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Services and solutions delivery

Operational
Intelligence

Operational Intelligence
The responsible business of healthcare

How an innovative balance of the clinical with the commercial
can be the route to delivering better care

The responsible business of healthcare

"Healing is an art. Medicine is a calling. Healthcare is a business." Not according to many, it seems.

Today healthcare faces juxtaposing forces. It relies on a workforce that views quality healthcare as a right and the profession as a vocational calling, while it faces pressures to reduce costs, optimize performance and deliver care as efficiently as possible.

And yet in the battle to transform healthcare and deliver the Quadruple Aim (of better health outcomes, improved patient experiences, improved staff experiences and lower costs of care) of value-based care, the poles arguing that healthcare should or should not be considered a business have, perhaps, missed a middle ground possibility. That is that there is an opportunity for healthcare to operate as a 'responsible business' which combines the best of both worlds: clinical expertise with operational excellence. The challenge, of course, is how to bring together these worlds in order to create modern healthcare systems that are both fit for purpose and purpose-full.

Dawn Bruce, Philips Services & Solutions Delivery Leader, Canada explains why this disruptive approach has considerable merit: "Business and healthcare have long had an uneasy relationship but a modern, innovative approach to healthcare transformation doesn't have to be the ruthless commercialization of care. Instead, the adoption of effective business models and business practices can realize the best of organizational and operational strategy and fuse it with the high practice standards of those passionate about the Hippocratic Oath. Clinical professionals should absolutely be focusing their time on the medicine part but hospital operations has to run like a business."

What is responsible business?

Over the past 10 years, multinational companies have made important changes to their corporate social responsibility (CSR) policy. There has been a marked shift from the past, when CSR activities were unrelated to the company's core business and largely reactive, attempting to stem or prevent criticism rather than promote real development. In the past 5 years particularly, this has led to the emergence of the responsible business which prioritises purpose over profit. Commercial results still need to be achieved but a responsible business is essentially one that benefits society and addresses negative impacts it might have on society, people and planet.

The emergence of responsible business can then be seen as much an opportunity for healthcare transformation as digitization and new technologies are. In fact, as healthcare organizations increasingly look to strategic business partners in order to share risk, optimize care delivery and create value, it becomes clear that all businesses are not created equal and for purposeful performance.

Dawn Bruce, Philips Services & Solutions Delivery Leader, Canada and an advocate of positive partnerships and purposeful business, offers her advice on the areas and ways in which healthcare facilities can adopt processes and practices from responsible business and partner to drive improvements without impacting the integrity of care.

From business to better healthcare: Determining where to start and what to borrow

"Imitation is the greatest form of flattery" and, according to Dawn Bruce, clever borrowing from responsible business starts by considering impact; working out where and what innovative approaches proven to work in business will deliver the most value.

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Recommendation 1
Start in operations, the control center of any hospital

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Recommendation 2
Adopt a holistic, integrated approach fusing people, process and technology

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Prioritize people. A focus on people should start by innovating the customer experience and embracing collaborative leadership and management styles

Priority 1: The customer experience
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Recommendation 1

Start in operations,

the control center of any hospital

Focus operationally and apply operational management principles

Dawn Bruce explains: "Hospital operations is central to operational efficiency. Hospital operations was transforming pre COVID-19 but now it is in the hot seat as innovation in this area can clearly be seen as offering a new way to deliver value-based care since perceived customer value = total benefits / total costs."

Building operational performance capabilities – through long term strategic services partnerships – offers both a change package and a measurement strategy.

Dawn Bruce continues: "The importance of operations wasn't always recognised in business, let alone in healthcare, and yet operations management is key. Hospitals are large and complex organisations, yet they function largely - even despite shifts and investments (and latterly the focus has been on tech but not on the whole with ops change management – without the sophistication and technology inherent in other businesses."

