LEAN STRATEGY
DEPLOYMENT:
HOSHIN PLANNING TO ALIGN
13,000 STAFF

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Summary

- Large Healthcare System
- Setting system goals for several years
- Limited progress
- Our response: Deploy Hoshin planning to align goals at all levels of the organization
- Today we’ll share
  - Methodology
  - Results
  - Lessons Learned
Altarum Overview

- Non-profit health systems research and consulting organization
- Over 500 staff based at 9 different locations
- Lean Six Sigma (LSS) Practice Area provides Lean facilitation and program development for a wide variety of clients across the US
- Highly trained and experienced LSS Coaches that develop healthcare organizations to become self-sufficient in their continuous improvement journey
- Helps healthcare organizations address their critical challenges through a holistic and sustainable approach to continuous improvement
- Provides clients with the training, tools, analysis, discipline, and flexibility to be successful
Scott & White Overview

- Integrated, non-profit healthcare system
- 12 hospitals, 2 skilled nursing facilities, 60+ clinics
- Largest multi-specialty practice in Texas
- One of largest multi-specialty practices nationwide
- 13,000 staff, 900 physicians & scientists, 400 medical residents and fellows
- Scott & White Health Plan – 180,000 members
Terminology Review

- **Lean**
  - Identify value-added steps in a process
  - Work to minimize/eliminate non-value-added steps and remove waste

- **Hoshin Kanri**
  - Ho-shin=Direction; Kan-ri=Management

- **“Catchball”**
  - 2-way goal-setting conversation

- **SWAT**
  - Scott & White Alignment Tool
Once Upon A Time…

- Flagship hospital in a small Texas town grew into a BIG healthcare system
- Strategic planning and goal alignment were never EASY…
Now It Was REALLY Difficult…

- C-Suite Shuffle
- Significant Growth: Organic and acquisitions/mergers
- Geography: More than 29,000 square miles
- Healthcare Reform
- Benefits and Compensation Changes
- Financial Challenges
- Impending Audits from Regulatory Agencies
  - Both Joint Commission and CMS visited during our roll-out
Time to Act!

- Senior leaders had clarity about our goals, strategy, vision
- Clear disconnect between senior leaders and front-line staff
- Report from Gallup corporation: 2010 staff engagement survey opportunities for improvement
  - “The greater the distance between an employee and leadership, the greater the opportunity for them to be disengaged and feel disconnected.”
# Key Driver: Disconnect

## Bar Chart

<table>
<thead>
<tr>
<th>Category</th>
<th>Gallup HC 50th</th>
<th>Mgr. w/Rollup</th>
<th>Mgr. w/Directs Only</th>
<th>Non-Mgr.</th>
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<td>Learn &amp; Grow</td>
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<td>4.69</td>
<td>4.86</td>
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We Needed Help...

“Take your Strategic Vision to the tactical level – THIS year!”
Lean Groundwork

- 2008: Core leader group attended University of Michigan’s Lean Healthcare Certification Program
- CLIP Office
  - VP plus 4 full-time coaches
- 4-day “deep dive” course held monthly
  - ~900 attendees to date
- 2-hr classes on specific lean tools
  - 5S, A3 Problem Solving, Waste Walk
HOSHIN "DIRECTION MANAGEMENT"
May to December
(Roll-Out, NOT Romance!)

May
• Org Goals
• Pilot

Jun
• Tool
• Roll-Out

Jul
• Training
• Leader Catchball

Aug
• Leader Goals Due

Sep
• FY 12
• Staff Catchball

Oct
• All staff goals due
• New hires

Nov
• Processing
• Results

Dec
• Project to Permanent
• Tracking
May: System Goals & Pilot

- Senior leaders set **SMART** system goals
- C-level accountable owner for every goal
- Re-name the initiative: SWAT!
  - (Don’t forget – we’re special!)
- Facilitated Hoshin (catchball) sessions
  - All C-levels
- Target pilot areas: Hospital, Clinic, Shared Services
June: Refine Tool

