



Journey **TO** Excellence: Healthcare Baldrige Leaders **SPEAK OUT**

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Over the last decade, the U.S. healthcare system has endured mounting public scrutiny with declining public trust, prompted by well-researched and publicized evidence of far-reaching problems in safety, patient experience, and variable performance. After a half-century as a symbol of U.S. strength and extraordinary achievements in technologically advanced diagnostics and treatments, healthcare delivery is under fire from every direction for fundamental shortcomings in quality and efficiency.

Few people are happy with the current delivery system—not the people using it, the people working in it, or the people paying for it. For every story of medical triumph and human compassion, there are many more accounts of errors, ineffectiveness, and impersonal experiences. Good care happens almost in spite of organizational systems, too often requiring tremendous effort by patients, their families, and their personal caregivers to overcome operational barriers. Relentless inflation and total costs approaching \$2 trillion annually fuel unremitting calls for system reform to bring about much-needed improvements in quality and value.

Leaders of healthcare delivery organizations recognize and live with the consequences of this harsh environment every day. The forces of change and strategic challenges facing healthcare organizations—shrinking reimbursements, rapidly emerging safety and quality standards, expanding transparency on performance metrics, non-payment for “never events,” work force shortages and waning morale, consumer demands, and the list goes on—create enormous stress for frontline healthcare providers and turmoil for their leaders.

Healthcare Industry Interest in Baldrige

Within this unprecedented situation, a startling trend has emerged, highlighting a potential path forward for many healthcare organizations. The Malcolm Baldrige National Quality Award, the most competitive performance excellence award in the United States, has been dominated by hospital applicants since 2002. As Figure 1 shows, since the Baldrige Award process added healthcare as a category in 1999, 40 percent of all applicants have come from this sector.¹ In 2007, 42 healthcare organizations applied at the national level, while 130 applied for state-level Baldrige-based performance excellence awards.² In 2008, there were 43 healthcare applicants for Baldrige.

