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**Strategy Deployment**

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## Strategy Deployment

### *Transforming healthcare organizations with iterative, informed planning and execution*

Every healthcare organization can improve. But planning, managing, and executing improvement within complex healthcare environments is incredibly challenging. An array of patient services are delivered via multiple processes that cut across myriad departments staffed by hundreds of specialists, managers, and administrators, all of which create tangled webs of conflicting objectives. It's difficult to know what to change, let alone how to change it. But change is what's needed.

The Institute of Medicine estimated in 1999 that as many as 98,000 persons die each year as a result of medical errors.<sup>1</sup> The U.S. Food and Drug Administration reported in 2009 that medication errors cause at least one death every day in the U.S.<sup>2</sup> According to the Centers for Disease Control and Prevention, among 1.7 million patients with healthcare-associated infections (HAI) in 2002, 98,987 deaths were caused by or associated with the HAI.<sup>3</sup> This while U.S. healthcare spending reached \$2.49 trillion in 2009, up from \$1.38 trillion in 2000 and \$724 billion in 1990.<sup>4</sup> These quality and cost statistics reveal an industry in need of transformation. Yet how many healthcare executives can say their traditional strategy and planning efforts — at best, earnest programs that push an organization forward or, more often, annual rituals that rarely connect objectives with day-to-day execution — drive transformation?

Traditional top-down, command-and-control management systems frequently fail to bring sufficient awareness of organizational goals, support the goals, or inspire effort to hit the goals. Can a handful of senior executives really dictate plans for an entire healthcare business or understand problems and opportunities at the frontline? There is a gap in healthcare between strategy and action. Lean healthcare organizations are closing that gap with strategy deployment.

Strategy deployment is a management process that helps executives to focus and align their organizations around the most important goals. Goals and plans are cascaded down *and up* in an organization — senior leadership to middle management to frontline staff and back up — for repeated review, input, actions, and revisions. Senior leadership may initially point to priorities that support a vision or mission (True North), but the rest of the organization collaboratively translates those goals into specific plans, targets, and actions. And unlike traditional planning, it's not an annual exercise but an iterative approach for transformation and continuous improvement.

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1 Linda T. Kohn, Janet M. Corrigan, and Molla S. Donaldson, editors, "To Err Is Human: Building a Safer Health System," Institute of Medicine, 2000.

2 "Medication Error Reports," U.S. Food and Drug Administration, April 2009.

3 R. Monina Klevens, DDS, MPH; Jonathan R. Edwards, MS; Chesley L. Richards, Jr., MD, MPH; Teresa C. Horan, MPH; Robert P. Gaynes, MD; Daniel A. Pollock, MD; and Denise M. Cardo, MD; "Estimating Healthcare-Associated Infections and Deaths in Hospitals," *Public Health Reports*, March-April 2007.

4 Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, National Health Care Expenditures Data, January 2010.

“Strategy deployment is forcing a continuous improvement look at the world, whereas the traditional way is just a batch, which is a project,” says Dr. John Toussaint, founder and CEO of the ThedaCare Center for Healthcare Value. “Strategy deployment really allows you to think about your work from the perspective of PDSA<sup>5</sup> cycles.”

Dr. Toussaint, who was previously CEO of ThedaCare, an Appleton-based community health system that employs more than 5,000, says, “Healthcare executives are so easy to go and chase the latest shiny object, the latest electronic health record, the latest technology. In the end, none of that really delivers better value to the customer. They are all just tools. If you’re not focused on the process of delivering a better product, then you can have all the tools you want and none of them are going to mean anything — which is exactly where American healthcare is today.” Even today’s “brilliant technology,” adds Toussaint, won’t mend the broken processes that deliver patient care. “Strategy deployment starts to elevate the process to the No. 1 action item for attention.”

## The Need for Strategy Deployment

Even in a small organization, there are always too many things to accomplish, too few resources, and too many distractions. Strategy deployment focuses and aligns an organization on those goals most meaningful systemwide, connecting them to the actual work that delivers value to patients, and spurring meaningful and systematic conversations about how those goals should be tackled.

