FYA For Your Advantage

An Essential Tool for Healthcare Leaders

Sponsored by PHNS The HealthCaring Solution

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FYA* - For Your Advantage**, is a free twice-monthly electronic newsletter. With every issue, ***FYA provides insights into the topics that concern healthcare leaders today and the challenges they will face in the near future. The newsletter is provided free to healthcare CEOs. The editorial content is not copyrighted – except for those columns copyrighted by the author. CEOs may use the non-copyrighted material in any way they wish. The newsletter can be printed without prior permission.

***FYA* - For Your Advantage** is produced by **TrendLeader Connections**. TLC offers a variety of healthcare products and services that help executives to differentiate between "fads" and "trends" and to make connections with "Trend Leaders" within the healthcare industry.

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Healthcare Management Challenges for the 21st Century: Building an Adaptive, High Performing Management Team

By John W. Kenagy, MD, MPA

The world in which medicine and surgery are practiced and healthcare institutions are managed is rapidly changing in complex and unpredictable ways. It's the 21st Century and these *are* challenging times.

But, challenging times present great opportunities. In periods of rapid change, highly adaptive organizations have competitive advantage. They do wonderful things. They make a difference!

How your organization can adapt and make a difference is the subject of my soon to be published book, *Designed to Adapt: Leading Healthcare in Challenging Times*. The book explores how your organization can:

- Adapt to a rapidly changing, unpredictable environment,
- Overcome the innovation road blocks inherent in every organization,
- Build competitive advantage by making a difference for patients.

Rule #1 for executives and governing boards to know about adaptive organizations is, "One person cannot do it alone." In my four years of research and teaching as a Visiting Scholar at Harvard Business School, the mantra of the "great visionary leader" was continually exposed as a myth.

One person cannot do it all. It takes a high performing team to make a difference.

Therefore, building and improving a modern, adaptive, high performing team is one of your keys to success. And that's not easy. Acclaimed advisor and author Marshall Goldsmith put it well in the title of his recent book: *What Got You Here Won't Get You There!*

So, what will get your team there? Here's a *Designed to Adapt* preview and a look at how six great adaptive leaders created and recreated successful, high performing teams.

1) Bill Gates – Microsoft
2) Andrew Grove – Intel
3) William Hewlett and David Packard – Hewlett-Packard
4) Herb Kelleher – Southwest Airlines
5) Taichi Ohno – Toyota

In this diverse group – different industries, different cultures, different challenges, different management methods, different personalities – one might ask, "What do they have in common?"

First, none of them had a great idea and just "rolled it out." Nor did they buy their success; they all excelled at creating value through adapting, problem solving and learning.

Secondly, looking deeper, we find they all shared common leadership characteristics and *built adaptive, high performance teams that mirrored those characteristics.*

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Healthcare Management Challenges for the 21st Century (Continued...)

The Five Characteristics of Successful Adaptive Leaders

1. **Set a clear, consistent, meaningful direction.**
2. **Develop people as the #1 resource.**
3. **Build trust and optimism.**
4. **Problem-solve what does not work.**
5. **Grow opportunistically and relentlessly.**

Today's column will comment on the first three characteristics. My next FYA column will complete the list and offer you guidelines for next steps in healthcare. So let's begin.

First, set a clear, consistent, meaningful direction.

When I spoke with people who worked in the early stages of these organizations, I heard a consistent refrain, "We knew where we were going."

The direction Bill Gates set is legendary, "Get a workstation running our software onto every desk and into every home." That direction led to the greatest accumulation of new wealth in the history of the world.

Sometimes the direction set at the beginning is less grandiose. For Bill Kelleher of Southwest Airlines, it was getting people who rode the bus from Dallas to San Antonio to take an airplane instead. That "disruptive innovation" became the basis for the largest airline in the world, both in number of passenger-miles flown and profitability.

Another myth about change is that people must deal with ambiguity. In fact, few people deal well with ambiguity and, in healthcare especially, ambiguity is a curse. Staff, physicians, management and high performing teams need to know where they, and the organization, are going.

Second, develop people as the #1 resource.

Since four of these leaders developed great technology companies, their focus must have been on technology. Right?

Wrong! Their great success came from trivial technologies. Bill Gates bought DOS from Seattle Computer Company for $50,000. Intel reportedly developed its gigantic microprocessor business based on a $60,000 special order from a Japanese calculator company. Hewlett and Packard started in a garage.

But all these leaders had one thing in common: They were fanatical about bringing out the best in their people.

It is not cutting edge technology that makes the difference, even in a technology company; it's people.

Third, build trust and optimism

People make a difference when they work in an environment of trust and optimism.

