

Chapter 1 In a Few Words . . .

Reaching Excellence is a handbook for healthcare management professionals. *Excellence* means simultaneous high patient satisfaction, high associate satisfaction, strong earnings, and high quality of care. A growing number of American healthcare organizations (HCOs) have documented excellence. They all use the same management approach. They pay careful attention to a welcoming environment, continuous improvement of work processes, and a supportive culture. These make their organizations great places to work. Their loyal associates have the tools and the motivation to delight their customers and provide excellent care.

High performing HCOs use objective measures extensively. They use rewards of all kinds generously. A “pretty good” HCO on the journey to excellence can see gains in year two, and substantial gains in year three.

Reaching Excellence is organized around the questions arising in real HCOs and is backed by the highly regarded text, *The Well-Managed Healthcare Organization*, 7th edition. The knowledge and skill in *Reaching Excellence* is the professional portfolio of healthcare management.

CHAPTER 1

Introduction: What Is an Excellent Healthcare Organization?

Is This Your HCO?

You like your job, and the people you work with, but sometimes it's frustrating:

- It's hard to find the money for new equipment.
- Unpredictable absenteeism sometimes overworks the remaining staff.
- There's good quality overall, but a few patients don't get what they could.
- Patients like the hospital, but they don't always check the "top box."

That's the "pretty good" healthcare organization—doing well but could be better.

Reaching Excellence will tell you how to get better. This short chapter tells you what the model is, and how to start. Believe it or not, when you implement this model, you'll like your job even more.

What to Do Next?

Senior management and a few leaders on the board and medical staff buy the concept, “We’re good, but we could be better.” What should you do next?

Your coach says:

What’s needed is a snowball process that gets more and more people thinking about the concept. The recommended way to do it is called the “visioning exercise.” Set up a special board/staff visioning committee. The board chair or the CEO might like to chair, but any senior leader can do it. The committee’s charge is to review the organization’s mission, vision, and values and revise them as necessary to expand understanding and consensus on what brings us together. It spins off sub-committees for various constituencies, so that panels from each constituency get to say what they’d like, and what they think current strengths and opportunities are. The committee pulls all this together—it’s not as hard as it looks—and recommends a revised mission, vision, and values to the board. When the board accepts them, they are widely publicized and frequently referenced. They become real, not window dressing. The gain is not so much the wording as the learning. A whole lot of people grasp what the HCO’s mission really is, and why.

Let’s say you run a “pretty good” healthcare organization (HCO) and you want to make it better. *Reaching Excellence* can be your handbook. It summarizes what each “mission critical” activity must do if the whole is to succeed. It answers the “Frequently Recurring Questions” that arise as the activity strives for excellence in fulfilling its purpose. HCOs are not simple. There are a lot of activities that are essential to the whole. The core questions for the major activities, and the corresponding chapters, are listed on the next page.

All these activities must be performed effectively as a whole. Little failures can cause big problems in HCOs. Personnel shortages,

<i>Chapter</i>	<i>Topic</i>	<i>Core Question</i>
1	Beginnings	What is “excellence”?
2	Cultural Foundations	What are the climate and lifestyle of excellent HCOs?
3	Operational Foundations	What is the high performance “way we do things here?”
4	Governance	How does the board set realistic standards and goals?
5	Clinical Care	How do we approach patient care?
6	Medical Staff	How do we help every doctor be a great doctor?
7	Nursing	How can we be “a great place to give care”?
8	Clinical Support Services	What is excellence in labs, pharmacy, emergency department, etc.?
9	Community Health	Can our HCO build a healthier community?
10	Knowledge Management	What is the plan for information and learning?
11	Human Resources Management	How do we select, train, support, and develop our associates?
12	Environment of Care	How can we be sure our HCO is always safe, comfortable, and effective?
13	Finance	How do we earn surplus and invest it wisely?
14	Internal Consulting	How do we analyze opportunities and improve performance?
15	Marketing and Strategy	How do we make sure the HCO meets the real market needs?

misleading instructions, parking problems, communications break-downs, supply and equipment failures, and other problems create stress, and stress is the enemy of excellence.

WHAT IS EXCELLENCE?

Excellence for HCOs is high quality of care, high patient and associate satisfaction, and strong earnings. As shown in Exhibit 1.1, excellence is an ongoing process, a journey, not a destination. The journey builds a welcoming environment and sound work processes, giving well-trained associates a supportive environment that keeps them loyal and productive. It leads to a solid customer base and solid finances. The management challenge is how to sustain the loop, day in and day out. Excellent HCOs have solved that challenge.