### Focus and Alignment

Group Health Cooperative is a Seattle-based nonprofit healthcare system that employs more than 9,000 and serves more than 600,000 residents of Washington and Idaho. In 2007, CEO Scott Armstrong initiated a robust five-year strategic planning process that was unlike anything that had occurred at Group Health, says James Hereford, executive vice president of the group practice division. “We’d had other strategic efforts, but they usually resulted in an articulation of some strategic plan that was printed, a well-crafted and written document that basically got stored somewhere and never really acted upon. We didn’t have a way of taking that strategic aspiration or intent and translating that into a known set of work. Or if we did, a million things got justified as being consistent with the strategic intent.”

Previous planning at Group Health lacked discussion of strategic goals in order to gain alignment. “That was the biggest problem we were trying to address through the addition of a strategic deployment process,” adds Hereford. “There was a general frustration that there was a

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<sup>5</sup> PDSA (plan-do-study-act/adjust).

lot of activity, a lot of movement, and a lot of work, but not a sense of clarity of how this work summed up into specific targets or strategic intents.”

Prior to strategy deployment, planning at ThedaCare also was quite traditional. “Our planning process before was usually a big batch where we’d have a board retreat for four or five hours,” recalls Dr. Toussaint. “We’d set up questions and get the board into small groups. We’d take that feedback and try to sort out a strategy, which then we’d use for the next year, and that went on year after year after year. And, of course, the day after we had created this strategic plan, it was sort of already out of date.” About three years into the lean journey at ThedaCare came the realization that the real goal “was to engage frontline workers, in not only identifying defects but solving problems. We were completely disconnected between the senior executive strategy and the frontline workers, and I include doctors in that frontline group. We realized we needed to do something different.”

Dr. Dean Gruner, CEO of ThedaCare, says strategy deployment helped to get everyone aligned in the organization and pulling in the same direction. “Strategy deployment is going out and helping everyone understand what our breakthrough initiatives are for the next year or two, why those are the breakthrough initiatives, why they are important, what’s the thinking, what’s the rationale. If people have an understanding of the ‘why,’ they’ll do it themselves. It’s not a push, it’s a pull.” He notes that ThedaCare has frequent visits by healthcare professionals, who are consistently “impressed and surprised at the depth that everyone understands what we’re doing.”

Dr. Michel Tétreault, CEO of St. Boniface Hospital, says they began strategy deployment about a year-and-a-half into their lean transformation journey, which began in 2008. Winnipeg-based St. Boniface Hospital is one of Manitoba’s largest healthcare facilities, comprised of more than 180 departments and services and employing more than 4,000. The hospital was achieving results with lean, but, adds Tétreault, it was not getting as much improvement as it wanted, attributing part of that to an inability to align the organization.

***“We’ve learned to be more intentional about what’s really important, what we have to do to get there, and how we are going to measure if we get there or not.”***

**Dr. Michel Tétreault, CEO, St. Boniface Hospital**

“There was a gap in how planning was understood at the executive level and how it was aligned and understood at the management level and by frontline staff, and, conversely, how individual and collective efforts contributed to the bigger picture,” Tétreault says. “We’ve learned to be more intentional about what’s really important, what we have to do to get there, and how we are going to measure if we get there or not. In the past, there was a lot more time spent on firefighting and crisis management, and we easily got distracted from what we decided were the most important things.”

In addition to aligning St Boniface Hospital to its highest-priority goals, strategy deployment helps to appropriately distribute responsibility for those goals. “There are two pieces,” says Dr. Tétréault. “There is the alignment piece, but there is also the clarity of what we want to achieve and who is expected to achieve it. Here we call it ‘role clarity.’”

Clarity of goals *with* roles helps to cut through issues of leaders and management wanting to do what they’re good at or what they’re comfortable doing, and it helps to focus leadership and management on fulfilling their role rather than jumping into other roles or to other goals for which they, respectively, don’t have authority or resources. And with multiple goals and plans being cascaded up and down in an organization, there is a tendency to assign roles to the “go to” person with a record of success; clarity of roles brings overburdened staff to light.

