Driving Transformational Change in Health Care

Agenda / Objectives

- Health Care and the Need for Change
- Critical Elements of Successful Transformational Efforts
- What Is Lean Six Sigma and How Can It Help Achieve Transformational Change
- Moving Forward - Next Steps You Can Take

… questions & discussion throughout
Comprehensive services that promote short-term results & sustained success

Leadership Performance
A New Direction for 21st Century Leaders
Develop the added focus, flexibility and discipline essential for leaders at all levels to keep their organizations ahead of the curve.

Portfolio & Process Management
Find the Best Route to Sustained Success
Create systems and capabilities to keep your operations on course, coordinate change/improvement investments & successfully navigate strategic crossroads.

Change Execution
Drive a Faster, More Responsive Organization
Leverage Six Sigma, Lean and other powerful methods to accelerate innovation, achieve results, and hone your competitive edge.

The Components of Change Leadership

The Need for Change
## The Changing Health Care Environment

- Skyrocketing Costs
- Increased Need for Chronic Care
- Decrease in Numbers of Primary Care Physicians
- Patients Who Demand New Ways to Interact
- More Sophisticated Medicines and Technologies
- Government Involvement
- Others???

How are these factors impacting your organization?

---

## Critical Elements of Successful Transformational Efforts
Systems Thinking

- 80% Performance due to the design of the system
- 20% Performance due to the efforts of the people in the system

Keys to Driving Transformation

- Impetus to Transform
- Leadership Commitment
- Meaningful Improvement Initiatives
- Alignment of Goals and Resources
- Integration Across the Organization

Source: Transformational Change in Health Care Systems
Carol VanDeusen Lukas et. al., Health Care Manage Rev, 2007
Lean Six Sigma and Healthcare Quality

Use of 10 Common QI Terms in Citations Titles/Abstracts

Source:
Walshe, Kieran
International Journal for Quality in Health Care, June 2009

Who Uses Lean Six Sigma?

[Logos of various companies using Lean Six Sigma]
What is Lean Six Sigma?

History of Process Transformation

Progressive evolution and enhancement …

- **1940s:** Deming’s applied statistics
- **1950s:** Toyota Production System; MBO
- **1960s:** Zero Defects
- **1970s:** Quality Circles
- **1980s:** SPC, TOM, and ISO
- **1990s:** Reengineering, Six Sigma, and Lean
- **2000s:** Lean Six Sigma, Business Process Management
- **Today:** A Holistic Approach to Business Excellence
A Powerful Combination

The Premise of Lean  
Identify and eliminate wasteful activities

The Premise of Six Sigma  
Identify and control the root causes of variation and defects

Taken as aligned objectives, Lean Six Sigma offers a robust system for increasing efficiency and enhancing effectiveness.

Wrong Way to View Lean Six Sigma

Train a bunch of Green Belts and Black Belts so they can solve all your problems.
Use the principles of Customer Focus, Process Management and Facts & Data to transform how the organization operates.
Customer Focus (Patients and Others)

Understand their needs.
Ensure actions/solutions keep them in mind.
Challenge assumptions and drive innovation.

**Without Customer Focus**
- Conjecture/assumption about what customers want.
- Processes based on our convenience/cost.
- Limited efforts at tracking customer satisfaction.
- Customer-focused data not communicated or used.

**With Customer Focus**
- Customer requirements based on careful assessment.
- Processes designed & run to fulfill customer requirements.
- Multi-faceted, ongoing "Voice of the Customer" effort.
- Customer-focused data key to managing the business, short- and long-term.

Process Management

Ensure alignment across functions.
Create shared accountability for results.
Continuously identify ways to improve.

Is there a better way to get from here to there?

