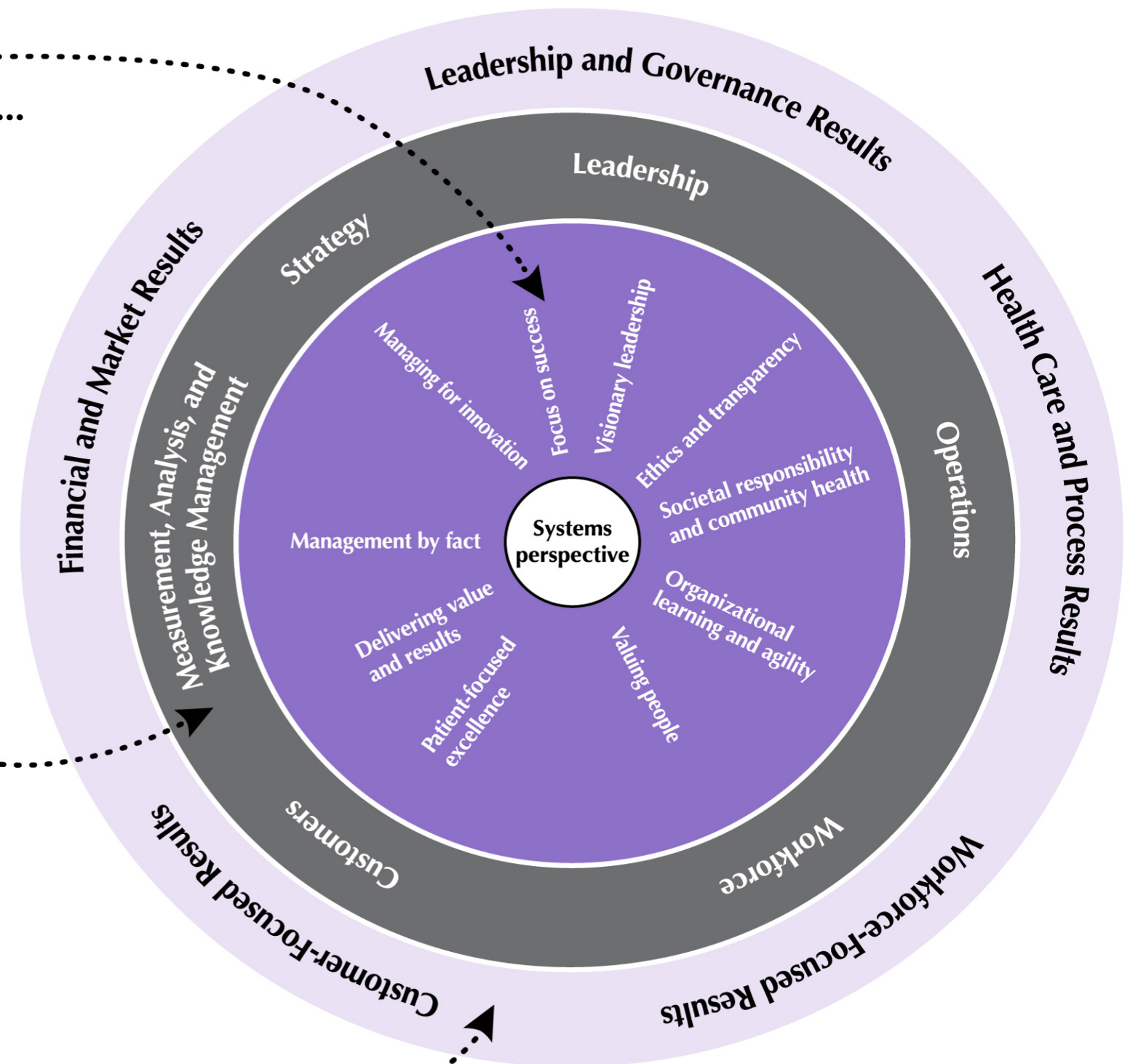
1. Systems Perspective
2. **Visionary Leadership**
3. Patient Focused Excellence
4. Valuing People
5. Organizational Learning and Agility
6. Focus on Success
7. **Managing for Innovation**
8. Management by Fact
9. Societal Responsibility and Community Health
10. Ethics and Transparency
11. **Delivering Value and Results**

The Role of Core Values and Concepts

The Baldrige Health Care Criteria build on **core values and concepts...**

which are embedded in **systematic processes...**
(Criteria categories 1–6)

yielding **performance results**
(Criteria category 7).