By all accounts, Toyota's Taichi Ohno was difficult, authoritarian and relentlessly demanding. Stories of his toughness abound. It was related to me that he once told a subordinate to "stand right here and don't move until you see the bottleneck in this production line." The implication was he might have to stand there for a week if he couldn't see the problem, but he had learned to trust Ohno's judgment and was optimistic about success. Eventually he saw the problem he had missed. That was the Toyota Way for Ohno.

Bill Hewlett and Dave Packard created the HP Way with a different approach. They avoided isolated, top-down hierarchies, recognized the achievements of individual employees – they instituted cash profit-sharing with all employees the year HP was founded – and went out of their way to remain close to employees as HP grew.

Its management was as innovative and enduring as its engineering: efficient, no waste organizational structures, bonuses to frontline employees and "management by walking around" have been widely emulated and used to build trust and optimism in well-run companies throughout the world.

1. Set clear direction,
2. Develop people as your #1 resource,
3. Build trust and optimism.

Those are the first three characteristics of successful, high performing leaders and teams. My next column reviews the final two and details simple guidelines you can use to create high performing teams in your healthcare organization.

What do you think? Let me know, and, if you would like more information on how to apply these concepts to healthcare or want to be on the pre-publication list for *Designed to Adapt: Leading Healthcare in Challenging Times*, feel free to contact me at jkenagy@kenagyassociates.com.

Dr. Kenagy is busy finishing his book that will be published soon and as his columns in this newsletter indicate, it will focus on how management creates organizational capacity for innovation.

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Making Hospital Travel as Safe as Airline Travel

By Rick Kneipper, Chief Administrative Officer and Co-Founder of PHNS

We recently have seen two examples of the best and the worst of airline safety – the "Miracle on the Hudson" and the Buffalo crash. Everyone now knows and admires the incredible job that Captain "Sully" did to save all of his passengers, and the government experts are meticulously trying to find out whether the Buffalo crash was a result of pilot or equipment error.

Once the root causes of each incident are identified, the results will be publicized and the aviation industry will adopt new policies and procedures to prevent future repetitions. That constant process of extremely focused vigilance over safety and continuous performance improvement has caused the airline industry to maintain an impressive safety record.

Compare that to the safety record of U.S. hospitals. During the period from 2001 to 2006, major U.S. airlines had a total of ZERO passenger deaths while an estimated 250,000 to 500,000 patients died in U.S. hospitals because of medical mistakes. "That's the equivalent of crashing approximately 1,400 fully loaded Boeing 747's with no survivors" according to a very thoughtful book called *Why Hospitals Should Fly* by John J. Nance, JD, an aviation safety expert who provides a detailed analysis of how hospitals could dramatically improve their safety records by following the rigorous methodologies used by the airline industry.

His analysis is that "Medical mistakes are merely human mistakes committed within a human system inadequately designed to catch and neutralize those mistakes in time." His conclusion is that the hospital industry must transform itself by creating a pervasive "culture of safety" as has been done so successfully in other industries such as the airline, nuclear power and chemical manufacturing industries – "What other enterprise in this nation with such high responsibility and potential liability would tolerate the level of individual practice variation that has become standard in medicine?"

Nance concludes that the entire culture of hospitals has to be changed into a culture focused on safety, teamwork, open communications among all members of the team and constant vigilance to catch and prevent mistakes:

> "to adopt an artificial attitude that in every procedure, diagnosis, test, or other professional interaction with patients, there was still at least a 50-50 chance of something major going wrong…[to create] an entirely new culture that routinely *anticipates* such mistakes, and thereby catches life-threatening mistakes others routinely miss."

The challenge is to adopt a culture of teamwork that "can catch, in time, the types of medical errors a hospital will always generate." Interestingly, he constantly focuses on "catching" not "preventing" mistakes – and that's because humans will always make mistakes, so it's necessary to create a system that catches and corrects mistakes before they can do any harm. He also suggests that mistakes must be thoroughly vetted and reviewed by hospitals in the same manner as the airline industry.

It's a very thought-provoking book and well worth a careful read.

I would like to hear your comments.
Send them to:
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About

PHNS The HealthCaring Solution

PHNS is an innovative healthcare services company providing strategic outsourcing services in information technology, health information management and receivables management to over 400 hospitals. PHNS is not a consultant, vendor or software company but a partner, a solution. PHNS understands healthcare because our partners are healthcare and healthcare only. Unlike its competitors, PHNS strategically aligns itself with a hospital's clinical and financial goals and objectives. Through its unique business model, PHNS reduces costs by aggregating, consolidating and sharing resources among its participating hospital partners. PHNS helps hospitals manage information systems, computer technology, patient records, coding and patient billing to improve patient care, safety and efficiency and increase profitability and efficiency. For more information, visit www.phns.com.