- SWAT Form Overview
  - Mission, Vision, Values
  - System Goals
  - Leader Goals
  - Staff Goals
  - Alignment Indicators
  - “Other Initiatives”
### Hoshin "Direction Management"

**June: Refine Tool**

<table>
<thead>
<tr>
<th>No.</th>
<th>Priority</th>
<th>Key Goals</th>
<th>Targets &quot;catchball&quot;</th>
<th>Action Themes</th>
<th>Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>X O O X</td>
<td>For SVHP to achieve a top 10% ranking as measured by HEDIS for the 2012 performance year.</td>
<td>SVHP to achieve a top 10% HEDIS score for the 2012 performance year based on Commercial and Medicare lines of business.</td>
<td>Produce physician specific performance reports, close gaps; deploy vitality coordinators; coordinate with medical groups; stop or reduce increases if not hitting measures.</td>
<td>AE</td>
</tr>
<tr>
<td>2</td>
<td>X O X X</td>
<td>For SVHP to achieve a top 10% ranking as measured by CHAPS for the 2012 performance year.</td>
<td>SVHP to achieve a top 10% CHAPS score for the 2012 performance year based on Commercial and Medicare lines of business.</td>
<td>Identify CHAPS defiance’s, close gaps.</td>
<td>AE</td>
</tr>
<tr>
<td>3</td>
<td>X O X O</td>
<td>Reduction of the Scott and White Health Plan Administrative Expense Ratio for the 2012 Fiscal Year by 0.4%.</td>
<td>Final reduction of the 2012 SVHP Administration Budget from 9.2% to 8.8% by August 31, 2012.</td>
<td>Removing of non-value added activities, focus on high-performance groups, contribution of reductions by all SVHP Leadership on a monthly basis</td>
<td>AE</td>
</tr>
<tr>
<td>4</td>
<td>X O X O</td>
<td>Completion of the Bend the Trend Projects that will have a direct effect on the reduction of Medical Care Ratio by 3.2%.</td>
<td>Reduction of the SVHP Medical Care Ratio from 93.4% to 90.3% by August 31, 2012.</td>
<td>S3 Completion, Value Based Benefit Design Implementation, and execution of a Contract Strategy</td>
<td>AE</td>
</tr>
<tr>
<td>6</td>
<td>O X X O</td>
<td>For SVHP to increase membership by at least 7,800 members for the 2012 fiscal year.</td>
<td>SVHP will increase all non-Medicaid membership from 203,00K to 241,00K by August 31, 2012.</td>
<td>Expand Service Area to Longview for Senior Care, Individual, and Group PPO. Stronger position in dual option groups.</td>
<td>AE</td>
</tr>
</tbody>
</table>

*Recommended number of goals is 5*

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The Division or Top Leader’s Goals and Means to Achieve Them (already aligned with System goals)
| Priority | Key Goals | Targets “catchball” | Action Themes | Responsible | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|----------|-----------|---------------------|---------------|-------------|---|---|---|---|---|---|---|---|---|---|
| 1        | For SWHP to achieve a top 10% ranking as measured by HEDIS and CHAPs for the 2012 performance year. | SVHP to achieve a top 10% HEDIS and CHAPs score for the 2012 performance year based on Commercial and Medicare lines of business. | Achieve all MIM Standards, Service Guarantee, Customer Advocacy Training, Combined EOB/Hospital Bill | JS | X | X | 0 | 0 | 0 | 0 | X |
| 2        | Reduction of the Scott and White Health Plan Administrative Expense Ratio for the 2012 Fiscal Year by 0.4%. | To contribute on a monthly basis proportionately to final reduction of the 2012 SWHP Administration Budget from 2.2% to 0.9% by August 31, 2012. | Affiliation issues, Authorization issues, Process Improvements, Project Management, | JS | 0 | 0 | X | X | X |
| 3        | Development and implementation of a SWHP Operations Cost Containment Strategy. | Impacting the overall Cost Containment by 6% by August 31, 2012 | Claim Cost Containment, Claim Check, Restructuring of Amsys System | JS | 0 | 0 | X | X | X |
| 4        | Based on 2011 SWHP Gallup Action Plan’s improve the 2012 Gallup Ratio Scores to 8:1 | Improving the SWHP Gallup Engagement Ratio from 6:22:1 (Engaged: Not Engaged: Actively Disengaged) to 8:1 within Allan’s 2012 Gallup roll-up report. | Q02 I have the materials and equipment I need to do my work right | JS | 0 | 0 | 0 | 0 | X | 0 |
| 5        | By March 1, 2012 for SWHP to Implement a fully functioning SWHP Medicaid Offering for STAR. | To enroll at least 50K Medicaid Members into the SWHP Medicaid Plan by August 31, 2012. | Completed RFP, Completed Readiness Exam, Fully Implemented Product, Process, Systems, and Programs. Build Medicaid Network | JS | X | X | 0 | X | X |