As a system for ongoing, *organizationwide* transformation, strategy deployment brings clarity of goals to horizontal processes that cut across many functions in an organization; horizontal processes frequently offer the most opportunity to improve patient care as well as cause the most management conflict and stress. Matt Furlan, COO of ThedaCare’s two community hospitals and previously a senior executive at lean companies Parker Hannifin and The HON Co., says, “For organizations starting their lean journey there is low-hanging fruit, and they see great returns for three, five, seven years. But unless it [addresses] horizontal [processes], you’ll have diminishing returns working within the silos. Strategy deployment makes you look at your strategy and how that strategy will be achieved horizontally vs. vertically. And when you do that, it really helps create organizational clarity, forces you to align resources with highest priorities, and reduces the amount of conflicting priorities or lack of clarity of what priorities are.”

### Dialogue and Mental Models

A fundamental principle of strategy deployment is the need to repeatedly communicate and review strategy deployment goals, plans, actions, timing, and outcomes using a method called “catchball” — frank back-and-forth conversations that help to align the organization and build buy-in. Catchball surfaces conflicts and conflicting ideas, and the ongoing dialogue also helps to identify when and where staff are being pulled in too many directions. Lean tools such as A3s and the X-matrix (see *Lean Communication Tools*) help to standardize these often-difficult conversations, reinforce use of PDSA/PDCA<sup>6</sup>, and drive staff to develop and rework solutions until there is alignment around the best course of action.

“[Catchball] forces us to go back and adjust our plan,” says Hereford. “Yes, it’s as easy as ‘Let’s deploy a goal and have a conversation about what you’re going to do to contribute to it,’ but then reconciling that both across the organization in terms of sufficiency and in terms of the support resources required — measurement, IT, HR, finance, and all those things — it turns into a complicated process in a hurry... These are the hardest and most difficult conversations relative

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<sup>6</sup> PDCA (plan-do-check-act/adjust).

to other things you do in lean, which seem a lot more tractable and straightforward.” But, he adds, it’s an “absolutely invaluable “ process, and catchball conversations continually yield insight into how to make Group Health better.

Dr. Tétréault says catchball dialogue at St. Boniface Hospital can still be arduous, but strategy deployment reinforces QQTR conversations around *quality, quantity, timelines, and resources*. With a focus on QQTR, staff are quicker to realize what can be done with the resources available and more accepting when initiatives must be postponed. In the past, he adds, staff might have tried to fight for everything, assigned tasks to people who did not have adequate time, held unrealistic expectations for outcomes, and became frustrated when outcomes were not achieved.

Unlike many industries, healthcare processes and patient outcomes frequently rely upon staff who are not employees (e.g., doctors) and not necessarily subject to the same requirements as employees. But done well, strategy deployment develops conversations with *all* parties touching a process, iteratively engaging doctors (on staff or external) and capturing their input around specific goals and plans that most affect them and their work.

### Lean Communication Tools

A3s enable standardized conversations around goals and plans. On a single sheet of A3 paper (about 17 inches wide by 11 inches high), an A3 should succinctly capture, with text and graphics, the problem or opportunity being addressed; analysis of the situation (such as the gap between what currently takes place and the goal); corrective actions to achieve the goal; an action plan to make it happen (who does what when); and planned followup to force a check of outcomes (how to expand successes or learn from insufficient outcomes). A3s are a living document, changing as inputs and conditions change.

“If you don’t have 20 different drafts of the strategy, then you’re not doing it right,” says Dr. Toussaint. “In a couple years you might have 40 or 50 A3 drafts. As you do the PDSA and collect the data, you realize that your thinking is changing. The problem that you are trying to solve may actually be changing, too.”

A3s and PDSA are core to strategy deployment success, says ThedaCare’s Furlan. “I think you’d fail if you don’t have good understanding of A3 thinking at the leader level. At least every month you know if you’re moving in the right direction or not, vs. setting annual targets and goals that don’t have the rigor of ‘study’ and ‘act.’ PDSA can make good managers great managers because it really helps people see, ‘Am I moving to my target or not? And, if not, what am I going to do differently?’ Strategy deployment makes you practice that, and it makes people come together cross-functionally where they typically would not without a strategy-deployment process.”