Dawn Bruce continues, "In a time when well over half of all hospitals report negative operating margins, driving down costs by achieving operational excellence is one of the most important yet overlooked areas. Healthcare operations management integrates quantitative and qualitative aspects of management to determine the most efficient and optimal methods of supporting patient care delivery. Operations management helps hospitals and health systems understand and improve labour productivity, reduce waiting lines, shorten cycle times and generally improve the patient's overall experience – all of which helps improve the organisation's financial health."

And yet applying operational principles to healthcare has its specific challenges. Hospital operations management covers a fairly large range of functions in a hospital in comparison to the well-known boundaries of operations management in business.

Harnessing full potential of the hospital's operations is desirable in order for the hospital to stay cost-competitive, profitable and of immense service to society at large. In any systems improvement exercise, it is important for the hospital to map out its own flows and inter-relationships as only then some specific initiatives for efficiency enhancement, productivity improvement, quality, control etc. can be initiated which all come within the realm of hospital operations management.
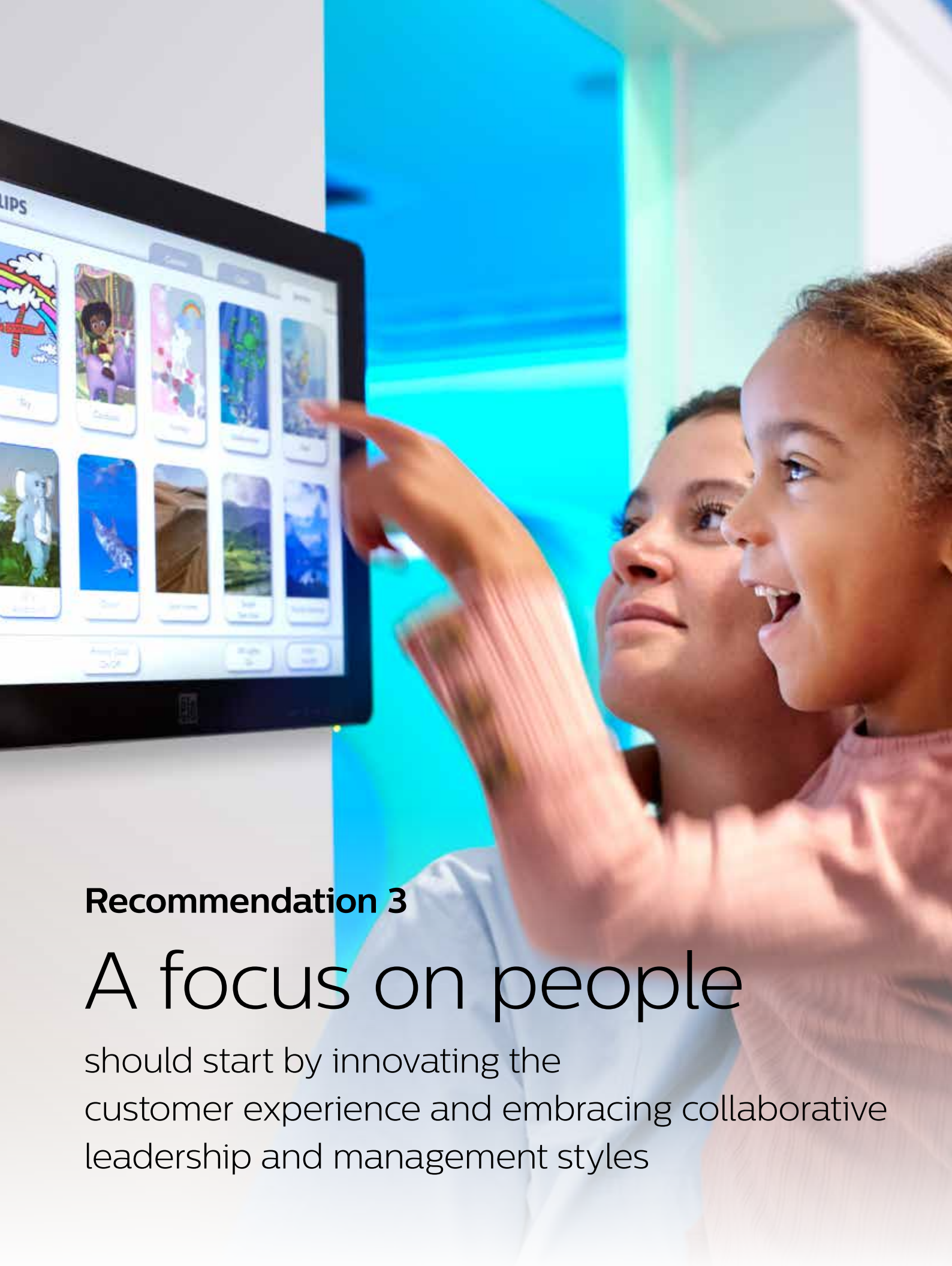
Recommendation 2