Other Initiatives: (list)

- Process Improvement: 2.4 M
- ICD-10 and AAO Upgrade
- Provider Cost Estimator
- Dashboard Reporting

* Recommended number of goals is 5

**The Unit or Individual’s Goals and Means to Achieve Them**
June 24: Roll-Out

- Council for Strategic Activation (CSA)
- 450 physician and business leaders
- System goals and strategic plan unveiled
- Overview of SWAT process, training, tool, timeline
July: Step 1—SWAT Overview Training

- Attending 1-hour SWAT overview session was assigned as “pre-work” to all leaders and staff
- Baseline knowledge for more effective catchball sessions
- 4 Altarum Coaches plus 12 internal coaches trained to present these overview sessions and field general questions
- Local or assigned coach at every regional site
July: Step 2 – Leader Catchball

- Catchball = 2-way conversation
- THE single most important ingredient in Hoshin
- Wave 1: Senior team completed one-on-one catchball sessions with President/CEO to document their goals
  - “Center – Out” approach
- Third party “coach” or facilitator is KEY
- Leader goal completion tracked/reported for accountability
Catchball Resources

- **People**
  - Senior champion, C-level exec. (Owners)
  - VP, Director (Barrier Busters)
  - Altarum Partners (Movers & Shakers)
  - Project Manager (Details)
  - 12 master trainers/ catchball coaches (Worker Bees)
  - 2 Central Schedulers

- **Technology**
  - Laptops and flash drives
  - Paper and pen will work, too 😊
August: Leader Goals Due

- Compliance tracking by C-level leader roll-up
- All Director-level leaders and above (approximately 450) were due by 8/31
- Target was 95% compliance
- Result: 87% by 8/31
  - Continued to trickle in – 93%
September: FY 12 Begins, Staff Catchball

- Leader catchball and goals completed by 8/31
- Catchball “cascade” to all staff began in earnest
- Increased demand for coaches
- Leaders realize 2-3 catchball sessions needed
October: SWAT in Orientation, All Goals Due

- Training to the “masses” complete in October
- 10 master trainers and 9 orientation trainers prepared to teach SWAT process
- Every new staff member receives SWAT overview in orientation at every regional location
- 2 homework assignments
  - Review your leader’s goals within 1 week
  - Submit your goals within 30 days
- Revised Department Orientation Checklist
October: We just THOUGHT we were busy last month!
October: We just THOUGHT we were busy last month!
October: Evidence of Alignment
November: Drum Roll, Please!

- Very publicized goal: 90% staff completion
- Historically, accountability wasn’t a strong suit
- SWAT project team had an off-the-record bet
  - Project Manager: 60%
  - Altarum Consultant: 62%
  - H.R. Representative: 63%
  - VP: 65%
  - Director: 72%
  - C-level Exec: 73%
  - Sr. Project Manager: 80%
    - She was really new to the organization!
December: Project Transition

- Move SWAT from “project” to “permanent”
- It’s a way of life
- Workflow shift
  - New hire goals
  - Goal updates from existing staff
- Continue and emphasize the 5-step **PROCESS**
  - Training
  - Catchball
  - Plan
  - Track
  - Meaningful Progress Conversations
December: Steps 3-5 (Plan, Track, Talk!)