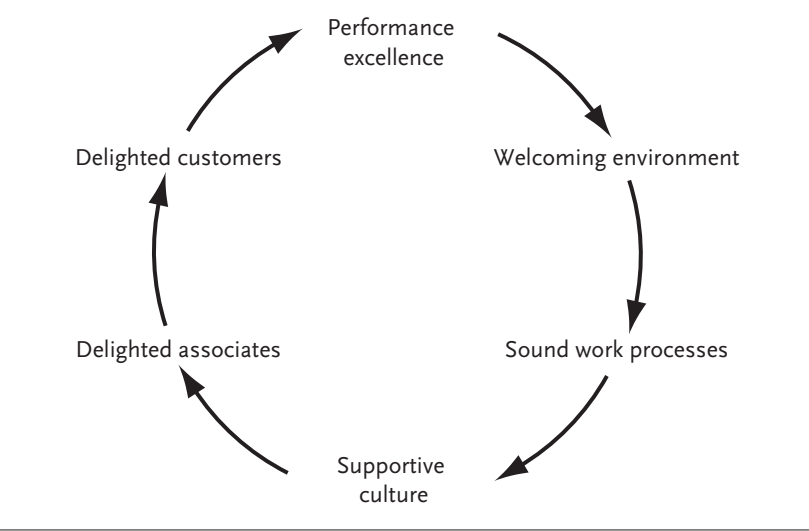
In excellent HCOs the caregiving teams, doctors, nurses, and other associates delight their patients and are delighted themselves because the system works. Questions get answered. There are few or no personnel shortages. The equipment is up-to-date. The supplies are at hand. The building is comfortable. Team associates stay, and ongoing training makes them more effective. The teams improve quality, cut costs, and increase throughput. The result is excellent financial performance, and the gains are shared with the associates. In the words of one excellent HCO, St. Luke's of Kansas City, associates think it's the "best place to give care," and patients think it's "the best place to get care."¹

Excellence is evidence-based. It's factual, not guesswork. When excellent HCOs say a customer is "delighted," they mean the customer checked the top box on the satisfaction survey. They measure all the elements—equipment age, supplies turnover, building safety and comfort, staff turnover, staff development, costs, throughput, quality, and more. For every measure, there's a current goal. For every goal, there's a team looking not just at the current goal but at the ultimate goal, the benchmark, the best.

Excellence is rewards-based. Smiles, hugs, high fives, celebrations, recognition, and cash are rewards for goal achievement.

¹St. Luke's Health System, Kansas City, MO. [Online information; retrieved 6/15/09.] www.saintlukeshealthsystem.org/slhs/System/Saint_Lukes_Health_System/hp%5Bc%5D.htm.

Exhibit 1.1 Process of Excellence



The goals are realistic. Progress is closely monitored, and management responds with help when problems are encountered. As a result, the goals are almost always met. Excellent HCOs are forward-looking—tomorrow’s goals, not yesterday’s problems.

CAN ALL HCOS BECOME EXCELLENT?

The count of documented excellent HCOs, places that can produce the numbers, is in the hundreds and growing. They include the recipients of the Malcolm Baldrige National Quality Award and other HCOs or systems that have been studied in depth. They cover a variety of settings, from Sharp HealthCare in San Diego to critical access hospitals in the Midwest. Collectively, they provide a broad spectrum of care, from traditional independent physician practice, through medical groups, ambulatory care centers, hospitals, rehab centers, home care, continuing care, and hospices. They exist in big cities and rural areas, with unions

and without, with several different ethnic and religious cultures, with more than half the state Medicaid programs and regulatory bodies, and all major insurers. Of course they are all accredited by The Joint Commission, and all are Medicare participants.

There is no known roadblock to excellence. While the journey might be harder for safety net hospitals and clinics in challenging settings, there is no known reason why they can't make it, and no proven alternative path that's better.

WHAT IS THE PATH?

Any manager in an excellent HCO will say two things: "I work hard to make my team great," and "I love doing it." Over coffee, she might expand:

This place is entirely different from what it was. It used to be okay. We were polite to one another, we did an okay job for our patients, but we didn't challenge each other. We didn't say, "Doctor, did you wash your hands?" We didn't take things apart and put them together better. We didn't celebrate our victories.

We didn't have benchmarks. We didn't know that some places did things half again better than us. They had less personnel turnover. They had fewer infections, patient falls, needle sticks, lawsuits, and so forth. They had shorter stays. They had more 'delighted' patients, saying 'would return, would refer.' And they made more money.

Of course, our HCO is now as good as any of the others. We're top decile in every one of those things. I can show you the graphs on our intranet.

