

"Working spiritually smarter means creating an organization that operates as one-brain (all knowing the same truths) and one-heart (all connected around common, articulated yearnings and commitments to next steps actions)."

Unleashing the Magic in Healthcare

By Mary Eggers, Stas' Kazmierski and Jan McNally

"What lies behind us and what lies before us are small matters compared to what lies within us."

—Ralph Waldo Emerson

IN HIS BOOK *Managing As A Performing Art*, Peter Vaill uses the metaphor of "permanent white water." Peter's premise is that we have grown up in organizations expecting that for long periods of time we will be able to "paddle our canoes on calm, still lakes." This has led us to believe that we can go where we want, when we want. Nothing could be farther from the truth in organizations today where we find ourselves in continuous white water, that state where "you never get out of the rapids! No sooner do you begin to digest one

change than another one comes along to keep things unstuck." We believe that nowhere is this truer than in the Healthcare industry.

This speed of change calls for us "to work spiritually smarter" vs. working harder and running faster. Working spiritually smarter means creating an organization that operates as one-brain (all knowing the same truths) and one-heart (all connected around common, articulated yearnings and commitments to next steps actions).

This article is about how a healthcare organization, Covenant HomeCare, is learning to navigate the white water from a systems perspective rather than working harder to just outrun the latest change. HomeCare is using the Whole-Scale™

methodology as they create a new organization, with redesigned processes, to meet future, unknown, challenges.

This article will describe the background of the change effort, some of the principles and tools used in *Whole-Scale*[™] and a step-by-step description of how the methodology was applied in HomeCare.

THE BUSINESS CASE FOR CHANGE

Covenant HomeCare is a relatively large regional homecare company located in the southeast. It includes a home infusion division, a hospice program and a staffing services company. HomeCare is one of many affiliates of a regional not-for-profit healthcare system. Prior to the sweeping changes wrought by the Federal Balanced Budget Act of 1997, the agency provided approximately 250,000 home health visits annually.

HomeCare has seen dramatic declines in patient admissions and visits, as a result no longer provides home medical equipment and some specialized homecare services such as pediatrics and high-risk obstetrics. They have seen a steep decline in Medicare reimbursement and poor reimbursement from TennCare (the Tennessee version of Medicaid). These effects have devastated the nations' home health care industry and more than twenty-five percent have gone out of business, while most of the rest are struggling to survive the next wave of changes.

October 1, 2000 will bring that next wave in the form of a totally new payment system for home health services. This prospective payment system (PPS) will replace the old reasonable costs-based system. PPS represents a fixed or case payment for each patient based on diagnosis and certain other criteria, regardless of what it costs the agency to provide the care. In other words, all the rules will change effective 12:01 am October 1!

Covenant HomeCare is under the leadership of a new president with experience in hospital operations and a strong belief in systems theory, and a formal approach to process improvement. She quickly recognized that the company was in serious jeopardy, and that the need for rapid plan-

ning and action was necessary for continued survival. HomeCare developed a comprehensive list of key indicators of success for clinical performance, customer satisfaction, employee satisfaction, and financial performance. A comprehensive culture assessment of the largest branch, and its results were shared with all managers and leaders.

The leadership team agreed to use the *Whole-Scale*[™] approach to accomplish the rapid system change required for survival. They knew that their

AUTHORS

MARY EGGERS is a designer/facilitator of the *Whole-Scale*[™] change process and a co-leader of the "Developing *Whole-Scale*[™] Change Competencies" workshops. Mary has been in the field of Organization Development since 1985 and has practiced *Whole-Scale*[™] in the areas of healthcare, education, government, information technology, not-for-profits, and manufacturing. She has an MS in Organization Development from the American University/National Training Laboratories. Mary lives in the Washington, D.C. area and frequently speaks on the topic of Whole System Change both in the Chesapeake Bay area and nationally.