Adopt a holistic, integrated approach

fusing people, process and technology

Dawn Bruce and her team help healthcare systems to apply and embed innovative operational management and improvement strategies by using the Philips Operational Intelligence. This approach fuses the partnership of continually synchronized people, processes and technology.

To help operational staff to get started, she recommends focusing on the integration of people, process and technology, with an appreciation always of the human element to ensure change.

1 NHS Design Service Manual, https://service-manual.nhs.uk/design-system/design-principles and https://service-manual.nhs.uk/

Recommendation 3

A focus on people

should start by innovating the customer experience and embracing collaborative leadership and management styles

The customer experience

Businesses have customers, healthcare has patients, and never the two shall meet. This is changing, yet healthcare hasn't historically really viewed itself as a service industry, or hospitals as the provider of 'customer experiences'.

Traditionally hospitals have seen themselves as places where people go to get better rather than places where customers should be valued from the moment they enter the premises to departure and – through digital services – beyond the four walls.

A healthcare experience, whether a checkup, a visit to the emergency department of an MRI procedure, should be as frictionless and comfortable as possible.

"I look to hospitality as a guide on customer-centricity. Any kind of hospitality organization puts the customer at the center of everything that they do. No matter what the end result is, the customer's experience is prioritized and we need to think the same way in healthcare," advises Dawn Bruce.

All businesses have transformed themselves to take a customer-first approach to what they do in order to be valuable. Increasingly, healthcare is now viewing how they serve patients in terms of their needs. Customer satisfaction is a metric by which healthcare can measure itself and thrive. It should be woven into the fabric of the organization.

The National Health Service (NHS) in England puts the customer experience at the center of its design credo[1]: Patients, family, carers, staff. Design things that understand and respect people's needs. Take the time to learn about the whole person – their emotional, physical and technical needs. Design with compassion.

A standout example of zoning in on the customer experience is the application of Disney principles to healthcare.

When you think of the Walt Disney World® Resort, you think of rides, shows, food, and fun but you probably don't think of operational management and professional development. And yet the Walt Disney World Resort® has created an experience for healthcare professionals to study the leadership, management and service strategies of the Walt Disney World Resort®.

30% healthcare professionals

Disney Institute professional enrollment

It has been so popular that healthcare professionals make up 30% Disney Institute professional enrollment and healthcare participants are taught Disney's quality service approach, how to adopt and adapt 'magic' and experience a different kind of learning that unlocks tangential thinking and soft skills.

Many other examples of the transference of skills and learnings from the hospitality experiences abound, particularly from the luxury hotel industry. So much that increasing numbers of healthcare organizations are recruiting from the hospitality industry and luxury hotel operator chains such as the Marriot and Ritz Carlton.

Leadership as a cross-functional art and the rise of the servant leader

A well-run organization makes an impact on how care is delivered, and modern approaches to leadership at all levels play a key part in care outcomes.

