Establishing a sense of urgency is crucial to gaining needed cooperation. With complacency high, transformation usually fails because few people are even interested in working on the change problem...People will find a thousand ingenious ways to withhold cooperation from a process that they sincerely think is unnecessary or wrongheaded.”

— John Kotter, Leading Change, 1996
“When people have a true sense of urgency, they think that action on critical issues is needed now, not eventually, not when it fits easily into a schedule.”

- John Kotter, *A Sense of Urgency*

Lack of Shared Vision has Consequences For Change Implementation

- Self-interest rules, especially when resources shrink
- Change initiatives seem disconnected or to come out of left field. Rate of change is slow
- Leaders have a difficult time engaging physicians if change means self-sacrifice
Challenge to Hospital and Medical Staff Sharing A Vision

- Wobbly, precarious relationships
- Built on and reinforced by individual transactions
- Experiencing increasing strain
- Reflect physician disappointment in shift away from doctor as key customer to partner
- Economics further erode cooperation

Basis of Vision is Shared Interests

**Shared Interests**
- Commitment to patients
- Economic interests
- Recruit and retain talent

Develop A Truly Shared Destination

- Not a retreat or one-shot conversation
- Sponsored by leaders
- Clear the air of old baggage
- Real value is analysis and honest conversation
- Invest in setting context – trends (spread business literacy)
- Link work on vision and strategy to issues individuals perceive to be a priority
Compact

- Expectations members of an organization have that are:
  - Unstated yet understood
  - Reciprocal
    - The give
    - The get
  - Mutually beneficially
  - Set up & reinforced by society and the organization

Clash Of “Promise” And Imperatives

<table>
<thead>
<tr>
<th>Traditional “Promise” Legacy Expectations</th>
<th>Imperatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Autonomy</td>
<td>• Improve safety/quality</td>
</tr>
<tr>
<td>• Protection</td>
<td>• Implement EHR</td>
</tr>
<tr>
<td>• Entitlement</td>
<td>• Create service experience</td>
</tr>
<tr>
<td></td>
<td>• Be patient-focused</td>
</tr>
<tr>
<td></td>
<td>• Improve access</td>
</tr>
<tr>
<td></td>
<td>• Improve efficiency</td>
</tr>
<tr>
<td></td>
<td>• Recruit/retain quality staff</td>
</tr>
</tbody>
</table>

Proactively Develop New Expectations

- When old deal crumbles without conversation, anger and frustration result
- Dialogue about what is changing and why accelerates support for new deal, new behaviors

Dialog
Vision Is Context for Compact

- Societal needs
- Local market
- Competition
- Organization’s strengths

**STRATEGIC VISION**

**Physicians give:**
- What the organization needs to achieve the vision

**Organization gives:**
- What helps physicians meet commitment
- What is meaningful to physicians

Vision is context for compact

VMMC Compact Process

**Physician Retreat** (Fall 2000)

- Compact committee drafts compact (Winter 2001)
- Committee met weekly
- Reality Checks
  - Management Committee
  - Physicians
- Multiple Drafts until we reached the “final draft”

Virginia Mason Medical Center Physician Compact

**Organizations’ Responsibilities**

- Foster Excellence
  - Recruit and retain superior physicians and staff
  - Support career development and professional satisfaction
  - Acknowledge contributions to patient care and the organization
  - Create opportunities to participate in or support research
  - Recognize and reward achievement
  - Offer opportunities for constructive dialogue
- Listen and Communicate
  - Share information regarding strategic intent, organizational priorities and business decisions
  - Provide opportunities for communication, team building, and development
- Manage and lead organization with integrity and accountability

**Physicians’ Responsibilities**

- Focus on Patients
  - Practice state of the art, quality medicine
  - Encourage patient involvement in care and treatment decisions
  - Achieve and maintain optimal patient access
  - Insist on seamless service
- Collaborate on Care Delivery
  - Include staff, physicians, and management on team
  - Treat all members with respect
  - Demonstrate the highest levels of ethical and professional conduct
  - Behave in a manner consistent with group goals
  - Participate in or support teaching
- Take Ownership
  - Implement VM-accepted clinical standards of care
  - Participate in and support group decisions
  - Focus on the economic aspects of our practice
- Change
  - Embrace innovation and continuous improvement
  - Participate in necessary organizational change

*Virginia Mason Medical Center Physician Compact*
### VMMC Leadership Compact

**Organization Responsibilities**
- Foster Excellence: ensure the best people and acknowledge and reward individuals who contribute to patient care and the organization.
- Create Organizational Visibility for growth of leaders.
- Develop qualitative and quantitative measures to link quality to health outcomes.
- Create an environment of innovation and learning.
- Lead and Align: work with other and shared goals and strategies.
- Continuously enhance and organize for patient care, leadership, and support.
- Align organizational and individual priorities, efficiency, and safety.