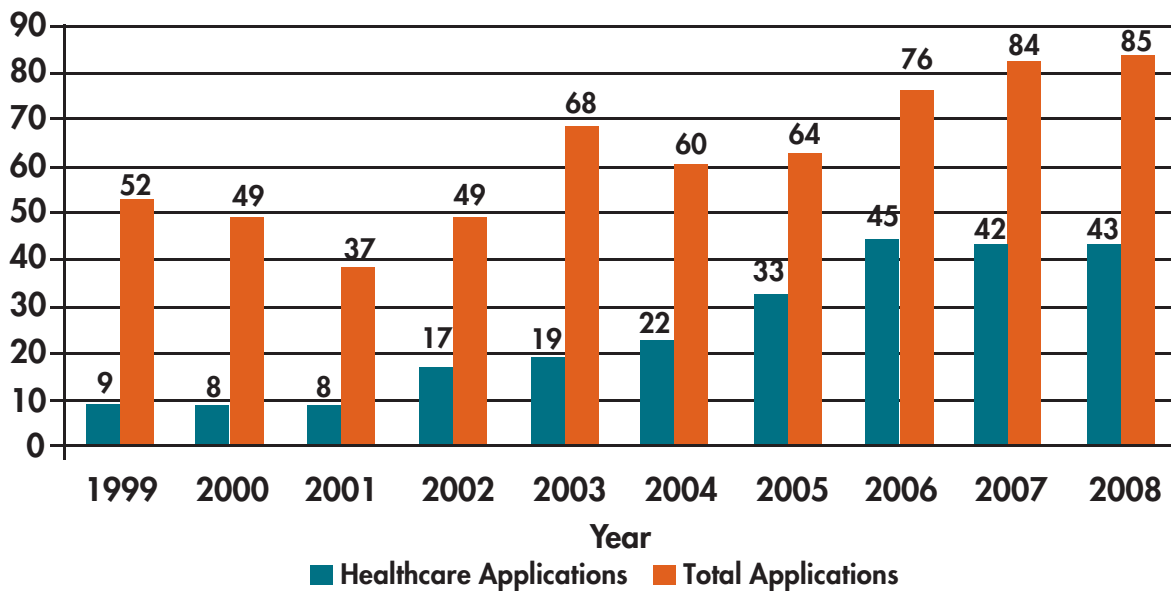


Figure 1: Baldrige applications by year

Why would so many organizations, in the face of unprecedented cost and quality challenges, choose to compete for the Baldrige Award? At a time when the number of Baldrige applicants from manufacturing and service industries has declined to a mere handful annually, healthcare organizations are making the significant investment required to apply. The 50-page narratives they must create describe in detail how their organizations are led and managed, and can include 60 to 100 graphs and charts of time-trended comparative results in quality, customer, financial, work force, and other results areas. A task not successfully delegated to junior staff, the application process requires significant hours of executive leader time. What could explain this investment and what return does the effort produce?

We interviewed CEOs and senior leaders from all eight healthcare Baldrige recipients to date.³ Our goal was to understand why they made this investment and what they got out of it. We also wanted to know how they approached the “Baldrige journey” and what others should do to reap similar benefits.

Assessing their organizations’ processes and results against the Baldrige Criteria proved to offer benefits far beyond just a prize they could use for self-promotion. While two of the eight healthcare recipients entered into the Baldrige process with aspirations of a quick award, they learned quickly that this is not a typical award program. All eight uniformly and unequivocally reported persisting over multiple submissions of award applications for the genuine and lasting benefits of the process itself.

Rich Hastings, president and CEO of St. Luke’s Health System, put it simply, “We needed a business model, a total process model to evaluate how well we do what we do. Baldrige was the only organizational tool we could find to do that, to help us align everything we were doing. Applying for the award made us a stronger organization.”

“Healthcare can be so fragmented,” explained Javon Bea, president and CEO of Mercy Health System. “The Baldrige Criteria provide an integrated framework and helped us pull together performance improvement across a vertically integrated healthcare delivery system, to bring seamless care to patients regardless of where they were in our system—hundreds of physician offices, hospitals, and post-acute care facilities.”

All the Baldrige recipients from healthcare came to similar conclusions about the return on investment. Sister Mary Jean Ryan, president and CEO of SSM Health Care, summed it up for everyone: “Baldrige is the single most powerful tool for change available. There is no other way to get better faster.”

These intriguing answers made us even more curious about what these organizations did to benefit from Baldrige. The National Institute for Standards and Technology houses the Baldrige Criteria for Performance Excellence and the award program. The Baldrige Program coordinates a fully public process to ensure that the criteria reflect what director Harry Hertz has often called