STAS' KAZMIERSKI was trained as an educator and has ten years of teaching experience including graduate level courses in Manufacturing Technology. Stas' worked for fifteen years with Ford Motor Company as an Internal OD Consultant and it was during this time that he studied with Ronald Lippitt and Kathleen Dannemiller to learn about whole systems change, and to apply this knowledge at Ford. He joined Dannemiller Tyson Associates in 1992. Stas' is one of the creators of the "Developing *Whole-Scale*[™] Change Competencies" workshop. He lives in Ypsilanti, Michigan.

Stas' and Mary are co-authors of *Whole-Scale*[™] *Change: Unleashing the Magic in Organizations*, to be published in Fall 2000 by Berrett Koehler.

JAN MCNALLY is President of Covenant HomeCare and is Senior Vice-President of Covenant Health in Knoxville, Tennessee. Jan has 20 years of experience in healthcare and is a Certified Healthcare Executive. She is a graduate of the Fellows Program in Management for Nurse Executives and was the 1994 Outstanding Alumnus, University of Tennessee college of Nursing. Jan lives in Oak Ridge, Tennessee.

core business processes were inefficient and often inaccurate, relying heavily on many rounds of inspections and duplication to accomplish the simplest of tasks. In addition, while clinical management of the patient was competent and high quality, it was neither as efficient as possible nor was it appropriately focused on measurable patient outcomes.

After the key indicators of success were developed, a formal employee satisfaction survey was completed. The results, accompanied with the culture assessment results, revealed that employees were neither ripe for change nor particularly satisfied with their level of involvement in company operations. They did not have a clear vision of where the company was going, nor a strong belief that current leaders could take them forward. This data, while somewhat depressing and demoralizing, clearly indicated that a plan of action must address each of the key indicators.

The desired outcomes for the *Whole-Scale™* change process were straightforward:

- Reduce a \$1.5 million loss projected for the year 2000 to a break-even bottom line in 2001.
- Identify and redesign core business processes.
- Identify top clinical diagnoses for patients and develop standardized carepaths for each of these prior to October 1 when fixed payment for each diagnosis goes into effect.
- Improve customer and employee satisfaction.
- Change the culture of Covenant HomeCare to be one of employee involvement, empowerment and alignment with strategic goals.

THE WHOLE-SCALE™ APPROACH

The change approach used at HomeCare was invented in the early 1980s and over the last 20 years has been proven, in many industries, to be robust enough to respond to the permanent white water that abounds in organizations today. The primary principle is to involve everyone in the organization in meaningful ways in the decisions that will affect their future and the future success of their organization.

Giving people a real say in their future and the

future success of their organization allows the change effort to move fast and to go deep into the organization, ensuring that the whole organization moves toward its vision of success at the same time.

THE UNDERPINNINGS OF WHOLE-SCALE™

At the core of our work is a change model, inspired by Dick Beckhard, that we use to design a *Whole-Scale™* event. The formula, $D \times V \times F > R$, says that if an organization wants to bring about

FORMULA FOR CHANGE

$$D \times V \times F > R$$

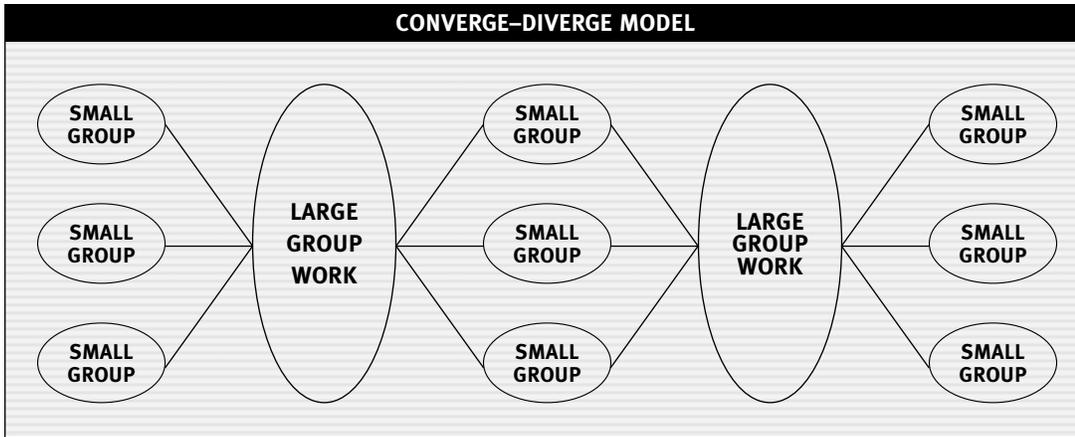
systemwide change, it will need to work with a critical mass of the organization to uncover and combine the people's **D**issatisfaction (**D**) with the current sit-