Arrive at Medical Center → Complete Registration Forms → Wait in Lobby → Wait in Exam Room → See Doctor → Receive Treatment

Copyright © 2010, Pivotal Resources, Inc.
Facts & Data

Develop a culture that uses data to measure performance and make fact-based decisions. Understand the drivers of effectiveness and efficiency.

\[ Y = f(X_1, X_2, X_3, \ldots) \]

Applying Lean Six Sigma to Achieve Transformational Change
Leadership Commitment

Leaders at all levels must:

- Set the direction
- Provide the necessary resources
- Hold people accountable
- Demonstrate personal commitment to the transformation effort

The Evolution of Leadership

- Leadership, more than ever before, is based on driving and dealing with change
- Many traditional or accepted leader skills and behaviors undermine effective change
- Leading change begins with assessing and addressing one’s own capability …
- …But it ends with building skills, best practices and culture for the organization
Proactive Management

- Test/challenge assumptions
- Set and review clear objectives
- Stay ahead of the curve
  - Planning and prevention
  - Continuous improvement
  - Respond promptly, not hastily
- Avoid reactive behavior
  - Solve problems at the root cause
  - Don’t honor “fire fighting” behavior
- Think creatively

Meaningful Improvement Initiatives

Project efforts should:

- Improve operations
- Engage staff across disciplines and hierarchical levels
- Build momentum for further change and improvement
Some “change candidates” are easy to spot…

Target the “Seven Wastes”

- Excessive people movements, actions, effort driven by poor ergonomic, process layouts, or organizational configurations
- Difference between what, when the customer requires the product and what is actually produced
- Inappropriate levels (high or low) of material, goods or work in process (including paperwork) or information
- Delays or waiting resulting in idle people or assets
- Non necessary, non-value adding movement of material, information or people
- Difference between what is produced and the specification, resulting in scrap or rework
- Inappropriate levels of processing, complexity or non standardization that results in doing more or less than what the customer values in a consistent way
Powerful Improvement Tools

- VOC (Voice of the Customer)
- SIPOC Diagram
- Histogram
- Pareto Chart
- Spaghetti Chart
- VSM (Value Stream Map)
- Value Adding / Non Value Adding analysis
- Cause & Effect analysis (Fishbone diagram)
- Five Whys (Root cause analysis)
- 5S & Workplace Organization
- Standardized Work
- Mistake Proofing
- Single Piece Flow (Reducing Batches)
- Cell Design
- Kanban
- Visual Management

Powerful Improvement Structure

- **Define** – describe the process, problem, opportunity
- **Measure** – gather data
- **Analyze** – listen to the data, determine root causes of problem(s)
- ** Improve** – develop solutions, design processes
- **Control** – plan for stability
Alignment of Goals and Resources

- Departmental and individual goals/actions should clearly link to organizational priorities
- Facts and data should be used to measure performance and hold people accountable for results

Take a “System” Perspective

- Optimize end-to-end process from the point of view of the customer
- Understand how – and why – work gets done
Don’t Forget Supporting Processes

These too must align with organizational vision…

- Budgeting
- Rewards and Recognition
- Measurement and Reporting
- Information Technology
- Project Portfolio Management

Integration Across the Organization

- Traditional intra-organizational boundaries must be challenged
  - For example, functional “silos”

- Structures and processes should be “patient-centered”
  - Not department- or physician-centered
Traditional Management Structure

Departmental Challenge/Goal

Integration Across the Organization

Sub-Optimized Improvement Efforts

Enterprise-wide Initiatives
Cross-Functional, Strategic Efforts
Locally-Generated Projects
**Collaborative Management Structure**

Organizational Challenge/Goal

Integration Across the Organization

**Smart Balance of Efforts**

- Enterprise-wide Initiatives
- Cross-Functional, Strategic Efforts
- Locally-Managed Projects

Integration Across the Organization
Moving Forward

Keys to Driving Transformation

- Impetus to Transform
- Leadership Commitment
- Meaningful Improvement Initiatives
- Alignment of Goals and Resources
- Integration Across the Organization

Source: Transformational Change in Health Care Systems
Carol VanDeusen Lukas et. al., Health Care Manage Rev, 2007
Just Because It’s Always Been Done That Way, Doesn’t Mean It’s A Good Idea.

The Change Equation

\[ R = Q \times A \]

(Results = Quality \times Acceptance)
What actions or behaviors can you and/or your organization…

- **START** doing
- **STOP** doing
- **CONTINUE** doing

Thank You For Your Time!

Driving Change • Building Leaders

www.pivotalsources.com
925-975-0500