In healthcare, it can be difficult to step back from the immediate 'point-of-care' role and think operationally. Good management and leadership, which is critical for clinical departments to be operationally intelligent, is often an overlooked skill. And yet it is vital for operational, clinical and technical staff to appreciate and be taught the principles of effective modern leadership that focuses on collaboration and empowerment.

Dawn Bruce explains:
"Clinicians don't always have the opportunity to grow and develop and understand the different management techniques of their teams and have methodology underpin it, because they are too focused around saving lives and saving patients. As they move into operational roles, understanding and applications of the principles of business leadership can be lacking. Medicine is a profession where 'God complexes' can abound and where hierarchies can be steep and intimidating. Modern approaches to leadership are essential to breaking down silos and ensuring performance by limiting waste and duplication."

Dawn Bruce recommends exploring the emerging concept of servant leadership.

"Throughout healthcare there is definitely a need for a new leadership style. This especially true as the industry looks to retain talent and optimize performance. It will increasingly need to rely on a millennial workforce that does not want to follow the traditional leadership style. Disruptive technologies, developments and trends in healthcare all require collaboration, cooperation of many, all team members and strategic partners simultaneously. Escalating issues from the trenches to a leader or cascading decisions from the leader back to the team takes too much time. Teams want and need to be empowered and take on more responsibility, including leadership.

Heterarchy is then the answer to these crises of hierarchy and the business shift to the concept of servant leadership fits well in healthcare as it struggles to straddle care and commerce. Servant leadership inverts the norm. Instead of the people working to serve the leader, the leader exists to serve the people. This is very much different to traditional leadership styles, focusing on 'command and control'.

Servant leaders possess a serve-first mindset, and are focused on empowering and uplifting those who work for them. They are serving instead of commanding, showing humility instead of brandishing authority, and always looking to enhance the development of their staff members in ways that unlock potential, creativity and sense of purpose.

**Servant leadership structure
Bottom up empowerment**

**Typical leadership structure
Top down control**
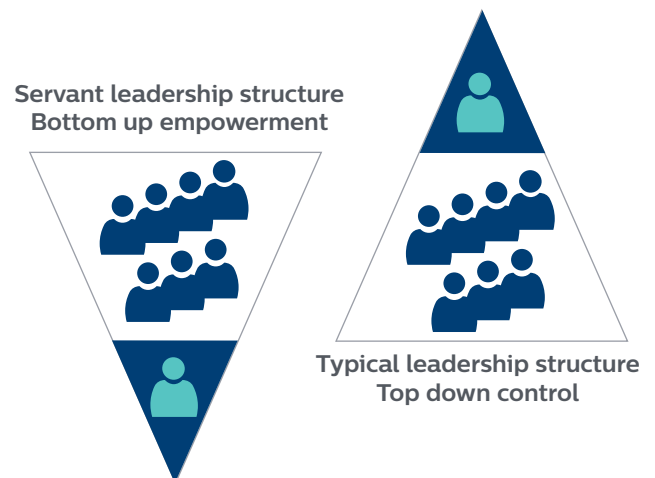
Experts often describe the majority of traditional business leaders as managers who mainly function as overseers of a transaction: employees maintain desired performance levels, and in exchange they receive salary and benefits. The servant leader moves beyond the transactional aspects of management, and instead actively seeks to develop and align an employee's sense of purpose with the company mission. The fruits of these labors are bountiful, servant leadership advocates say. Empowered staff will perform at a high, innovative level. Employees feel more engaged and purpose-driven, which in turn increases the organization's retention and lowers turnover costs. Well-trained and trusted employees continue to develop as future leaders, thus helping to ensure the long-term viability of the organization.