From Baldrige Performance Excellence Program. 2015. *2015–2016 Baldrige Excellence Framework: A Systems Approach to Improving Your Organization's Performance (Health Care)*. Gaithersburg, MD: U.S. Department of Commerce, National Institute of Standards and Technology. <http://www.nisi.gov/baldrige>.



SO WHAT?

What can leaders do today to make up for lost ground? What questions should they be asking themselves and their teams? What should be at the top of today's leadership agenda?

Practical Considerations

Questions to Ask: Prioritize or Deprioritize Innovation?

Prioritize Innovation?

1. Adapt the core to meet shifting consumer demands
2. Identify and quickly address new areas of opportunity being created by the changing landscape
3. Re-evaluate the innovation initiative portfolio and ensure resources are allocated appropriately
4. Build the foundation for growth in order to be competitive in the post-crisis recovery period

Deprioritize Innovation?

1. Shore up the core business
2. Pursue known opportunity spaces
3. Conserve cash and minimize risk
4. Wait until there is more clarity



McKinsey & Company Article (June 17, 2020). Innovation in a crisis: Why it is more critical than ever.

SO WHAT?

What are the ingredients of effective innovation? What does successful innovation look like? How can organizations do both – innovate and effectively manage change at the same time?

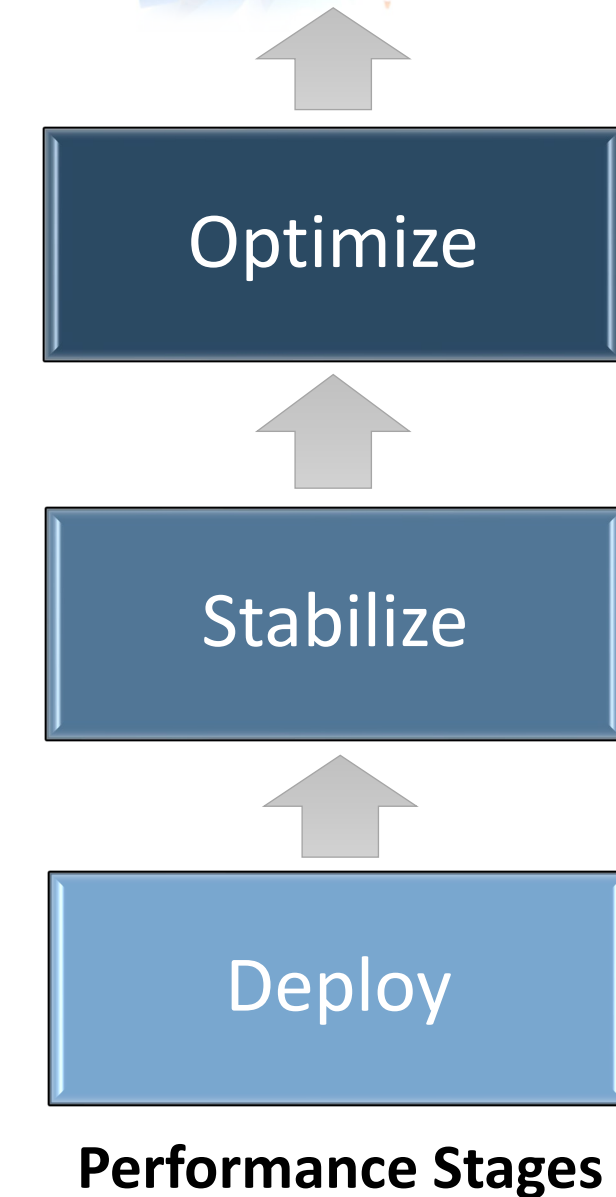
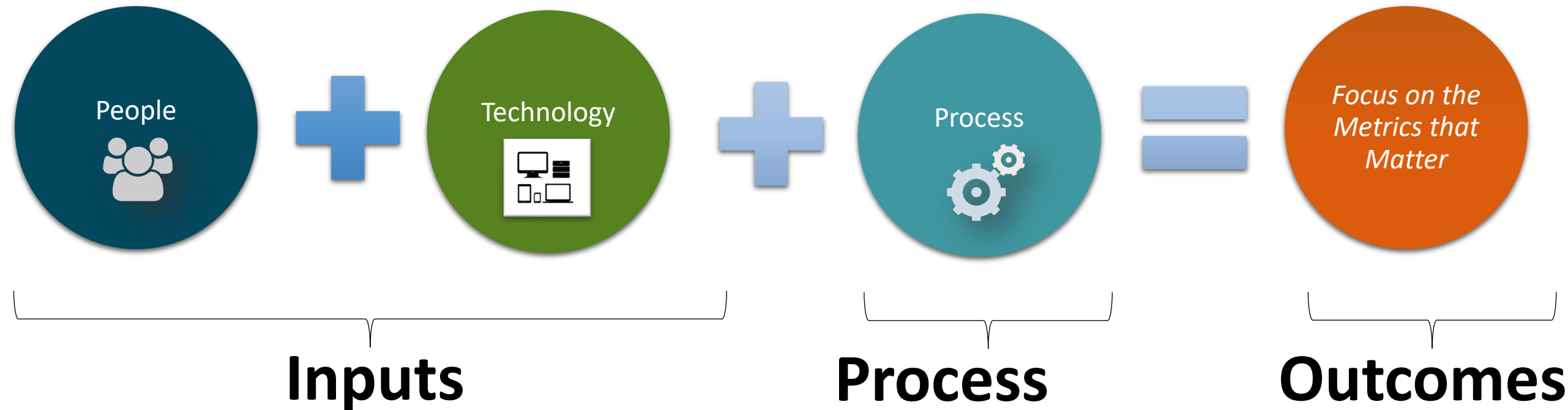
INNOVATION:

Baldrige Guidance

- Innovation means making **meaningful change** to improve your organization's health care services, programs, processes, operations, health care delivery model, use of technology, and business model, with the **purpose of creating new value for stakeholders**.
- Innovation should **lead** your organization to new dimensions of performance.
- Innovation requires a supportive environment, a **process** for identifying strategic opportunities, and the pursuit of intelligent risks.
- **Innovation** and **continuous incremental improvement** are different, but complementary concepts. Successful organizations use both approaches to improve performance.