The Roadmap

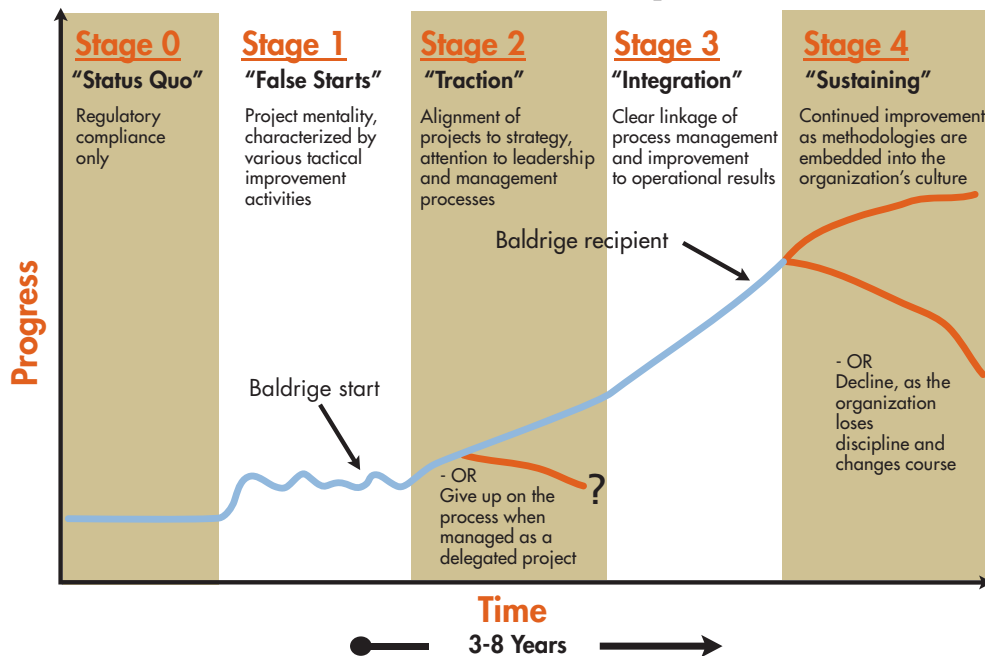


Figure 2: Five stages of the journey to high performance

the leading edge of validated management practices.” Assuming Hertz is correct, the robust design of the criteria still does not explain exactly what using Baldrige helped these organizations accomplish.

We explored the stories of the eight healthcare recipients in detail. We studied their award applications, presentations, and other publications, and we interviewed their CEOs and other senior leaders at length. From our analysis, a progression of stages, shared perspectives, and a common set of leadership actions emerged. With remarkable consistency, the eight recipient organizations evolved through a series of stages and common patterns of leadership action to become high performers.

Five Stages of the Journey

We identified five stages, shown in Figure 2, of the journey to high performance using Baldrige.

Stage 0 – Status Quo

At this stage, organizations opt to wait for mandates and regulations, and they implement change when required to maintain compliance. While they may experience occasional “random acts of improvement,” there is no overarching impetus to drive the organization to higher levels of performance.

Stage 1 – False Starts

When organizations commit to a proactive approach to improvement, initial steps tend to include learning and implementing quality

need. They were searching for a way to develop a higher-level view of the organization—to see the whole and the parts in relationship, as a system, and to drive and measure improvement of that system. Essentially, the executives recognized the inherent limitations of a project-based approach to performance improvement: slow pace of change, incremental gains, and depleted organizational energy.

They looked for an approach to build system integration across silos and departments in order to create a high-performance, results-oriented culture throughout their organizations. What these leaders found, one way or another, in Baldrige was a method to integrate all the activities and projects into a systems framework. The CEOs now had an objective measure of enterprise-wide progress toward their vision and goals and a way to improve in every domain of operations and execution.

Each of these Baldrige Award recipients was able either to avoid or to correct for misconceptions and missteps that cause other organizations to stagnate in stage 1, a stage characterized by a project mentality about transformational change. The first misconception is that the Baldrige Award is within easy reach. Early in the journey, some top leaders overestimated their organizations’ potential to receive the award. Contributors to misplaced confidence included overenthusiastic consultants, subjective internal assessments, and successful past award-seeking, a tradition in some organizations. Al Stubblefield, president and CEO of Baptist Health Care

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improvement tools and methods. Pioneers in continuous quality improvement like SSM took these steps nearly two decades ago. Often this project-focused phase brings new capabilities to execute initiatives that change routine practices and processes for the better. Many organizations become competent with quality improvement methods and tools and achieve islands of excellence. The eight Baldrige recipients experienced such gains. They improved their performance in publicly reported metrics and, indeed, improved compliance with evidence-based medical practice in a number of areas such as reductions of medication errors, mortality after myocardial infarction, and delays in discharge from a hospital or waiting room times.

However, all eight Baldrige recipient organizations described reaching a plateau. Leaders became frustrated with the overall impact of their continuous improvement efforts and the pace of change. “Our continuous quality improvement results had gone flat. We needed a way to accelerate our progress,” Sister Ryan explained.

For most of these organizations, projects succeeded often enough, but the overall culture did not change and systemwide performance excellence proved elusive. It was in this context of frustration and a desire to gauge enterprise-wide progress that Baldrige caught executive attention. All these CEOs shared a common leadership

Corporation, said that Baptist leadership noticed the hospital “was getting other awards and thought, why not this one?” Ultimately, despite industry-leading results in patient and employee satisfaction, the hospital applied four times before achieving the alignment and organization-wide improvement that earned the hospital the award. Bea observed that Mercy had received numerous other awards and thought it could easily receive Baldrige as well. He said he “quickly learned that Baldrige is more about the feedback and improvement,” and he changed his perspective and message to the organization about why they were applying. Willingness to confront and take responsibility for often humbling feedback is a characteristic of senior leaders in the recipient organizations, and it appears to be a key requirement for the active, personal involvement that is a hallmark of stage 2 in the journey, the Traction stage.