Recommendation 4

Adopting highly effective business processes

including Lean, Agile as well
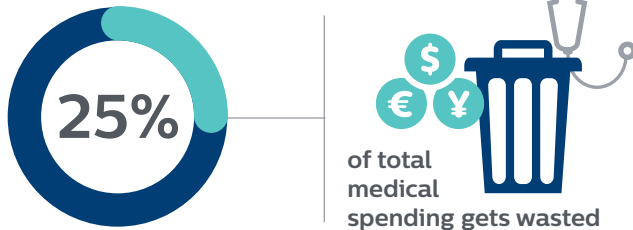as systems thinking
and design thinking
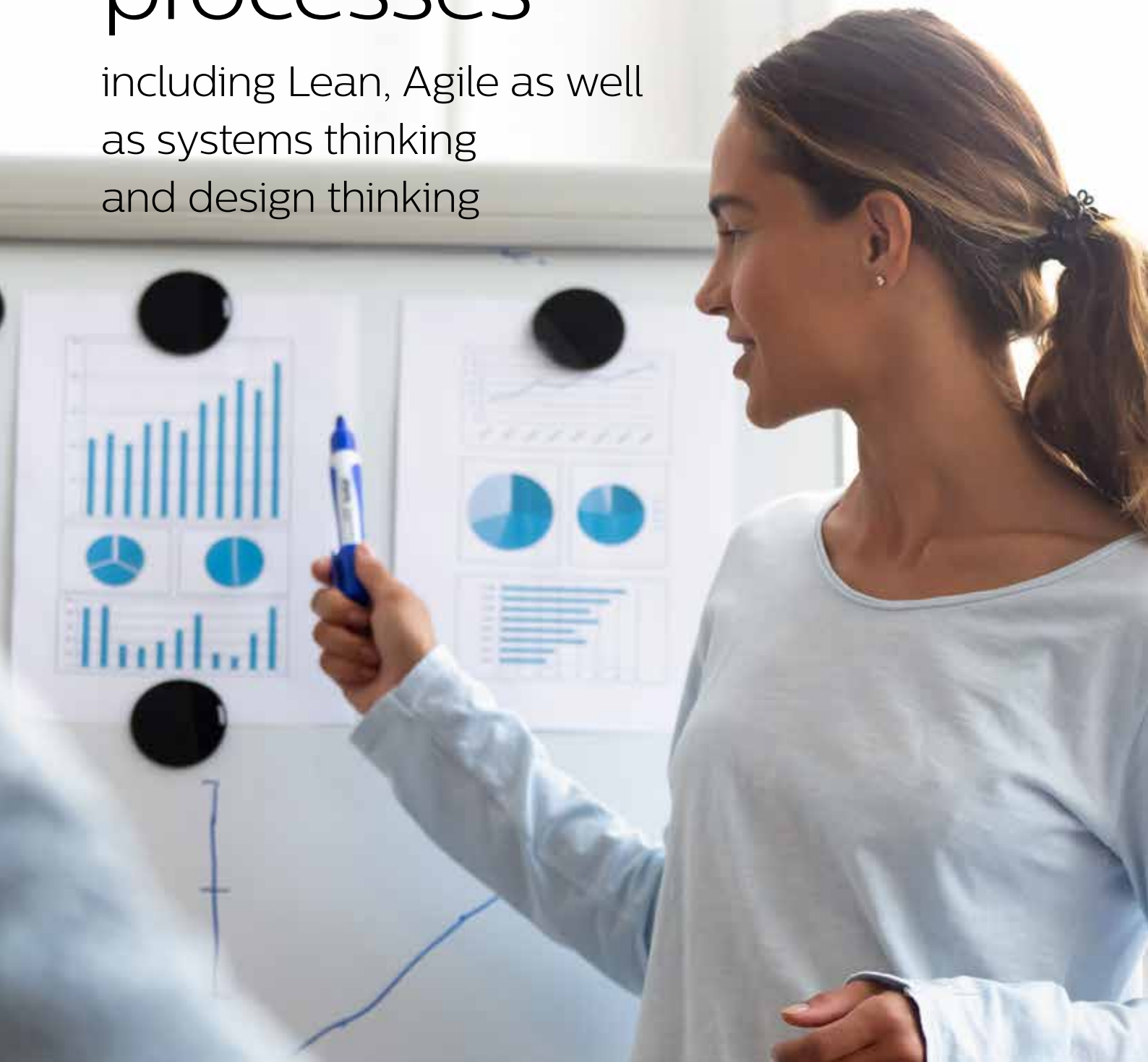
Priority

