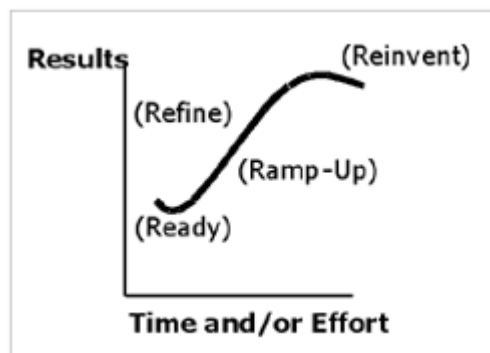


## HealthLeaders EXTRA! The Six Action Steps of Reinvention

*By Gary Campbell, for HealthLeaders News, May 26, 2004*

More than 20 years ago, polio vaccine pioneer Jonas Salk used an S-curve to depict the laws of nature as they apply to living organisms. He subsequently suggested that the same principles apply to the evolutionary changes that occur in complex systems such as organizations. Picture a chart with the X-axis measuring effort and time and the Y-axis measuring results. For an organization, the S-curve is characterized by four distinct segments representing the early formation of the organization, its high growth period, the period when growth begins to ebb, and the late stage period of decline. These four stages may be identified as:



1. Ready
2. Ramp-Up
3. Refine
4. Reinvent

### Lifecycle Experiences

During the "Ready" phase, the organization is just being envisioned and established. For a healthcare facility, the "Ready" period is the time up to, and just following, its opening. A tremendous amount of work needs to be done, but since the facility is not yet fully operational, there are few measurable results. This is reflected by the flat or downward slope at the bottom of the S-Curve. The "Ramp-Up" period is characterized by significant growth in patient activity and resource consumption. These are the heady days when everyone tends to be excited and the biggest problems are having enough nurses, equipment and supplies on hand to accommodate the growth. The "Ready" and "Ramp-Up" phases are the domain of the entrepreneur. Leadership strengths most important during these phases include visionary thinking, charismatic communication, high energy levels, confidence, and planning.

Once a hospital has staffed all of its available capacity, revenue growth slows, and expenses stabilize, those are the signs that "Ramp-Up" is giving way to "Refine." This is when the focus needs to shift from growing the organization to improving its performance. During the "Refine" phase, the spotlight is on process improvement, and basic management skills become the most important resource. The leadership attributes revered during "Ready" can sometimes become a liability as the "Refine" phase requires a more traditional management focus on planning, organizing, staffing, directing, and controlling.

Inevitably, every healthcare organization will enter the final stage when it begins a period of flat and declining performance. For the first time, increased efforts do not bring improved results. The only viable long-term strategy is for the organization to reinvent itself. The "Reinvent" phase presents the greatest challenge of all, as everyone involved mourns the "good old days" and clings to anything and everything that represents

those days. Paradoxically, at the point when the organization most needs radical change, many people will resist that change to the bitter end. During "Reinvent," the main spotlight shifts from the managers who were vitally important during the "Refine" stage back to the leaders who will get the organization through the white water period and transform the organization for the future.

### **The Challenges of Reinvention**

Today for the first time in their careers, the leadership and governance of many American hospitals face the imposing need to transition their organizations from "Refine" to "Reinvent." Most healthcare organizations across the nation have been in existence for decades. They are long past the "Ready" and "Ramp-Up" phases and have probably been engaged in "Refine" for many years. So, the current leadership of most healthcare organizations is more likely to be experienced with careful analysis, controls, and systematic, steady improvement than they are to be experienced in leading bold, innovative, entrepreneurial action. That is not to suggest in any manner either weakness or failure. Most healthcare executives simply have not had the opportunity to hone their skills in leading organizations through anything other than "Ramp-Up" or "Refine" mode. Certainly, many or most have the requisite skills and abilities to shift their style and focus to synch with the needs of their organization, while others may not.

Many healthcare executives have already made the necessary shifts in resource allocation and strategies, and have otherwise positioned their organizations for the future. Some have not yet fully grasped the realities of the situation as they cling to the attributes of the epoch past. If ignored, this can be a fatal flaw for the leader and perhaps the entire organization. In fact, ample evidence suggests that those organizations with the greatest lasting success have been led by individuals who took action well in advance of the onset of the next epoch. This is particularly important when it comes to reinventing an organization.