Dr. Tétréault says A3s and PDCA help to illuminate processes and outcomes: “Did we do what we said we would do (a process measure)? If we did, did it produce the results that we wanted (the outcome measure)?... I think what we learned in the first year – and trust me it was not all smiles and warm fuzziness – was how beneficial it is to the organization and to each other to have set us in a position where we *have* to have the honest conversation. Having it on one piece of paper that everyone can relate to helps with that.”

“Any time you’ve got people who are not employees, to keep this process in an iterative format — which is what makes it so powerful — is really tough,” says Dr. Toussaint. “We’ve been in this batching mode for all these years because we can’t get the doctors together but once year, and even then we can’t get half of those we want.”

But with strategy deployment, conversations about goals and plans begin to occur systematically with doctors *at the frontline*, adds Dr. Toussaint, and opportunities emerge that can dramatically affect value for the customer. Managers will pull doctors in regarding strategy as its translated for the frontline, and doctor input then makes its way into A3s and the PDSA cycle, cascading up to executives for more enlightened planning and encouraging ongoing doctor engagement and feedback — “it’s more powerful than 50 doctors in a room once a year.”

Strategy deployment also changes traditional mental models of healthcare executives and staff: from annual planning to iterative PDCA/PDSA, from authoritarian to participative, and from dictating work improvements to the work of continuous improvement.

“The way people think at [ThedaCare] is different than it used to be,” says Dr. Toussaint. “They think, ‘What is the problem we’re trying to solve? What is the background of the problem? What is the result we’re trying to achieve? What is the root cause of the problem? And what are the countermeasures that are going to fix the problem?’ It’s a constant, iterative process. So the strategy, as it’s deployed, is constantly being touched by many, many people, which then changes and deepens the understanding of what it is that’s actually trying to be accomplished with the strategy.”

“It is surprising how positively people have received the idea of just getting our thoughts in order around exactly what is important and exactly what we want to do,” says Dr. Tétreault. “The thought that we actually can look ahead, past today into the next month and year, and sort out where it’s important to put our energy is quite appealing.

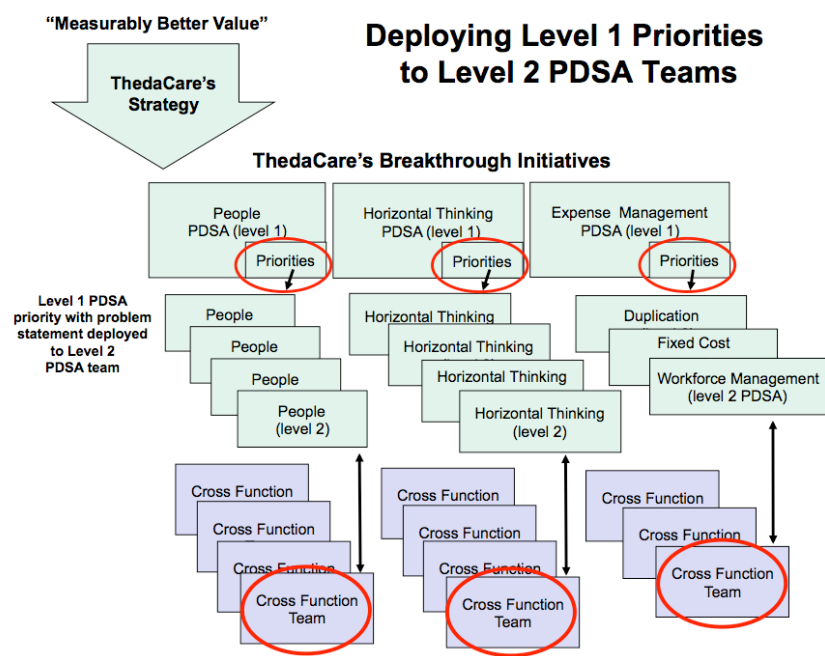
“One of the benefits from my perspective,” he adds, “is that most people who complain about being overburdened are not complaining that they don’t have the energy to do a lot of hard work, they’re complaining that the time and energy they’re spending isn’t being productive and successful in the way they’d like it to be. Having a reference point that helps us to see that we are spending time on the *important things* and that those important things are getting solved, I think decreases the feeling of overwork or overburden. In that way, I think it’s a tremendous payoff.”