Boost Patient Safety with Device Identification and Data Synchronization

By Joseph Pleasant

When peanut butter contaminated with salmonella was recently recalled, it was quickly and efficiently removed from stores. In the world of medical devices, however, it is not that easy since each supply chain participant places its own number on a product. The different numbers make it difficult to identify the product among supply chain members, track and trace it for recalls or interpret via an electronic health record (EHR) the type of device provided to a patient on previous visits.

Hospitals spend an estimated $200 billion annually on supplies, the second largest expense after labor costs, and most experts agree that one of the primary reasons for increased supply costs and inefficiencies in the healthcare supply chain is the lack of a unique device identification (UDI) system. If the healthcare industry adopts how some other multibillion-dollar industries manage their product information and run supply chains effectively, it could save lives and money.

Unique Device Identification

In a 2006 Premier Safety Institute survey, more than 80 percent of respondents stated that a UDI system would enhance patient safety. A UDI system has two components: (1) a consistent numbering system for each product and (2) a process for all supply chain participants to populate and synchronize their information systems with that product information.

The system would allow a device to travel through the supply chain with one identification number (Figure 1, below). Without the system, it is difficult to track the recipient of a faulty product during a recall

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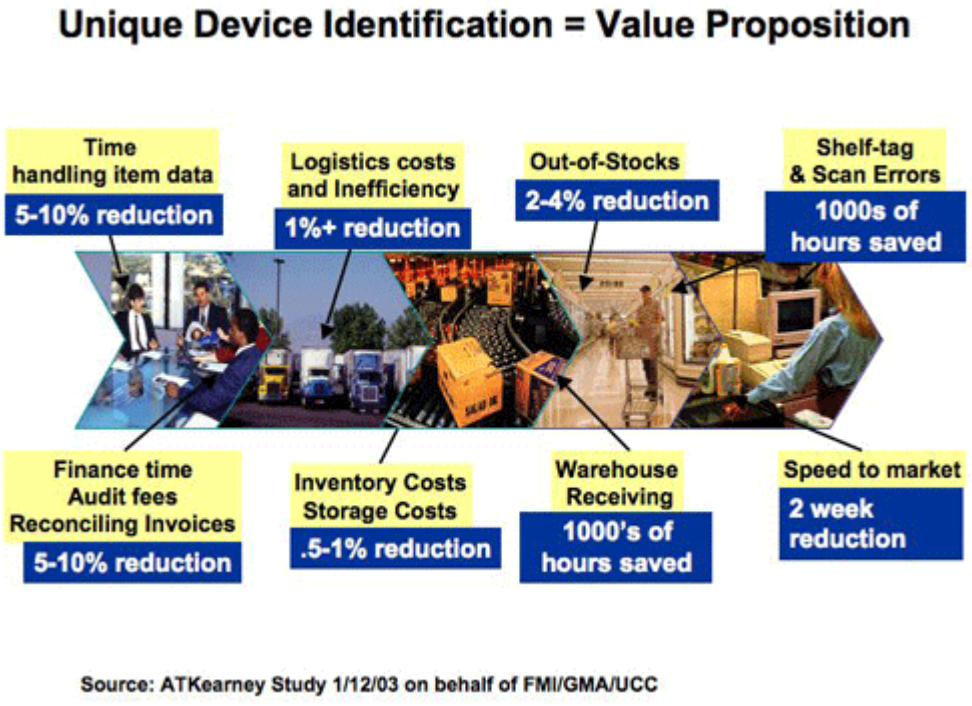
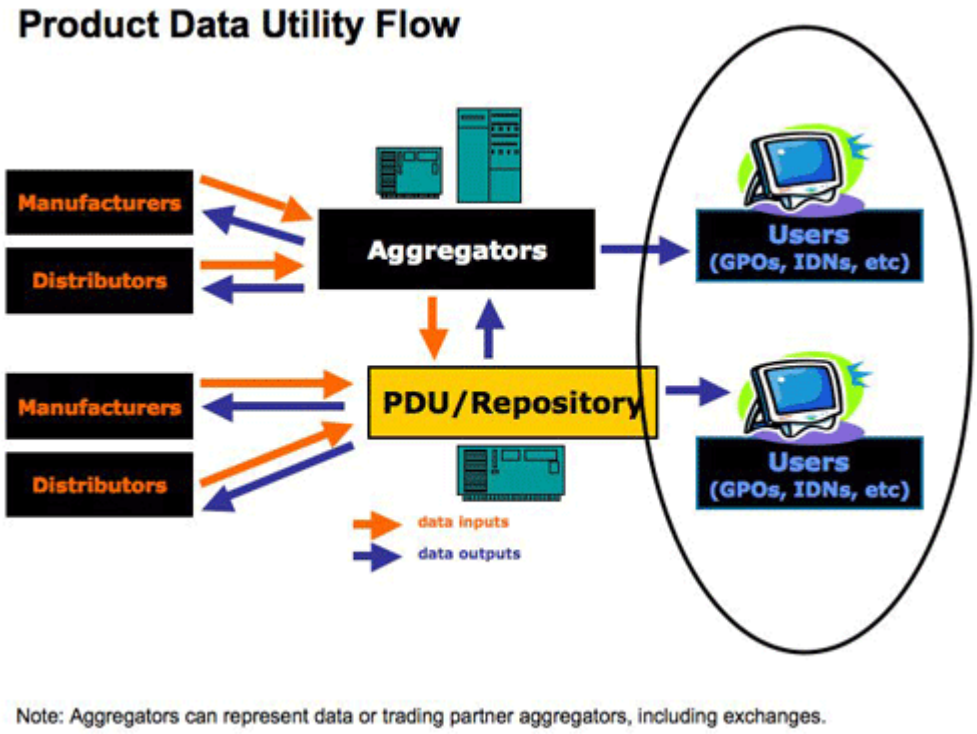
Figure 1:



Source: ATKearney Study 1/12/03 on behalf of FMI/GMA/UCC

Boost Patient Safety (Continued...)

Figure 2:



Note: Aggregators can represent data or trading partner aggregators, including exchanges.

of implantable devices or to accurately and consistently track adverse events related to a specific product.

Data Synchronization

Many industries use a system for synchronizing product data, bringing consistent product information to every member of the supply chain. Data synchronization is a two-step process (Figure 2):

(1) Manufacturers collect data on their ordering and product management processes.

(2) The data is submitted to a central repository, or product data utility (PDU), where it is synchronized, audited, verified and distributed to members of the supply chain. (Aggregators may be used by the manufacturers to prepare data for the PDU or by hospitals to receive and reformat data.)

Industries outside healthcare use a global PDU called the Global Data Synchronization Network (GDSN), which is managed by GS1, a supply chain standards organization. This network serves as the mechanism to provide consistent synchronized product data to their supply chain. If the healthcare industry adopted the use of a global trade identification number and the GDSN, supply chain participants could synchronize and maintain accurate product information in near real time, increasing the efficiency of the entire supply chain. Further, patient safety would improve with automatic matching of the right product with the right patient, improved product recall ability, the ability to track and trace products subject to counterfeiting and each institution could interpret the product number within the EHR.

Progressive Efforts

Other countries have adopted standards to

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Boost Patient Safety (Continued...)

identify healthcare products and, in some cases, established or endorsed a PDU. While other U.S. industries engage in data synchronization through the GDSN, healthcare has yet to adopt this logical, cost-effective, and *proven* process.

Current efforts to promote a streamlined supply chain:

- The Food and Drug Administration Amendments Act of 2007 requires the FDA to adopt and require a UDI that identifies a medical device from manufacture through use. One proposed plan has vendors adopting the UDI system by 2012. For updates, visit www.fda.gov/cdrh/ocd/udi and click "subscribe to email updates."
- The Department of Defense (DoD) authorized a pilot with the GDSN to test it as a platform for the healthcare PDU. They learned that synchronized item information netted considerable savings; item data collected from various DOD suppliers indicated significant data disconnects between supply chain partners; and requesting "one-off" data feeds from partners is a resource burden on all parties.
- GS1 Healthcare US formed to support adoption and implementation of global GS1 standards to improve patient safety and increase supply chain efficiency.
- HL7 and GS1 are collaborating to develop global standards for improving patient care. Combining GS1's global supply chain standards adapted to the specific needs of the healthcare sector and HL7's clinical interoperability standards will allow for medication errors to be avoided by automatically matching product data to patient data and will enable effective traceability and reduce counterfeiting.

What Can Hospitals Do?

As with many things in our industry, time is of the essence. The speed with which medical product identification and the corresponding synchronization of the product data through the GDSN is implemented depends primarily on providers. To positively impact the timeline, begin requiring supply chain partners to provide products that have been assigned a GTIN and support product synchronization through a certified GDSN provider.

Standardization in the supply chain can save time, money and, most importantly, patients' lives.

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About Premier Inc., 2006 Malcolm Baldrige National Quality Award Recipient

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