- Hoshin is NOT just a one-time process
- Long-term focus on continuous improvement is key
- “Tracker” form is built in to spreadsheet
- Staff member owns goals
  - Project “plan” data by month AND track actual results
### Step 3: PLAN

#### Objectives

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<th>Key Goals</th>
<th>Plan</th>
<th>Actual</th>
<th>Note</th>
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<td>Decrease Supply Costs</td>
<td>5,000</td>
<td>6,375</td>
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<tr>
<td>Meet or exceed contribution margin</td>
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<td>Increase score on XYZ Quality Survey</td>
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<tr>
<td>Increase patient satisfaction</td>
<td>62</td>
<td>75</td>
<td>75</td>
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<tr>
<td>Increase SWISS Scores</td>
<td>93</td>
<td>93</td>
<td>93</td>
</tr>
</tbody>
</table>

#### apexPlan

- **“Steady as she Goes”**
- **“Quarterly Creep”**
- **“Yes or No?”**
- **The “Cliff” or “Step”**

#### apexImplement

- Assemble team to study
- Complete project plan by 10/31/11
- Submit RFP to potential vendors by 11/15/11
- Vendor demos 1/15 - 1/20/12
- Vendor selection by 2/15/12
- Implementation 4/12
- Testing 5/12
- Roll-Out 8/12

<table>
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<tr>
<th>Implement new ABC technology</th>
<th>Plan</th>
<th>Actual</th>
<th>Note</th>
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<tr>
<td>BH, SH, TD, N/A</td>
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</tbody>
</table>
## Step 4: Track Objectives

| Key Goals | Targets | Responsible | FY11 Baseline | Actual | Yr to Date | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Totals |
|-----------|---------|-------------|---------------|--------|------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Decrease Supply Costs | Decrease Supply Costs to $87K for FY12. (Baseline: $87K for FY11) | BH, TD | $97,000 | $44,297 | | 8.79 | 8.13 | 11.21 | 8.75 | 6.40 | | | | | | | | |
| Meet or exceed contribution margin | 5% for FY12 | BH, TD | 4.50% | 4.06% | | 4.60 | 4.65 | 4.70 | 4.75 | 4.80 | 4.85 | 4.90 | 4.95 | 5.00 | 5.05 | 5.10 | 5.10 |
| Increase score on XYZ Quality Survey to 4.02 for FY12. | XYZ Survey Score >4.02 for FY12 (baseline for Cost Center $1234 was 3.96 for FY11) | BH | 3.96 | 3.75 | | 3.56 | 3.96 | 3.96 | 3.96 | 3.98 | 3.98 | 4.00 | 4.00 | 4.00 | 4.02 | 4.02 |
| Increase patient satisfaction | 75th percentile on Press Ganey’s “likelihood to recommend” question | TD, BH, SH, JJ, KE | 62 | 72 | | 93 | 93 | 93 | 93 | 93 | | | | | | | |
| Increase SWISS Scores | Average > 93 on all surveys FY12 | BH, SH | N/A | 86.2 | | 77 | 83 | 88 | 90 | 93 | | | | | | | |
| Implement new ABC technology | Assemble team by 9/15/11 Complete project plan by 10/31/11 Submit RFP to potential vendors by 11/15/11 Vendor demos 1/15 - 1/20/12 Vendor selection by 2/15/12 Implementation 4/12 Testing 5/12 Roll-Out 8/12 | BH, SH, TD | N/A | | | | | | | | | | | | | | | |
Step 5: Meaningful Conversations

- Monthly or Quarterly?

