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Leadership is Key in Sustaining Change

Edward Hindin and Tamara Simpson, for HealthLeaders News, October 19, 2007

St. Joseph Health System (SJHS) is a faith-based health system located in the triangle formed by Dallas, Houston, and Austin, TX, and is composed of 14 operating units including a mid-sized hospital, three critical access hospitals, and two nursing homes. Part of a larger out-of-state multi-hospital system, SJHS has served its community for 70 years, under the Sponsorship of the Sisters of St. Frances of Sylvania, Ohio.

Although a staple in the community, SJHS was suffering internally, most notably due to highly decentralized operations. Because several independent governance and management structures remained in place as the system grew over the years, there was limited centralized planning or direction.

Strategic, operating, and financial plans for the operating units were compiled annually and assembled into a "system" plan. The "system" plan incorporated more than 200 goals at one time, which was unmanageable. They relied on ad hoc systems and structures to monitor performance against the performance of the operating units and the system as a whole. Typically, monitoring occurred at the parent company level during monthly and annual reviews.

SJHS's operating units attempted to respond independently to community needs as they were presented. The economic engine for the system was its highly successful mid-sized hospital. Expenses continued to grow faster than revenue. Despite success in the past, challenges to the organization's future began to emerge.

As the result of a planned change of leadership, a new CEO was engaged and presented with a number of significant challenges beyond lagging economic performance:

1. The "system" vision and plans did not provide clear and complete direction for the future.
2. Coordination and planning among operating units was limited.
3. Decision-making was slow.
4. "System level" accountability was lacking.
5. Management resources almost exclusively focused on day-to-day operations.
6. Market share and growth were declining.
7. The management structures of the organization were cumbersome, making needed changes difficult and time-consuming.
8. Physician, patient, and employee satisfaction was low and declining.
9. Changes in the environment were not capably anticipated, and responses to such changes were sluggish.

The solution

Shortly after his arrival in 2005, Jack Buckley, the new CEO, initiated a performance-improvement program with the assistance of an outside consultant. They identified more than 12 million dollars in cost-reduction and revenue-enhancement opportunities. Buckley focused his executive team on implementing and sustaining the cost-reduction initiatives, improving employee and patient satisfaction levels, building relationships with the medical staffs, creating needed growth, and creating and pursuing a vision and strategy that would allow the system to effectively and profitably meet the needs of the communities it served. At the same time, he supported and encouraged the continued development of a system-wide quality initiative, and took the necessary steps to make needed changes in his executive team.

"When Buckley took charge, it was clear the financial picture was going in the wrong direction," said Edward Hindin, President of Hindin Healthcare Advisors, LLC a healthcare consulting firm. SJHS hired Hindin to assist with its reorganization efforts. "The organization was vulnerable and lacked a clear direction. We came on the scene when a whole series of new initiatives were just a glimmer in their eyes."

Hindin interviewed executives and facilitated a two-day intensive workshop. The interaction among the members of the executive team yielded solutions and, ultimately, a one-page plan that included profitable growth as a major focus and 10 measurable goals, each "owned" by an executive team champion.

"Before the end of the two-day period, we had the plan for the next month's actions that were required for each of those ten goals to be accomplished that year," said Hindin.

Instead of continuing to function as a committee of unit leaders responsible for their individual performances, the team committed to collective success under a new paradigm: "Organized for success, we make things happen."

To ensure success, the plan incorporated three simple guidelines for how they would operate based on the lessons they learned from previous experience. The guidelines: set and keep priorities, make fast go/continue/no-go decisions, and communicate actively and effectively.

The one-page plan and evaluations of progress was accessible to all members of the team via a web-based system.

The team met monthly in a three- to four-hour meeting to review and score all elements of the plan--guidelines, paradigm, major focus, and goals. At the same meeting, the team defined measurable monthly goals and actions required to achieve annual goals.

The team set a target of achieving legitimate scores of at least 80 percent for all elements of the plan within six months.

This process kept the team focused, allowed for meaningful adjustments, and gave the team the ability to provide clarity to the broader organization about priorities. It also gave the team the ability to say no to the initiatives that did not fit the plan.

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