

The Challenge

8 A.M. As the weekly Senior Leadership Team meeting at Academic Medical Center Health begins, the CEO reads the agenda. Two issues require immediate attention—JCAHO's site visit next week and an orthopedic group's decision to leave and open a surgery center 2 miles from campus. And then, there are the usual suspects: physician recruitment has made up ground, but remains below projected requirements; the primary care network development effort is still struggling to put an attractive offering together; planning for the new ambulatory care center is six months behind schedule; and the month closed with operating expenses 4% above budget. The CEO thinks, "The year holds such promise, if only we can get out in front of these ideas and **Execute.**"

Over 90% of senior healthcare executives surveyed by The Chartis Group hold the view that, "Ideas or strategies themselves are no longer the source of distinctive advantage in the marketplace." Most hospital providers have six common objectives for success: grow volume in select services; actively manage annual cost growth to below 5%; expand and diversify the network of care; improve hospital and physician alignment; create partnerships with suppliers; and, continuously improve quality and patient safety. *More and more, leaders believe that the critical differentiating success factor is an organization's ability to execute consistently in this rapidly changing environment.*

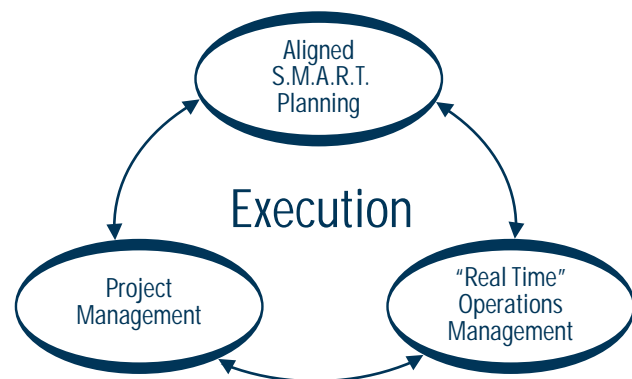
While "the primacy of execution" as a concept may well be intuitive, the execution challenges for providers have never been greater. Hospitals are facing increasing demands to demonstrate higher standards of quality, safety, service, cost effectiveness and volume growth in a setting where new technologies, regulatory requirements, economic realities, human resource constraints, and other organizational challenges arise daily. In this environment, hospital executives are forced to **plan** multiple responses continuously, to **project manage** many new programs into existence rapidly, and to conduct **daily operations more effectively in real time.**

The challenge of execution is significant at every level. For senior leadership, it is about managing focus, resources, constituencies, and decision making across strategic and operational needs. For directors and managers, the challenge is to act across these fronts. Consider what these challenges demand of a typical Director of Radiology. The role 10 years ago principally encompassed management

of the daily throughput, image acquisition, and results archiving processes. Today a radiology director is likely to undertake in a single year planning a new off-site imaging center, implementing a new registration platform through their Radiology Information System, advancing institutional digital imaging capabilities, cutting departmental costs 10%, decreasing wait times for services 10%, sitting on one or two interdisciplinary hospital committees *and* managing daily departmental processes more effectively and to higher service levels and patient safety standards than ever before.

The Core Competencies of Execution

In working with, and studying over 100 leading academic health systems, integrated delivery systems, regional medical centers, and community hospitals, we find that the organizations that demonstrate superior capability to execute consistently possess three core competencies:



I. Aligned S.M.A.R.T. Planning: Many organizations have had the experience of developing plans that never make it off the shelf. Others have seen great ideas erode during implementation and never deliver the promised outcomes. In most cases, the reason for this is that the fundamental planning question, “What is necessary to execute this plan and can we do it?” is never asked, or is not asked until after the plan is completed (“Okay, the plan is finished, how do we implement it?”). Organizations that have developed a strong track record of turning their plans into action construct those plans according to two sets of due diligence characteristics necessary for successful execution:

1. **Alignment of Constituencies** – Execution in a healthcare provider environment requires a myriad of constituencies with disparate economics, definitions of success, political agendas, and personal drives to work in concert toward a shared end. The best planning in the world cannot overcome unaligned economic or political interests—issues that planning often does not address. From the outset, planning must identify where relevant economic, political, and organizational alignment exists and, more importantly, where it does not. It is in this context that plans are constructed.
2. **S.M.A.R.T. Planning** – It's perhaps clichéd, but not without reason. Planning must be S.M.A.R.T. (Specific, Measurable, Attainable, Realistic, Time-bound). This requires the discipline to push every idea element to its core. Being able to meet the S.M.A.R.T. criteria is the first test of a plan's likelihood of successful execution. Asking these questions after the plan is complete can result in force-fitted, rationalized implementation plans that, by definition, will be far from the desired results.

Case Example. For a leading academic medical center in the southwest with ambitions to grow clinical revenue 3% to 5% annually over the next 5 years, integrated and aligned planning is an ongoing intensive process. It is constructed to achieve and maintain economic alignment between physicians, the medical center and the school of medicine, and to develop profitable volume acquisition

strategies. There are five integrated planning teams with common economic foundations in the areas of: Clinical Growth, Research and Education, Clinical Quality, Operations, and Financial Planning. As a result, the plans that emerge include defined outcomes, precise implementation steps, clear accountabilities, and progress measurement dashboards.

II. Project Management: Project Management is the structured discipline of combining frameworks, systems, methodologies, tools, and resources to complete a defined effort within the established goals of time, budget and quality. The first documented modern use of formal project management was by Hyman Rickover in the design, development and construction of the Polaris Submarine. Since then, project management has become an established discipline within industry, government and academia. In the healthcare provider environment it has become an essential organizational competency.