Lean business processes

Waste is a recurring problem in the existing healthcare system. It accounts for $760 billion to $935 billion annually in the US, or 25% of total medical spending, according to the JAMA[2].

of total medical spending gets wasted

According to Dawn Bruce, healthcare is adopting lean business principles such as Lean Six Sigma to create more operationally intelligent health systems, to focus on their customers[3] through targeting eight key wastes[4]. For example, Lean Six Sigma is used to reduce defects that can result in medical errors, manage costs and operational improvement and quality.

She explains: "Lean methodologies are like running your hospital as a factory, because the routes of Six Sigma go back to Toyota and it was designed to be able to run a factory. That is readily accepted, but when you start talking about running the hospital as a business... they are not recognizing the benefit of having that as well. It's really critical."

A strong focus on business principles, practices and new methodologies are designed to push healthcare into a new era of efficiency and effectiveness against the backdrop of mounting resource challenges. And yet, partnerships can also support these goals.

"Budgets have been cut in half, so resources are stretched and hospitals are wondering how they are going to get the patient outcomes and satisfaction that they need, and still do it on a tight budget. The highest dollar spend they have is on their resources and that's because it is not being managed effectively. And the need for business acumen is critical in meeting their goals. Being able to better manage resources — people management in general - managing multiple hospital departments, upgrading skill sets, addressing staffing needs. From an HR standpoint, there is a lot we can do to support their operations, because this is where they struggle right now," explains Dawn Bruce.

Priority

Complement KPIs with OKR

Objectives and key results (OKR) help establish high-level, measurable goals by establishing ambitious goals and outcomes that can be tracked over the quarter. The framework is designed to help organizations establish far-reaching goals in days instead of months.

OKR has been around since the 1970s. The concept was created by Andy Grove, but popularized by John Doerr, who was one of the earliest investors in Google. OKR quickly became an important focus for Google, and companies such as LinkedIn, Twitter, Dropbox, Spotify, AirBnB and Uber have since followed suit.

OKRs and KPIs (key performance indicators) seem similar on the surface, but KPIs are more reporting focused while OKRs support a goal or vision. They should also be measurable, flexible, transparent and aspirational.
Dawn Bruce explains why her teams include both KPIs and OKRs as part of the change and Operational intelligence approach: "We use both KPIs and OKRs as performance

indicators, but in healthcare, we find it particularly useful to track OKRs as they are more specific with quantifiable results. Utilizing the two offers the opportunity for macro and micro operational visibility. OKRs are tied to business goals and objectives, rather than employees' work. KPIs on the other hand can be tied directly to an employee's day-to-day work — they're designed for achieving success in the workplace."

OKRs are used for both individual and team goal-setting to help knowledge workers prioritize work in fast-paced environments. Like the tech industry where they originated, healthcare is fast paced so it's important to stay focused on the most important priorities.

2 JAMA, https://jamanetwork.com/journals/jama/article-abstract/2752664
3 Purdue University, Lean Six Sigma Online https://www.purdue.edu/leansixsigmaonline/blog/healthcare-advancement-with-lean-six-sigma/#:~:text=Using%20Six%20Sigma%20to%20 improve,turnaround%20time%20for%20lab%20results
4 NEJM Catalyst, https://catalyst.nejm.org/doi/full/10.1056/CAT.18.0193

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Priority

Adopt disruptive innovation

Much of the frustration linked with the scale and pace of change within healthcare is not linked to effort, talent or resources. Instead, it stems from attempts to make the current healthcare model fit the demands now expected of it.

Dawn Bruce suggests that one of the most positive learnings healthcare can make from business is to utilize businesses own learning from transformation and the innovations processes that have facilitated it.