Innovation Basics: Begin with the End in View

Balance Inputs & Process to Drive Differentiated Outcomes



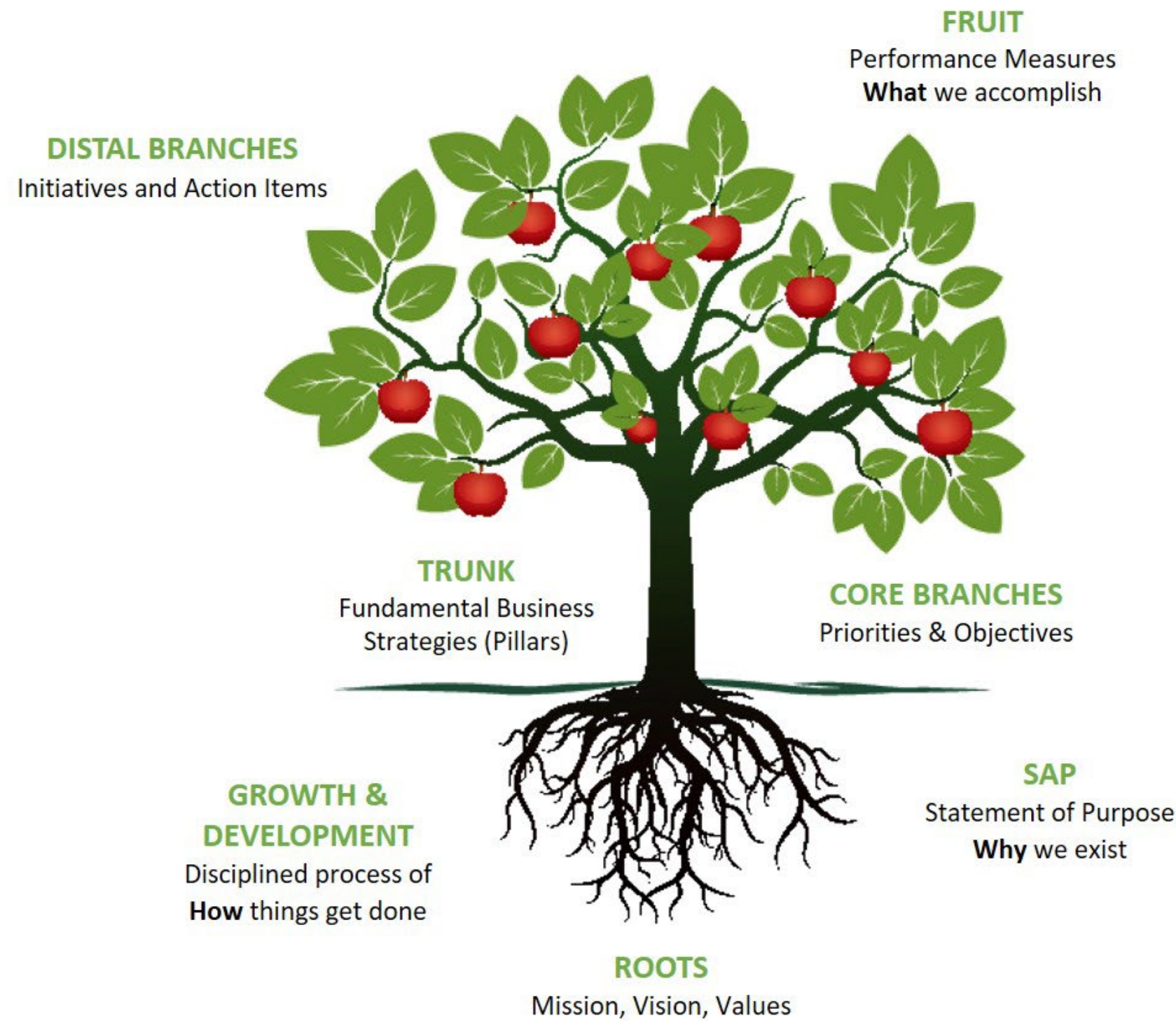
NOW WHAT?

Health Systems need to carefully consider the answers to the previous questions. They should then deliberate as to the right go forward approach considering the following:

- What's the best way for us to signal and implement a return to the basics of market focused healthcare leadership?
- How can we recapture, inspire, and cultivate competence and character as the foundation of organizational leadership?



Healthy Operating System



Cascading Scorecard Structure



Panelist Questions and Discussion



John Raffoul MPA, FACHE
President, Adventist Health
White Memorial. Recipient of the 2019
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Co-Host, Baldrige Foundation
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Ben Sawyer, MBA, PT, OCS, LBB
VP, Transformation Engineering
ABOUT Healthcare



Darin Vercillo, MD
Co-Founder & Chief Medical Officer
ABOUT Healthcare



Al Faber
President and CEO
Baldrige Foundation
(Moderator)





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