### Strategy Deployment Basics

In theory, strategy deployment is as simple as taking a few broad goals and passing them down and back up through the organization, asking process teams, functions, departments and staff to figure out how to achieve those goals. And that is fundamentally how strategy deployment works, with organizations determining the appropriate levels at which goals and plans cascade and get translated into more discrete goals and plans — but it’s far from simple.

ThedaCare has gone through three strategy deployment iterations (cycles of establishing and cascading goals, defining plans, and executing). Furlan says that with each iteration it has increasingly focused tighter on priorities and aligning resources to priorities. The current deployment is guided by True North strategies — development of people, horizontal thinking (improving service to patients as they flow through the ThedaCare system) and expense management — that are collaboratively managed for customer satisfaction.

The system leadership team (SLT) translates ThedaCare’s True North strategies into level 1 breakthrough initiatives for the organization. Each level 1 PDSA is co-lead by members of the SLT, which collectively own the level 1 breakthrough initiatives. Breakthrough initiatives are then cascaded down to level 2 PDSA teams. Level 2 initiatives then move to cross-functional teams across the organization (see *ThedaCare Strategy Deployment*). Level 1 teams review progress monthly, and their primary roles are to identify and prioritize the biggest opportunities and to remove barriers for level 2 cross-functional teams to ensure targets are achieved.



### ThedaCare Strategy Deployment



Group Health uses its existing functional structure to deploy strategy. At the enterprise level, executives establish goals supporting four focus areas: affordability, quality, people, and growth. Leadership of sub-divisions, such as primary care or consultative specialties, reflect on those goals and begin to build an A3 for their respective areas, says Hereford. In doing so, they meet with their first-level leaders and managers (about 100 people) and discuss what's been asked of them. Each shares the emerging A3 and has conversations with frontline physicians and nurses — “Here's what we're thinking. What do you guys think? What improvements can we make? How might we contribute?” Group Health conducts a strategy deployment cycle about every six months, which allows sufficient time to do the improvements to be implemented while providing an opportunity to check and adjust mid-year.

Group Health enterprise goals ultimately get translated to 20 to 25 divisional goals. Hereford calls it an “ongoing Pareto exercise” as catchball defines the right measures and the right number of measures. “The dilemma is that it's a complex business, and there are a lot of moving parts and a lot that can be measured. Our understanding and learning continues to evolve about what are the process measures that are the most predictive of the most things. To the degree that you can find [predictive measures] — ‘I know if I get this right it's going to predict success for five other measures, so I should pay attention to this process measure that's really critical’ — that's a point of learning... Many times that you make a change, your hypothesis is that you're going to have a beneficial impact on multiple goal areas.”

ThedaCare's Furlan similarly cites the need to find opportunities with the broadest impact: “Long-term, after you learn and get competent, you end up deploying your resources to the biggest opportunities. So the assumption is that until you get good at [strategy deployment], you're probably not [targeting your biggest opportunities].”

St. Boniface uses a rolling 12 months for its strategy deployment cycle, and its overarching objectives are patient satisfaction, staff engagement, financial results, and clinical safety. An executive team monthly reviews strategic areas that drive True North and the plans attached to them (level 0); they assess current status, accomplishments, stuck initiatives, and ways to improve. Each executive also develops an X-matrix specific to their “portfolio” (such as human resources or clinical programs), identifying the important things to accomplish in the next one to three years (level 1); most executive-directors have engaged the directors on their portfolio teams, explaining what's been proposed at level 0 and asking their teams for input.

Subsequently, some directors have begun to cascade this to managers (level 2), discussing more detailed plans or at least the issues that affect the managers. For example:

- *Level 0:* Executive team for clinical programs asks what is being done to affect the drivers of patient satisfaction (the most prominent drivers are identified as patient information and preparation for discharge).
- *Level 1:* Executive-director asks what are the activities in the portfolio that will improve patient information, and develops a plan to use whiteboards at patient bedsides.

- *Level 2*: Directors then ensure that managers plan how to make sure staff will keep whiteboards updated and discuss whiteboard information with patients.