She explains: "In addition to being a responsible business propelled by our purpose to make life better, one of the most compelling reasons to partner with a company like Philips is the benefit of shared learnings in addition to shared values.

From being a siloed organization, we've spent the past 7 years transforming to be a future forward health technology organization, working to address many of the operational challenges that our hospital partners are also facing. They can learn from our mistakes and employ the fast fail principle. In addition to this, we can also help them adopt the disruptive innovation tools that have made change stick."

The tools Dawn cites include the importance of multidisciplinary teams. In fact, the Centre for Workforce Intelligence[5] has cited the value of teams 'working across a range of different professional groups, deliver[ing] higher quality patient care and implement[ing] more innovations in patient care[6].

Design thinking capabilities are also vital. The transformation of healthcare demands new models and new competencies more akin to the broad based competencies and capacities offered through design thinking. In addition with product, solutions and clinical excellence, healthcare professionals need to be educated about systematic innovation processes that prioritize empathy and customer-centricity.

New skills development will focus on the development of empathy, radical collaboration and rapid prototyping. These soft skills should be coupled with systems thinking capabilities.

New skills development
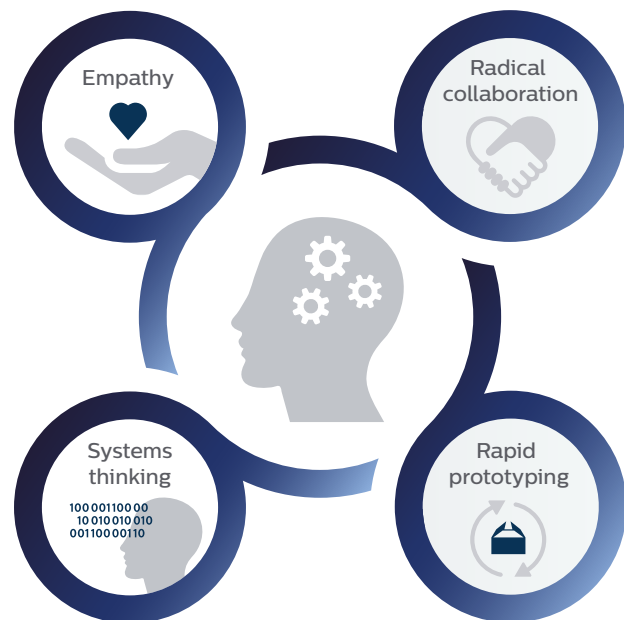
This is the tech-originated practice of understanding the interconnectedness of how health systems operate, their complexity and how they interact. The rapid digitization of healthcare will necessitate systems thinking skills across many strata of the global healthcare workforce, far beyond those working in IT.

5 Future skills and competencies of the health workforce in Europe, WP6, Centre for Workforce Intelligence UK, 2016. Funded by the EU.
6 Team and working effectiveness in healthcare: Findings from the healthcare team effectiveness project, Borrill et al, 2013

Recommendation 5

Embrace technology

and drive for interoperability but learn from business that achieving this is a cultural, rather than a technical shift

Strategically manage technology

For every healthcare institution, technology is a significant investment and an essential component in quality healthcare delivery. And yet, technology should be seen as an enabler, not the fix all solution, with innovative strategies employed.

For every healthcare institution, technology is a significant investment and an essential component in quality healthcare delivery. It has become a key differentiating factor in improving patient care, and establishing a competitive advantage. Yet successful management of a broad installed base of hardware and software is challenging. Without a thoughtful proactive plan, a break/fix/replace routine becomes unavoidable, costly and overwhelming. Ongoing concerns arise around product safety (for patients and users), efficiency, downtime, spare parts, financial feasibility, operational stability, cyber security, compliance, and more. This unpredictability, coupled with budgetary constraints and rapid technological innovation, leads healthcare providers to seek management partnerships in an effort to gain control over processes that are getting more complex.

