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About FYA

FYA – *For Your Advantage*, is a free twice-monthly newsletter published by TrendLeader Connections.

With every issue, FYA provides insights into the topics that concern healthcare leaders today and the challenges that will be faced in the near future.

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We Need To Shift the Service-Excellence Paradigm

By Fred Lee

Hospital work is theater whether we call it that or not. In this context the word "theater" is not a metaphor. Scores of management metaphors abound – soaring with eagles, leading like geese, flying with the buffalo, herding cats, swimming with sharks, dancing with elephants, training whales, moving with the cheese – to name a few. But even though each of these spotlights a particular aspect of leadership, none is a comprehensive model. Hospital work is not like theater; it is theater. It is a business model, every bit as differentiated from services as services are differentiated from goods.

For a comprehensive analysis of and detailed process for applying the power of the theater business model in the latest evolution to gain and keep customers, read *The Experience Economy*, by B. Joseph Pine II and James H. Gilmore. They describe four ascending levels of economic offering: commodities, goods, services and experiences. With each offering, value and profits increase exponentially. Take coffee for example. As a commodity, it goes for about two cents a cup. Packaging it and selling it as goods, jumps the price to 20 cents a cup. Sell it as a service in a coffee shop, and it's worth about a dollar or more. However, include that cup of coffee as part of an experience staged with all the ambience of an exclusive restaurant or the stimulation of a bookstore that encourages you to "have a cup of coffee with your favorite author," and consumers will gladly pay \$2 to \$5. As the authors state:

Experiences are a fourth economic offering, as distinct from services as services are from goods, but one that has until now gone largely unrecognized. Experiences have always been around, but consumers, businesses and economists lumped them into the service sector along with such uneventful activities as dry cleaning, auto repair, wholesale distribution and telephone access...

But this doesn't mean that experiences rely exclusively on entertainment; entertainment is only one aspect of an experience. Rather, companies stage an experience whenever they engage customers, connecting with them in a personal, memorable way.

While commodities are fungible, goods tangible and services intangible, experiences are memorable...

All prior economic offerings remain at arms-length, outside the buyer, while experiences are inherently personal. They actually occur within any individual who has been engaged on an emotional, physical, intellectual or even spiritual level. The result? No two people can have the same experience – period. Each experience derives from the interaction between the staged event and the individual's prior state of mind and being.

(Continued...)

We Need To Shift the Service-Excellence Paradigm (Continued...)

Can there be any question where a hospital fits along this continuum? To paraphrase the authors' definition: Hospitals are providing experiences that engage patients on an emotional, physical, intellectual and, yes, spiritual level, whether the patients frame it as such in their minds or not. Hospital guests do not talk about the services they received. They talk about the experiences they had. Poor service is the surest way to turn a service into a bad experience, remembered and talked about for years.

When hospital personnel view their work as engaging the patient in a memorable experience, instead of just trying to give "excellent service," the shift is one of substance, a true paradigm shift. And no business provides better proof of the value of this shift than Disney, where, according to Pine and Gilmore, the idea originated and is now being emulated by bookstores (Barnes and Noble, Borders), airlines (Southwest), restaurants (Chucky Cheese, McDonald's), car dealers (Saturn, Lexus), and retail stores (Brookstone, Sharper Image) and a host of other businesses.

In our own industry look at the success and recognition attained by the hospitals that have adopted variations of the Planetree model, where every aspect of the patient's and family's interactions and accommodations have been carefully scripted and staged to provide a memorable, total experience. They exemplify the conceptual shift that the Disney business model brings to a hospital, the shift from providing services to staging experiences. (For more information about the Planetree model visit www.planetree.org)

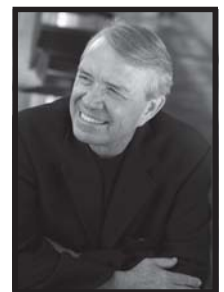
When we use phrases like "walk the talk" or "role-modeling" we are using theatrical terms. They underscore the fact that people are watching and that what they see influences their beliefs and behavior. Employees who talk about leaders walking the talk or role-modeling behaviors are telling us that their leaders are also on stage, and as an audience, employees are just as engaged and influenced as customers by what they hear and see.

Whether the performer is aware of it or not, he or she is always communicating. The subtle expressions of tone of voice, facial expression and body language may not be under the control of conscious thought, but they can still convey powerful and dramatic messages.

The goal of making hospital work into theater is to engage all the guest's senses, in an experience in which each performing member of the cast conveys a message congruent with conscious intentions that have been discussed, internalized and rehearsed by the director, the playwright and the team of performers and stagehands. (Notice how naturally theatrical terms fit the hospital drama? More on the hospital and theater next month.)

Fred Lee is a highly popular speaker; and the author of "If Disney Ran Your Hospital." His book was named the 2005 book of the year by the ACHE.

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About



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Does Your IT Have the Right Stuff?

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

The role of information technology ("IT") in hospitals is rapidly changing. Some hospitals have launched massive IT projects implementing electronic medical records ("EMR") and other applications to improve clinical care and efficiency – I thought "massive" meant tens of millions or in a few cases hundreds of millions of dollars until I heard last week of a hospital system that is well on its way to spending **\$750 million** on its EMR implementation with a possibility that it may hit **\$1 billion!!!** That's absolutely incomprehensible to me – I don't know of many companies in other industries that would spend that much on an IT project, and I have great difficulty figuring out what return will be received on that incredible investment.