Frontline staff at St. Boniface Hospital are not yet involved in strategy deployment, and Dr. Tétreault is cautious of going too deep too fast. However, strategy deployment at the hospital does address areas that are not yet part of the hospital's lean transformation. Mission-critical areas, such as balancing the budget, are “not within transformation per se, but it's got to get done, and that's why it's on our level 0.”

There are varied opinions about *when* to get started with strategy deployment in relation to a lean journey. Dr. Toussaint says it was a mistake at ThedaCare to not start with strategy deployment, believing the organization could have improved faster had senior leadership understood its role more clearly and been able to prioritize objectives and align resources commensurately. That would have relieved some burden on middle managers and frontline staff as they focused their attention on solving only the most pressing problems.

Dr. Tétreault counters that lean transformation work helped his staff gain understanding of lean concepts and challenges, which informed the rollout of strategy deployment at St. Boniface Hospital. “As much as I see strategy deployment as an essential part in succeeding with transformation, it's not something that you can just ... plunk into an organization if people haven't had to grapple with how we actually make change.”

## Complexities of Strategy Deployment

With hundreds and even thousands of employees, healthcare organizations are a swarm of management challenges and conflicting ideas. Strategy deployment won't necessarily eliminate these issues, but it does bring them into the open and attempts to address them systematically. Operating in an environment of transparency and dialogue, though, are foreign to many healthcare executives and can cause tension and discomfort.

“I don't think that [strategy deployment] is necessarily hard, I think it is just really different than what most people are used to, both coming out of MBA schools and medical schools,” says Dr. Toussaint. “We're not trained to think this way, and I think that is the challenge.”

When strategy deployment began at ThedaCare, Dr. Toussaint says he did not understand that it was a top-down, bottom-up process: “I was looking at it as an old-school, leadership-management process — I am going to tell you what to do, and then somebody is going to tell the next person what to do, and on and on and on. What we finally began to realize was that effective strategy deployment is really about engaging a conversation across the entire organization, from CEO to frontline. That's what changed. It was our thinking that changed. As we began to use and understand the tool, we realized that this was a lot more than a tool — it was

a philosophy of how you engage workers, how you engage everyone to focus on a very few core, breakthrough performance items. That was and still is a work in progress.”

In addition to being different from what’s traditionally learned and practiced, the sheer volume of conversations associated with cascading a few executive-level goals throughout an organization exponentially grows to dozens of support goals. So when put in place systemwide, strategy deployment takes planning from an annual exercise to daily work for executives and managers.

***“Strategy deployment is nothing more than standard work for senior management.”***

**Dr. John Toussaint, CEO, ThedaCare Center for Healthcare Value**

“Strategy deployment is nothing more than standard work for senior management,” says Dr. Toussaint. “Senior management needs to learn standard work. This is a great way for senior management to learn what their role is in the lean transformation, and strategy deployment is part of that role. True North metrics are part of that role. A3 thinking is part of that role. There are some core things that senior management has to do, and strategy deployment is clearly one of those things.”

This different management process requires a different type of leadership. Hereford says strategy deployment, as with lean transformations in general, requires leadership that is more facilitative, less authoritarian, less controlling, more team-based, and more willing to engage in dialogue. “I won’t pretend we have the complete answer,” he adds. “You play with the cards you’ve got. We deploy this and do our work with the capabilities we have, and we continue to identify skill sets that we’re not deep enough in, and we try to train to those and continue to deepen them. We need to get better at that. People’s ability to communicate, have dialogue, facilitate teams, and think systemically are more important in this kind of environment than they were in the good old, command-and-control, top-down environment.”

Each healthcare organization moves at a different pace and in somewhat different ways with strategy deployment. But each is consistent in making strategy deployment core to their lean journeys, and they continue to work at improving the process. In doing so, they’ve recognized principles that have helped (see *Lessons Learned*) as well as their need to get better at it.

“We’re very imperfect at it,” says Dr. Tétreault. “We’re very much just learning how to do this. There are these periodical, ‘Are we still on track? Are we getting what we need to get done? Are we getting distracted by the fire of the day?’ moments.” Establishing a workplace where simply asking those questions can occur on an ongoing basis is but one of the reasons that lean executives would manage their organizations no other way.