Dawn Bruce explains how the strategic management of technology can break down some of the misconceptions of technology and equipment purchase, even to the point of highlighting that buying the best isn't always the best choice:

"Healthcare organizations in Canada and many other parts of the development work can typically want to buy the Rolls Royce of everything because they don't know when they're next going to get funding. It's a feast or famine approach. And yet a partnership established as equals on the same team makes it possible to open up new ways of thinking about planning, purchasing and maintaining and puts in place a strategic approach to managing technology.

For example, we were able to ask our partners at MacKenzie, 'do you really need the Rolls Royce? What if you go for a lower level or a different configuration that frees up budget in order for you to spend somewhere else. You could even buy two of them for example.'

This type of business minded approach establishes the foundation of a different type of problem-solving dialogue-based relationship that unpicks the true challenges and opportunities amid the complexity. It prevents purely transactional relationships, removes 'catalogue-based thinking' and drives true vendor agnostic solutions thinking."

It's clear that there is a lot that business can offer to healthcare, so long as the partners involved have their purpose and priorities aligned.

Dawn Bruce sums it up:
"We're all invested in making healthcare accessible to all and to do so, we need to share and apply best practice principles. Applying business learnings is essential if we're to shift away from fee-for-volume to fee-for-service value models.

In order to adapt - or pivot - to new models of value-based care, healthcare is slowly embracing ideas, concepts and thinking — many of which may have originated in the business world - to improve the way healthcare is delivered and experienced and that can only be a good thing."
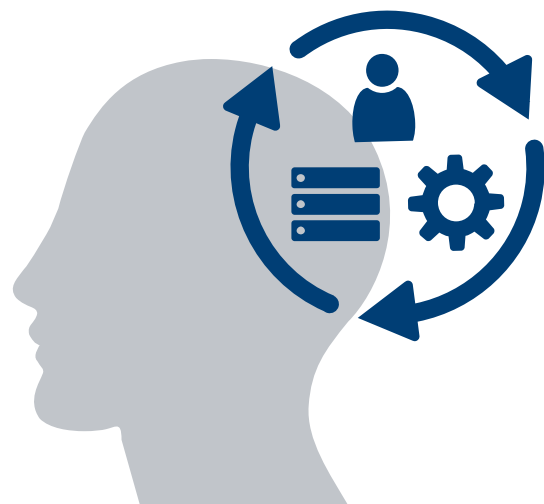
Interested to learn more?

Let's talk. Even better, let's collaborate

We'd love to help you apply Operational Intelligence to help solve
your key people, process and technology challenges.
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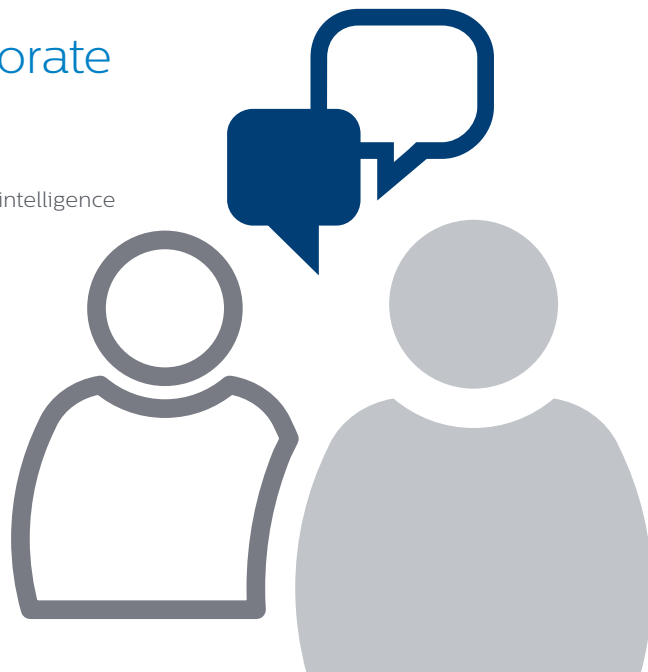
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