The "Reinvent" phase requires extraordinary changes, and history shows it represents the most perilous transition. Healthcare leaders who are confronted with the "Reinvent" phase should consider the following six action steps to get started on the road to success:

#### **1. Recruit a "Team of Reinventors."**

The "Team of Reinventors" is a multi-disciplinary group who will help create, communicate and promote the new vision for the organization. The selection of this team is essential since it must include people who are open-minded, loyal to the organization, and influential with their peers. They must be broadly representative of all key stakeholder groups, especially physicians and nurses. History shows that it may be a challenge finding the right individuals for this team. This is particularly true with physician members of the team who may find it difficult to work through the staunch individuality of their peers to help build the required consensus. The CEO must be fully engaged as the leader of the "Team of Reinventors" but must take care to ensure it is truly a team effort.

#### **2. Build a bridge to the future**

Nobody enjoys change that is completely outside their control. Healthcare leaders need widespread consensus that change is essential for the survival of the organization. Even so, many people will still resist change because while it may be imperative for the organization, it is uncomfortable, awkward, and threatening for them personally. So, there must not only be convincing reasons for the change but there must be widespread enthusiasm for the "promised land."

Led by the CEO, the "Team of Reinventors" must establish a compelling new vision for a hospital designed to address the issues, concerns and motivations of all major stakeholders but particularly physicians and employees. People must be convinced they have no choice but to leave the status quo behind. They must also be excited about the vision for the future and the opportunities it brings for them. Sometimes it is helpful to engage objective outsiders to assist with this process, particularly to facilitate the strategic thinking required by this transformation. The outsiders can also help deliver the unpopular messages, telling people what they need to, but don't want to hear.

### 3. **Cultivate and Communicate Culture**

Leaders should use organization culture to mold the vision and use the vision to mold the culture. During any major change and in particular when it comes to reinventing the organization, the culture will determine success or failure. It is absolutely imperative that the CEO take personal responsibility for cultivating and communicating the organization culture.

By paying close attention to the cultural attributes that stakeholders perceive as highly desirable and highly undesirable, key elements of the compelling vision for the future will be revealed. These elements should not only have a prominent place in all communication about the vision, but the CEO must ensure that specific actions are introduced to reinforce the desired culture. These actions include the alignment of the vision and the values of employees. The right people must be recruited, developed, retained, and promoted, and the wrong people encouraged to go work for the competition.

### 4. **Break Down Barriers**

The "Team of Reinventors" must be empowered to help transform the organization for the future. But even with that empowerment, they will encounter many obstacles they cannot overcome without help. This is when the leaders must step up and exert their power. When one encounters intractability where the imperative for change is not fully accepted and the vision for the future is just not compelling enough, the impediments to change (including people) must be pushed aside with compassion but without hesitation. Once the need for transformation is recognized and the process begins, nothing can be allowed to stop it.

### 5. **Use Symbols**

Symbolism is important in anything that involves human emotion; and few things evoke more emotion than change. Healthcare leaders should carefully select the language and other symbols that will reinforce the change process and in particular stoke excitement for the vision for the future. Find symbols of those things key stakeholders deem most important and keep those symbols at the front of the process.

### 6. **Find and engineer short-term wins**

Even those who are most excited about the opportunity to reinvent the organization will have some level of skepticism. After all, inducing major change in an extraordinarily complex organization like a hospital is not easily or frequently done. So, early wins are essential to prove that it is possible. Take some baby steps at first to ensure your early successes. For each victory, the entire "Team of Reinventors" and particularly the CEO must herald the victory in every conceivable manner and at every possible time. It is amazing how small early victories will snowball and create an atmosphere of self-fulfilling success.

Healthcare organization leaders and governing boards should regularly engage in an objective analysis of their organization's position on the S-curve and their response in terms of resource allocation, leadership focus, and strategic direction. Given the realities of most health care organizations today, if there is not substantial discussion about the need to reinvent the organization, leadership may be seriously jeopardizing their, and their organization's, long term future. Once the need for transformation is identified, the entire process must be carefully planned and managed since it will probably be the major accomplishment of the leaders' careers.

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