But perhaps such massive IT investments are being driven by an effort by hospital leaders and their IT departments to do something bold and innovative to help transform the service delivery and cost of patient care in a hidebound and increasingly anachronistic industry. This point is well made in a blistering editorial in *Information Week* that states "too many CIOs spend their time sweating the operational stuff – cutting costs, maintaining, securing and backing up systems – and **not enough time creating business value**" (April 30, 2007). The editorial states that IT organizations (not just hospitals) have become "too controlling and conservative," and concludes that most are "afraid to take changes and make mistakes."

If "business value" is the proper test, then what "business value" can a hospital achieve by an EMR implementation? And at what point does the cost exceed the value – at the tens of millions of dollars level, or hundreds of millions or billions? This is especially true when it turns out that the EMR "Emperor has no clothes" and, in fact, contrary to public acclamations, many major hospital EMR implementations never achieve their desired deliverables or only achieve them after huge time and cost overruns. Part of this is because many of the EMR applications that are being proffered are not yet fully baked, and part of it is because many hospitals implementing EMRs do not understand that EMR implementations will not achieve their desired success without massive business process re-engineering, which cannot be achieved by merely "plugging in" vendor EMR applications:

"The primary reason why IT projects fail is because

the users were not involved early in the design process, or they come in too late and realize that it will not fit the workflow, and demand costly changes. The lesson here is that there is no such thing as an IT project. Rather, it is a business improvement project." Pedro Rivera, Hayes Management Consulting, *Healthcare Informatics* (May 2007)

The moral of the story, according to the *Information Week* editorial, is that hospitals and other business organizations need more "heroes" – technology pros with the courage to stick their necks out to create something of lasting business value, even in the face of bureaucratic inertia." But this should only be done if it will create "lasting business value," which ought to be tangible and demonstrable. As the editorial concludes, "Do you have the right stuff?"



I would like to hear your comments.

Send them to:

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About

TrendLeader Connections

FYA - For Your Advantage is brought to you by TrendLeader Connections. The function of TrendLeader Connections is producing educational materials and seminars that help healthcare executives differentiate between fads and trends; and making connections with "Trend Leaders" within the healthcare industry.

We are committed to delivering new perspectives and ideas, creative and innovative healthcare solutions, provocative concepts and quality educational materials to today's healthcare leaders. We want to concentrate on "what comes after what comes next."

Not the Same Old Same Old

Healthcare has been the third rail of politics since the Clintons failed to remake the U. S. healthcare system 13 years ago. At best, changes in the system have been one small step at a time even though costs and the number of uninsured have escalated.

The days of incrementalism could be over. Senator Barack Obama became the latest Democratic presidential candidate to call for universal, cheaper healthcare coverage. His speech unveiling his healthcare initiative was delivered last week – one week after Senator Hillary Clinton proposed health-cost savings that would lead to covering the uninsured. Former North Carolina Senator John Edwards delivered a detailed universal-coverage plan in early February.

The Democrats are not alone in what the *Wall Street Journal* characterizes as candidates that are "embracing the once-toxic political cause of universal care." Former Republican governor, Mitt Romney of Massachusetts talks about the state model he championed. In Congress, Democratic Senator Ron Wyden of Oregon and Republican Bob Bennett of Utah have drafted a bill to overhaul the nation's healthcare system. While there is little chance that their bill will come to a vote, it does indicate that healthcare has re-emerged as the top domestic concern.

The *Journal* reports "Indeed, the political center on the issue seems to have shifted so much that the health-insurance industry, which undermined the Clinton plan with commercials featuring middle-class couple 'Harry and Louise' ridiculing the big bureaucracy it would create, openly supports a federal role in universal coverage. The industry strategy is to shape the result rather than to fight it."

Mohit Ghose, a spokesman for America's Health Insurance Plans, the successor group to the one that fought the Clintons, said, "The most important thing for us is that there are plans out there." The group's own proposal for universal health care, unveiled after Democrats won control of Congress, focuses on increasing federal subsidies for insurance, and avoids new mandates or regulations. The Republican Party also is adjusting to voters' openness to a government role in making

healthcare more affordable and accessible, with the goal of putting its imprint on any changes.

A *Journal* article suggests that despite the renewed interest in taking on healthcare, no one is talking about an overhaul as ambitious as the 1993-94 Clinton plan – not even its architect, Senator Clinton.

The Clintons proposed a complex and heavily regulated system based on a mandate for employers to provide health insurance to all employees, and the creation of powerful insurance-purchasing agencies as go-betweens for consumers and health providers. Now, as Mrs. Clinton campaigns for president, a staple of her speeches is a self-deprecating nod to the scars she bears from that fight – and assurance that, as she puts it, "I know what not to do."

For one thing, Mrs. Clinton says this time she will seek consensus before moving ahead. While her preference, and that of many Democratic voters, would be a Medicare-style plan for all, she tells audiences it wouldn't be possible to get such a system passed in Congress.

Both the plans of Senators Obama and Edwards are designed to work within the current private-insurance system, and mandate that all but the smallest employers either provide health coverage to their workers, or contribute to a pool for the uninsured.

To help bring down costs, all three Democratic candidates aim to have insurers cover more preventive care to avert expensive illnesses. And they would have the government subsidize health providers' investments in technology, which they claim could squeeze out big savings, though some experts question how much.

The *Journal* suggests that Republican candidates will likely try to blast Democrats for using universal care to boost the size of government and to raise taxes. But they have yet to engage: The Web site of former New York Mayor Rudy Giuliani doesn't list health care among his top 10 issues.

The newspaper also reported that big employers, while eager for help with the growing burden of employee health costs, are reserving judgment on early proposals.