Studies have shown that 15 years ago, 90% of operational management time was devoted to daily process oversight. Today operational managers only spend 50% of their time on such activities. The other half is dedicated to planning and managing discrete projects and initiatives—some departmental and some interdisciplinary—to completion. Organizations that have made Project Management a core competency have done so by committing to three factors:

1. **Disciplined Project Management Methodologies** – There are several recognized Project Management Methodologies employed by complex organizations. The most well established are both outcome driven and provide robust process frameworks to complete objectives within established parameters. The benefit of adopting a common approach to managing an organization's initiatives is the development of a common lexicon and means to get things done. Most importantly, a common platform embeds execution as a critical value in the organization.
2. **Dedicated Resources** – If the goal is worthy, so is the investment. Appropriate resource allocation is a prerequisite for effective execution.

Resources must meet the qualitative and quantitative needs of each task and be dedicated in sufficient amounts to meet deadlines. Resources include staff skilled in relevant areas; frequent and sufficient management involvement to ensure organizational support; and, financial support for additional needed expertise, tools, and the acquisition of data.

- 3. Application of Risk Management Tools and Interventions** – For many organizations, the moment implementation meets an obstacle or goes off-track, the execution effort peters out. Effective project management accounts for the potential for variance, slippage, and uncertainty by employing implementation risk management and applying pre-defined interventions if execution begins to slow. The best organizations have come to understand that challenges during the implementation process are common. These organizations anticipate such events, and are prepared and have the will to address and work through them.

Case Example. A five site, \$1.2 billion eastern community hospital system established a Project Management Office (PMO) to improve upon its history of successful execution. The PMO is responsible for planning, managing and executing 4 to 5 mission critical, enterprise wide initiatives each year in addition to supporting 10 to 15 smaller projects. The PMO is also responsible for developing tools and processes, teaching common methodologies to staff and tracking progress of all implementation efforts for senior management. Results include more enterprise efforts being completed on time and on budget; volume up 2% to 3% in each of the past two years; and, the rate of annual cost increases cut by a third.

III. “Real Time” Operations Management: Organizations that perform at or above plan as a standard practice have established real time operational management systems that support ongoing and consistent execution. While strong planning and project management are critical to ensuring that discrete results are consistently

achieved, ultimately an organization's executional competence is defined by management's ability to consistently drive effective and efficient daily operations. Real time operations management is characterized by:

- 1. Integrated Performance Requirements** – “Turf” protection, or a “silo” orientation, impede organizational performance. Successful enterprises have mitigated these tendencies by defining outcomes in terms of integrated performance requirements. These requirements span traditional departmental boundaries and are supported by aligned performance measurement and management systems. An intuitive example is the measurement of time from when a patient presents to when he or she is physically in a bed instead of the traditional review of departmental wait and turnaround times within the process.
- 2. Performance Measurement** – Organizations that execute effectively provide managers with contemporaneous access to operational data to understand and monitor current and ongoing performance. High performance, integrated and seamless IT systems provide managers dashboard capabilities with leading and lagging indicators that cascade down to the operating unit/process level. These indicators are utilized to diagnose and effect change in real time, to evaluate outcomes and to define future objectives and planning efforts.
- 3. Performance Management Systems** – At the end of the day, execution is about people. Successful organizations have implemented performance evaluation and incentive systems that align outcomes, behaviors, accountabilities, rewards and consequences with the desired values and culture of execution. These organizations have the discipline to apply and adhere to them consistently. Performance management systems work most effectively when they include planning for the staff's development as a continual process.

4. **Management Incentives** – Management incentives must be designed in concert with the organization’s strategy and objectives. Incentive programs must also be designed to ensure accountability for the results of planning and project management efforts as well as the results of daily operations.

Case Example. A Midwestern academic medical center achieved a 50% reduction in patient wait times for a bed, a 50% increase in physician satisfaction, shifted patient discharge forward by three hours, and increased volume by 4%. This was achieved by folding all the elements of the inpatient access and throughput process into one seamless and integrated process. All constituents agreed to use one set of leading and lagging performance indicators to judge success. Outcome measures embracing the desired results were adopted spanning traditional departmental boundaries such as time from decision to discharge to the time a patient actually leaves the hospital, rather than the intermediate steps measuring departmental performance, such as patient transport response time. The organization aligns constituent’s behaviors and accountabilities with the desired outcomes by using them in performance evaluations and its incentive awards. This performance is enabled by an integrated IT system with real time performance measurement that gives senior executives, managers, nurses and physicians information at their daily meetings to troubleshoot and intervene immediately.

An Execution Culture

These core competencies are the essential tools and methods to make execution work. Taken together, they are the foundation for developing a powerful culture of execution within an organization. Such a culture must be driven by leadership and highlight behaviors and actions that are critical to successful execution. Organizations that have come to define their culture as “can do” show a willingness to embrace outcomes over appearance and accept that occasional failure is the price of success. These organizations understand that those who contribute most will be those willing to acknowledge uncertainty, bring setbacks to light, and work through them to successful outcomes.

Conclusion

Few organizations have a greater need, or greater potential than healthcare providers to align multiple constituencies, integrate varied processes, and establish common measures. Shared missions, strategies, and common cultures are essential and powerful cornerstones. Effective execution provides the opportunity to consistently realize this promise and to build from the results.

About the Chartis Group

The Chartis Group was formed in 2001 with the distinct mission of providing unequalled management consulting services, applied research, and program management support to U.S. Healthcare organizations in the areas of strategic, economic, operations planning, and execution support. With practices in Boston, Chicago, New York, and San Francisco, The Chartis Group offers its clients unstinting service, intellectual leadership in pursuit of superior outcomes, and our standard of hiring, retaining, and offering our clients the best and most experienced professionals in the industry.

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