- 4 questions
  - What’s your goal?
  - How are you doing on that goal?
  - What’s your plan?
  - How can I help you?
Meet Face-to-Face

- What should you have prepared BEFORE the meeting? (Send, printed, etc.)
- How can you put the staff member at ease as you discuss sometimes “stretch” and strategic goal progress?
- How would YOU want to be treated during these progress meetings?
HOSHIN
“DIRECTION
MANAGEMENT”
Aha! Moments

- “I didn't realize just how critical my action themes are to this year’s strategy.”
- “I aligned well with my boss, but even better with the system.”
- “I’m a lot more aligned than I thought I ever was.”
- “This is just a really good overdue conversation with my boss.”
- “Wow, it was hard and challenging time-wise, but I'm glad we had these conversations before the FY started.”
Actual Alignment

J. Fajkus, Administrator:
Dept. of Med Op Margin – 14.7%

L. Holmes, Director:
Cardiology Op Margin – 33%

B. Quinn, Clinic Manager:
Decrease clerical overtime by 65%

T. Elkins, Patient Service Specialist:
Maintain less than 1 hour per month of overtime
Collaboration

- In the past, physicians and “business partners” had separate goal setting-processes, even though physicians are employees
- The result? VERY different goals...
- This year, collaboration was evident
- How did we gain physician buy-in?
  - Physician-led organization: President/CEO and CMO
  - CMO’s message to direct reports: Physician participation is not optional
  - Office of CMO sent out joint appointments to physician department chairs and administrators
Results of Collaboration?

- Co-Catchball Sessions
  - CMO, Physician Department Chair, and Administrator worked together to document and prioritize goals
- Similar (if not identical) targets in critical areas:
  - Quality benchmarks
  - Contribution margin
  - Staff Engagement
  - Patient Satisfaction
  - RVU’s
- Process was repeated out through the physician/business partner ranks
“Other Initiatives”

- Catchball process allowed leaders to take un-aligned tasks OFF their plate.
- In other goal-setting methods, tasks were never taken away...only added!
Big Wins

- Committed senior leaders
- Multiple modes of learning and communication
  - Classroom, video, webinars, website, e-mail
- Coach availability/ flexibility
  - Deep background knowledge of Lean AND operations
  - All other tasks removed: FOCUS on SWAT!
  - Do-Whatever-It-Takes attitude
- Altarum Partners
  - Predict issues, pitfalls and recommend strategies
  - Help implement, but teach us to own it ourselves
Remember our Lean Groundwork?

- System was starting to trust that traditional Lean tools influence outcomes
  - 5S, A3 Problem Solving, Waste Walk, VSM
- In goal-setting sessions, sometimes the “what” was clear, but the “how” wasn’t
- Leaders and staff looked to Lean tools to help with the “how” and listed Lean projects in the “Action Steps” area of the SWAT form
- Examples of 5 new VSM projects:
  - O.R. scheduling
  - Retail pharmacy
  - O.R. turnover
  - H.R. orientation
  - Call Center
HOSHIN “DIRECTION MANAGEMENT”
Lessons Learned (The HARD Way)

- Involve Project Manager early
- Finalize the steeen-kin’ form prior to pilot
- Brace yourself for naysayers, skeptics, grouchies, and just plain old mean people
- Centralized scheduling is a bear
And…

- Project the “processing time” needs and staff appropriately (3 minutes x 9,700 forms = ???)
- Don’t underestimate the number of ways people can goof up an Excel form
- Determine minimum standards
  - When to send the form back to owner for revision
- Believe your consultants when they say that true “catchball” takes an hour!
- Believe your consultants when they say that 1-3 separate “catchball” sessions may be required to finalize goals!
Three More Just for Leaders...

- Ask top tier leaders to commit to TRUE catchball sessions ahead of time
  - Send appointments and block calendars EARLY
  - Cramming a catchball session into 20 minutes isn’t feasible, especially the first time

- REQUIRE “plan” data from senior team when goals are set
  - No excuses, no exceptions
  - Best guess and then revise later if necessary

- 2-tiered completion deadlines insufficient
  - Top tier (450) took 2 months
  - Delayed cascade
  - Remaining 9,000 + staff had to complete in 2 months
Summary

- Don’t confuse “simple” with “easy”
  - Hoshin Planning IS simple. It is NOT easy.

- Year 1 won’t be perfect
  - The heart of lean is continuous improvement — it’s okay to take risks, make mistakes, and *gasp* fail.

- Use carrots, not sticks

- Senior leader champion is essential
Questions?

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