### Lessons Learned

- **Go and see** — Visit healthcare organizations and lean firms in other industries to see how they're using strategy deployment. For example, ThedaCare staff went to nearby Ariens and AutoLiv, two lean manufacturers with established strategy-deployment programs and a history of lean improvements.
- **Get a good sensei (teacher)** — “You need external help,” says Dr. Toussaint. “You've got to get an external sensei to do this. This is not intuitive. Nobody has ever taught it to you in business school or medical school.”
- **Simple and clear** — “You want everybody in the organization to understand the strategy and the rationale, the 'why' for the strategy — not at the same depth, but the same understanding as the CEO and the senior team,” says Dr. Gruner. Making these messages simple and visual helps to enforce clarity and understanding.
- **Know the tools but focus on the people** — Group Health teaches PDCA and A3s at various levels of the organization. Yet Hereford says, “The good news about deployment is that it's not terribly tool-intensive. You don't have to be a master of 'quality function deployment.' That's the good news. The bad news is that it's more people-dependent... It really does put an emphasis on people's ability to create the dialogue and facilitate a conversation that our old management styles simply didn't require.”
- **Measure it** — A lean journey guided by strategy deployment should be able to improve quality, lower cost, and improve staff morale, claims Dr. Toussaint. “You ought to be able to measure those, and, if you're not getting those results, you're not doing it right. All companies that have effectively and successfully implemented lean get those three things, including ThedaCare.”
- **Appreciate progress** — Since strategy deployment and improvements are iterative, it's easy to look toward the next gap or problem and not appreciate accomplishments along the lean journey. Dr. Gruner says that he often thinks ThedaCare should be doing more and doing it faster, and relays advice offered to him: It's necessary to look back, appreciate the progress, smile, and relax a little bit. “I think about that a lot. You want to have fun, *and* you want to move faster. I don't want everyone to feel like they're overburdened.”

### Delivering Change

Strategy deployment may not be a panacea for all that ails healthcare organizations or the healthcare industry. But lean executives who have guided their organizations with the process cite the many benefits — tangible and intangible — to their organizations. And based on these islands of healthcare improvement, one can only imagine how widespread adoption of strategy deployment could begin to alter the industry.

“I believe it is helping us get things done,” says Dr. Tétréault. “It's a way of helping us be more efficient at actually getting things done.” One positive, he notes, is that staff are more mindful of their own time and of others' time. By knowing clearly what is important, staff are more likely to ask questions and resist when asked to do something not related to strategic goals. “We could do much better, but I am frankly quite pleased with the progress we've made in the hospital with transformation in the last couple of years.”

“Ultimately, the reason you do this is to do deliver better value for your customers,” says Dr. Toussaint. “If you fundamentally don’t believe that that’s why you’re in business, then you shouldn’t do this.”

“We spend a lot of time trying to understand if we’re delivering better value to our customer by doing this activity, and we have a lot of evidence that we are,” adds Dr. Toussaint. “If you measure performance in this Appleton community, I can show you that we are the second lowest-cost geographic region in the state of Wisconsin, which is one of the lowest-cost states in the country. I can also show you that, as it relates to individual patient health outcomes [data available via public information], that we’re delivering better health outcomes. And I can show you we’re delivering a lower cost than almost any market in the state. That’s what I’m after. Why should you do this? To deliver better value to your customer. How do you measure that? It’s cost per health outcomes.”

Group Health’s Hereford looks back at what’s changed and how it positions his organization for the future: “This is really about the dialogue. It is not about the answer so much as the surfacing of all the tensions that will be there no matter how you approach this. This is about intentionally going after and surfacing them at the front end.” He says, “Give yourself permission to have those kinds of tensions surface.”

“Group Health is a fundamentally different place to work than it was five years ago, fundamentally better,” stresses Hereford. “We have a different culture now. My prediction is that in the next five years it will be fundamentally different than it is today and an even better place to work.”

“It’s going to take the rest of your life,” warns Dr. Toussaint. “It never ends. And if you do it right, your organization will perpetually be improving.”

*by George Taninecz  
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## Lean Leaders

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