The transition from "okay" to "excellent" takes a total rebuilding in most HCOs. Attitudes change, work habits change, procedures change. Change becomes a team sport and a way of life.

Excellent HCOs all do the same things. They build excellence on three major foundations as shown in Exhibit 1.2:

- Cultural: a commitment to values that attracts the respect and support of associates and patients
- Operational: a system that seeks out, evaluates, and implements opportunities to improve returns; and
- Strategic: a system that deliberately monitors the long-term relationships among stakeholders and responds to changing needs.

WHAT IS THE TIMETABLE?

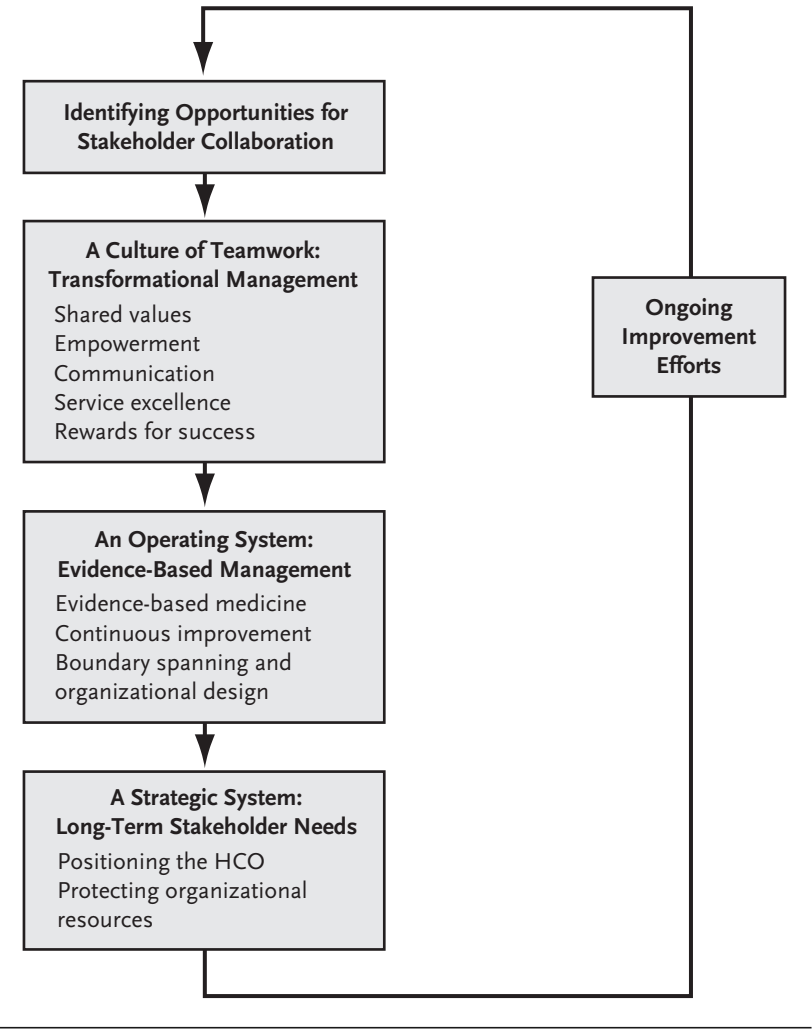
The record suggests that a “pretty good” HCO can reach excellence in three years, on this timetable:

Year One: The focus is on the cultural foundations, building broad understanding about real commitment to values and the need to delight all stakeholders. Associate satisfaction measures begin to improve. Overall financial and operating performance does not change much, but previous performance is sustained. Scattered examples of quality, patient satisfaction, and efficiency appear.

Year Two: The focus is on improving basic operating systems, developing a planning and goal-setting mechanism, improving reliance on protocols and procedures, fixing major problems, and plucking the “low-hanging fruit.” Performance measures begin to improve. In particular, quality should get better, stays shorter, throughput higher, and profit larger in at least a few service lines.

Year Three: The focus is on improving both the culture and the operating systems across the board. Stretch goals are set and achieved, bonuses paid, and most performance measures, including overall caregiver satisfaction, quality, and profit, are clearly improved.

Exhibit 1.2 Foundations of Excellence in Healthcare Organizations



A few HCOs have moved to excellence within the three-year timetable from very challenging situations. They required drastic action: an unshakeable board commitment to progress, a senior management team united behind the effort, and unfortunately, the forced departure of a few highly visible people who did not understand or could not accept the foundations.

WHAT IS THE FOUNDATION FOR REACHING EXCELLENCE?