**Leader Responsibilities**
- **Support:** foster change and learning. 
  - Continuously develop and facilitate leadership training.
  - Foster an environment that recognizes and rewards achievements.

**Example:**
- **Foster Excellence:**
  - Continuously develop and facilitate leadership training.
  - Foster an environment that recognizes and rewards achievements.

### VMMC Physician Compact

**VMMC Leadership Compact**
- **VMMC Board Compact**
- **Organizational Responsibilities**
  - **Board Member’s Responsibilities**

**Example:**
- **Organizational Responsibilities**
  - Develop standards for continuous improvement.
  - Ensure the organization’s mission, vision, goals, and strategies are clearly articulated and understood.

**Board Member’s Responsibilities**
- **Foster a culture** in which it is safe to bring forward ideas, concerns, and suggestions.

### The Role of the Board at Virginia Mason

**Ensure accomplishment of our Vision**
- **To Be the Quality Leader and Transform Health Care**

**VM Board Guides, Supports, and Demands**
- **Patient first** focus in all that we do.
- Best practice board governance.
- Best practice management methodology (VMPM).
- Stretch goals, i.e., Zero, 100%.
- Culture of transparency, one that embraces change.
- Accountability for performance.
Board’s Focus

• Aligned with the Strategic Plan
• Quality and Safety
• Patient Experience and Service
• Strong Economics and Growth
• Health Care Environment, Reform
• Positioning VM for the Future

Connecting the Dots

Patient Focus is Key
• Achievements direct result of putting patients at top of pyramid
• VMPS is foundation that enables us to accomplish our mission
• Provides adaptability in face of challenging economic times and health-care reform
• VM in good position going forward

Connecting the Dots

Voice of the Patient
• Each board meeting begins with patient story – we hear both good and bad
• Many of same stories and letters shared at MMM
• Sometimes patients tell story in person
• Drives accountability
Connecting the Dots

In Our Community
• Steward to ensure VM benefits community:
  - Charity care
  - Subsidized health services
  - Community health improvement services
  - Health professions education
  - Research
  - Emergency preparedness
  - Sustainable health care

“Distress” and Adaptive Work


During 2007 – 2009 we collaborated with Boeing to pilot an “ambulatory ICU”
• Aim: reduce Boeing’s healthcare cost for employees with the most expensive health conditions by 15% while improving their health status
The cost/utilization metrics were exceptional.

<table>
<thead>
<tr>
<th>Cost/utilization metrics</th>
<th>100%</th>
<th>80%</th>
<th>60%</th>
<th>40%</th>
<th>20%</th>
<th>0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prescriptions (day supply)</td>
<td>Blue</td>
<td>Pink</td>
<td></td>
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<td></td>
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<tr>
<td>Prescriptions</td>
<td>Blue</td>
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<tr>
<td>Out-patient (other)</td>
<td>Blue</td>
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<tr>
<td>Home Health Visits</td>
<td>Blue</td>
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<td>Dental</td>
<td>Blue</td>
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<td>Lab</td>
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<td>Radiology</td>
<td>Blue</td>
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<tr>
<td>Outpatient Visits</td>
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<tr>
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<tr>
<td>ER Visits</td>
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<tr>
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<tr>
<td>Admits (acute)</td>
<td>Blue</td>
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</tbody>
</table>

Our patients’ experience a very complex journey when they come for joint replacement.

Hospital Professional Liability Premiums

% change from previous year:

- 2004-05: +2%
- 2005-06: +2%
- 2006-07: +1.75%
- 2007-08: +5%
- 2008-09: +20%
- 2009-10: +12%
- 2010-11: +7%
Leaders’ Role in Signal Generation

“Leaders are signal generators who reduce uncertainty and ambiguity about what is important and how to act.”

— Charles O’Reilly III

Effective Sponsorship

- Vision of success
- Set stretch goal
- Provide resources
- Remove barriers
- “Fail forward fast”
- Celebrate achievements
Genchi Genbutsu

• “It’s all lies”
• Go where the action is
• Know your people and let them know you
• Vulnerability is ok
• Connect the dots

Managerial Courage

• It will be worth it
• Patients and staff depend on it
• Leading change is hard work
• Skeptics can become champions

Engagement as Key to Coming to Terms with New Realities

Engaging physicians (and other clinicians):
• Surfaces their good ideas, input, and wisdom
• Develops ownership for solutions
• Is a critical opportunity for individuals to personally process and come to terms with a change and its implications
You can’t impose anything on anyone and expect them to be committed to it.

— Edgar Schein, Professor Emeritus, MIT Sloan School

**Engage Stakeholders**

**Requirements for Transformation**

“Leaders are Dealers in Hope.”

— Napoleon Bonaparte