The second misconception is that the Baldrige journey can be delegated. In some organizations, top leaders delegated responsibility early on, for example, by assigning application writing to public relations or quality improvement staff. Deborah Baehser, senior vice president of clinical services and chief nursing officer, Robert Wood Johnson University Hospital, Hamilton (RWJUH), said that early on they “assigned the writing to a person in the quality department,” but this approach “didn’t work because she didn’t have all the knowledge. It was after senior leaders took responsibility that the process really

accelerated.” In other organizations, while senior leaders remained visibly involved, they nevertheless segregated Baldrige, conducting it as a project separate from the work of leadership. “When it’s an individual department’s or area’s project versus the work of the organization, you can see a clear difference,” warned Frank J. Sardone, president and CEO of Bronson Healthcare Group. “Getting real traction eludes organizations that keep Baldrige as a project.”

Stage 2 – Traction

At all eight healthcare recipient organizations, when senior leaders became personally and actively engaged with the criteria and feedback—whether through simply answering the questions, conducting a self-assessment, or writing an application for a state or national award program—they began to experience traction on their organizational transformation strategies. Characteristic of the Traction phase was the personal involvement of senior leaders in evaluating their own leadership and management approaches against the criteria, and using the process to surface clear gaps and disconnects. All agreed that using the criteria in relation to their own organizations was essential to their development and success.

The Traction phase marked the transition from the singular focus on change through projects, however well executed, to systematic evaluation and improvement of leadership approaches. Projects became more focused and aligned to organizational strategy while leadership and management processes received attention as well, shoring up capability to spread improvements and hardwire sustainability.

At Bronson, senior leaders met weekly to work their way through the “how” questions that dominate the criteria, such as those listed in Figure 3. The approach led to countless opportunities to “formalize the informal.” Often, said Michele Serbenski, vice president of performance excellence, the organization had an approach that was generally known but not written down, not reinforced through policy or training, and not performed consistently across the organization. “Formalizing the informal” involved turning casual, people-dependent methods into

systematic approaches, with defined steps, ownership, and methods to evaluate and improve the approaches over time.

Reflecting on the early experience of RWJUH, Baehser said, “When you have to answer all those ‘how’ questions, you really do get insight into how your organization functions. That’s how we benefited in the early years. We got a chance to look at what we were doing and that helped us understand our organization and see how to improve.” In some cases, gaps became apparent where no processes at all were in place, and leaders had to design new approaches, such as methods for ensuring listening to all customer groups. St. Luke’s Hastings said that for leaders who want to know where they need to get stronger, “writing an application really helps to connect the dots.”

Sharp HealthCare was well along in a cultural transformation, the “Sharp Experience,” when Mike Murphy, president and CEO, and Nancy Pratt, senior vice president of clinical effectiveness, saw the potential value of Baldrige. Sharp had developed a compelling vision and implemented a six-pillar performance excellence framework—mechanisms to help align strategy, processes, and results—and leaders were already gaining traction on their strategy and goals. However, Murphy and Pratt were searching for a comprehensive measurement method to track their success, as well as new insight into gaps to close. The Baldrige Award process feedback report and scoring system offered such a method. Every Baldrige applicant, regardless of the organization’s level of maturity, receives some 50 pages of feedback prepared by a team of examiners who thoroughly study the application against the criteria, detailing strengths and opportunities for improvement (known as OFIs).

During the Traction stage, organizations develop more robust strategic planning and align their improvement efforts with strategy. Leaders submit their own approaches and processes to a cycle of improvement, from deploying the vision to building a culture of performance improvement and accomplishing strategic objectives, to routine communications and action planning.

Leadership: How do your senior leaders personally create and promote a culture of patient safety?

Strategic planning: How do you develop and deploy action plans throughout the organization to achieve your key strategic objectives?
How do you ensure that the key outcomes of your action plans can be sustained?

Patient and other customer relationships and satisfaction: How do you follow up with patients and other customers on the quality of health care services and transactions to receive prompt and actionable feedback?