Reaching Excellence is a handbook for working HCO executives. It assumes a basic knowledge of what goes on and what the vocabulary is. It doesn't explain HIPAA or trace the history of physician privileges. It explains directly how excellent HCOs protect patient confidentiality—Chapters 10 and 11—and build a strong medical staff—Chapter 6.

Reaching Excellence is based on *The Well-Managed Healthcare Organization*, 7th edition (also called *WMHO*, published in 2010 by Health Administration Press), a widely recognized textbook on HCO management. *WMHO* is designed for classroom use. It explains and documents extensively. The foundation for *WMHO* is the published and audited or peer-reviewed record of what excellent HCOs actually do. The chapters of *Reaching Excellence* deliberately parallel *WMHO*'s, making it easy to find support for a concept that's been challenged.

WHAT DOES EXCELLENCE MEAN FOR A PROFESSIONAL MANAGER?

The elements of management excellence are no mystery. They are specific, learnable knowledge and skills that successful professional HCO managers have mastered, and they are spelled out in *Reaching Excellence*. They are easy to begin. Mastery takes time and practice, but the payoff begins almost instantly.

The elements are a sound foundation for a 21st century professional career. The Board of Governors Examination in Healthcare Management, a requirement for acquiring the Fellow of the American College of Healthcare Executives (FACHE) credential, strives to evaluate them. The elements constitute the professional portfolio that managers bring to HCO conference tables. The doctor, the nurse, the lawyer, the accountant all arrive at those

tables with portfolios of their own. *Reaching Excellence* and *WMHO* describe the manager’s portfolio, practical knowledge of how to build sophisticated cultures and processes and how to make them attractive to associates and customers.

HOW CAN I USE *REACHING EXCELLENCE*?

Reaching Excellence provides a checklist on the details that support high performance. The chapters are kept as short as possible and are carefully action-oriented around questions that frequently arise among managers and teams seeking to improve HCO operations.

Here are some suggestions on how this book might be useful:

1. **We need to make clear why and how our culture is changing.** Some associate group—trustees, new first-line managers, union leaders, even the senior management team, or a couple of associates who seem not to understand—needs to be brought up to speed on what you’re doing and why. Try Chapter 2. Its text is as clear as we can make it. Its exhibits are designed to support a brief meeting presentation. It describes a culture that is strikingly different from 20th century norms, from “Dilbert,” and from too many HCOs. It describes a culture that’s a major force to recruit and retain good people.
2. **Things aren’t going well in _____ (fill in unit name).** Find the unit in the chapters. Each chapter outlines the functions essential to the *rest* of the HCO, including the unit’s customers, and the measures that should be tracked and benchmarked. We’ve called that the *onstage* contribution. All HCO units have their own professional components and expertise, the *backstage* contribution. We’ve focused *onstage*, to identify information you can use a couple different ways:
 - a. As a briefing to organize your questions before you meet the unit team.

- b. As a summary you can share with the unit team to help its members explain to you where the opportunities for improvement (OFIs) are.

The latter path is often fruitful. The team knows the unit better than you ever will. The mandatory functions and the objective measures keep the conversation on a constructive path.

3. **We have a serious competitive threat.** Excellent HCOs expect to grow market share, not lose it. Competitors attack on two levels. They go after customers and your best associates. Go to the marketing and strategy chapter (15) for a background on maintaining market knowledge. Take a look across your satisfaction scores to identify your more exposed units, and go to those chapters. They'll need help improving their processes; we've summarized the support in Chapter 14. Because modern competition involves mergers and acquisitions, go to Chapter 4 to strengthen your governance.
4. **We have some opportunities for improvement (OFIs) in our clinical quality.** As Chapter 5 makes clear, clinical quality is an HCO-wide effort, involving medicine (Chapter 6), nursing (Chapter 7), clinical support services (Chapter 8), and logistic support services. The HCO is structured by service lines. Using these chapters, each service line can identify its own OFI profile and its OFI suggestions for other units. Collective bodies, like the senior management team, the Performance Improvement Council (Chapter 3), and the Medical Executive Committee need to integrate and prioritize the OFIs.
5. **We want to make the Baldrige journey.** That's great! Go for it! *Reaching Excellence* maps easily to the application. The Preface comes from your annual strategic assessment (Chapter 15); Leadership from Chapters 2 and 3; Strategy and Customers from Chapter 15 and Chapter 4. Knowledge Management and Human Resources Management have their own chapters in *Reaching Excellence*. Operations ties closely to Chapters 3 and 14. We can say without fear of correction, "All Baldrige recipients follow the approaches outlined in *Reaching Excellence*."