From the 2008 Baldrige National Quality Program Health Care Criteria for Performance Excellence, available at www.baldrige.nist.gov/HealthCare_Criteria.htm.

Figure 3: Sample Baldrige criteria questions

Stage 3 – Integration

This phase came later as the organizations became more skillful at executive functioning like any high performance company. Approaches and processes of leadership, such as values deployment and culture building, began to link and align with strategic planning and action planning, scorecards and dashboards, job descriptions and performance review methods, and other operational processes. Projects were embedded into operational process management. Nonaligned improvement initiatives were dropped or postponed as focused effort replaced frenetic activity. “Before Baldrige,” one leader said, “we never saw a project we didn’t like.

During the Integration phase, recipients established periodic Baldrige assessment as an organizational learning discipline, typically by participating annually in the national award process, and senior leaders embedded the Baldrige framework and criteria into their leadership work. While they did not aspire to be Baldrige experts, they understood the criteria’s relation to their own organizational strategies and processes, and they uniformly took active roles in developing their organizations’ applications and in analyzing and acting on the feedback they received. Characteristic of the Integration phase was requiring action on the feedback, usually by feeding it forward into the strategic planning process. As early as their first year using Baldrige, Hastings reported, leaders at St. Luke’s integrated their OFIs with strategic planning.

State and national feedback reports are the least expensive and most valuable consulting you can buy, according to these leaders. As Sherry Marshall, senior vice president of quality at St. Luke’s Health System, explained, “The award cycle is key to sustaining the momentum. Application writing leads to awareness of gaps. Gaps lead to performance improvement. Performance improvement leads to better results.” Paula Friedman, SSM’s corporate vice president of strategy and systems improvement, recalled that when people at SSM asked for a year off from application writing, Sister Ryan would say, “Thanks for sharing, but it’s not about a year off; it’s about continuously improving. It’s not a project, so a year off doesn’t make sense.”

No one we interviewed implied that Baldrige is a “silver bullet.” Nor did anyone suggest that the Baldrige journey is easy. “People in healthcare have realized that using the Baldrige framework is how to run a great business. A lot of people look at it and decide it’s too hard because you don’t walk away after a few months with an award. It’s exacting but very, very objective,” explained John Heer, president and CEO of North Mississippi Health Services. Heer described how his leaders engaged others around action against the feedback: “We didn’t talk about Baldrige, so they often were unaware of the connection between changes being made and the Baldrige feedback. They just understood that change would make North Mississippi a better place to work and receive care.”

Stage 4 – Sustaining

The U.S. healthcare environment is anything but static. New demands emerge, and challenges continue to mount. Even for high performers, maintaining past performance is not an option for future competitiveness. The Sustaining stage offers two tracks: continued improvement or decline as organizations lose focus or become distracted.

The eight healthcare organizations we studied were in stage 4 (or late stage 3) when they were named award recipients. Many reported that

they experienced the greatest change along the journey in the year before receiving the award. While Baldrige Award recognition might appear to carry with it the potential for loss of momentum, all eight recipient organizations described renewed commitment to achieving even higher levels of performance. Recipient organizations are continuing the performance excellence journey by finding ways to maintain the discipline of answering the questions, obtaining feedback, and improving. Some are continuing annual participation in a Baldrige-based award process, but at a different level. Others have established internal assessment processes, often as a first step in annual strategic planning.

Benefits of the Journey

What the Baldrige process provided leaders at all eight recipient organizations was a framework to align strategy, processes, and improvement; measure organizational progress; and find new opportunities for change. Through a cyclical process of assessment, feedback, action, and re-assessment, all eight organizations made substantial improvements in results across multiple dimensions. According to Sardone, Bronson “achieved results faster than we predicted. We’re the preferred hospital in the area, with more than 40 percent growth in admissions since 2000, and recognized for five years in a row as a great place to work and great place to bring your patients. No question about the benefits.”

Asked how they would counsel other leaders in terms of readiness to begin, they spoke with one voice. Baptist Hospital’s David Sjoberg, vice president of strategic services, said an organization “can start any time, from any place.”

“The most common misconception,” said Sister Ryan, “is that you should wait until you are ‘ready.’ No one is ever ready. You have to start somewhere and you can only get better by getting your feedback.”

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