uation. The next step will be to uncover and combine the yearnings for the organization they truly want to become—their combined **V**ision of the future (**V**). If real, sustainable change is going to take place, the third design element needs to be **F**irst steps (**F**). First steps are a series of tasks that all in the organization believe are the right ones needed to achieve their vision. Simple algebra suggests that if the **D**, the **V**, or the **F** are missing, the product outcome will be zero and the effort will not be able to overcome the **R**esistance (**R**) to change. Using DVF as a design model for an event creates a paradigm shift in the organization. The process of collectively uncovering and combining the three elements creates a positive shift in how individuals view the potential of the organization. People can no longer keep doing things the old way—a shift has occurred and change has begun.

The *Whole-Scale™* process utilizes the converge-diverge model developed by Lawrence and Lorsch. The “small group” work represents teams such as leadership, event planning, or process redesign teams. The “large group” work represents those points in the change journey where it is important to pull together a critical mass of the organization.

The term *Whole-Scale™* reflects the need to address the entire system regardless of the scale (large group or small group) at which work is being done. It is not uncommon for organizations to involve every person in the organization.

“The Whole-Scale™ process has brought us a very long way in a short time and I’m amazed at our progress.”
 —HomeCare Employee



HOMECARE’S CHANGE JOURNEY

While *Whole-Scale*™ has a generic roadmap for change, the application of that roadmap is tailored to the unique situation of each client system. Here’s how it looked in HomeCare.

The purpose of “Big Event 1”—the Launch Event was: To bring together the hearts and minds of all Covenant HomeCare employees so that they became empowered to make changes that determined their future. The outcomes for this event were that (1) everyone have a clear understanding of the urgency and need to change and (2) they become a unified force dedicated to the actions needed to ensure future success.

Inputs to the event were a draft strategic plan, a draft list of core processes to be redesigned, and a draft set of design criteria. Based on input from event participants (450 HomeCare managers and employees), these drafts became final during the event.

The overarching process redesign criteria agreed to during the event were:

1. Maintain quality patient care
2. Decisions will be made by the people closest to the work
3. Processes will focus on quality and point of care
4. Hand-offs will be minimized to reduce duplication of work
5. Utilize and maximize the use of technology
6. Process will be “user friendly”
7. Processes will be customer focused
8. Work will focus on employee satisfaction
9. Maintain cost-effectiveness while reducing waste

10. Maintain compliance with all regulations
11. Redesigned work needs to include plans for feedback, implementation plans and measurement.

The purpose of “Big Event 2”—Launching New Processes and Implementation Planning was: To work together in the whole HomeCare organization to enable the group to move quickly forward for the future success of the Company. The outcomes for this event were that (1) everyone understands and commits to the implementation of the new processes and (2) implementation guidelines be established.

Inputs to this event were the seven recommended new process maps and draft plans for implementation.

The role of teams was critical to the efficiency and speed with which the process moved. HomeCare Teams were the Steering Team, Change Team, Event Planning Teams, Logistics Teams and Process Redesign Teams. All except the Steering Team and Logistics Team were a microcosm of the organization in that the team members represented, to the extent possible, all of the diverse voices in the organization—levels, functions or disciplines, geographic locations and all attitudes from the believers to the non-believers. It is through the use of microcosms that we are able to keep a systems perspective in everything that we do.

Steering Team—The purpose of this team was to keep

SEVEN CRITICAL PROCESSES	
■	<i>Referral Intake</i> —(admissions)
■	<i>Authorization Process</i> —(insurance authorizations)
■	<i>OASIS</i> —(regulations)
■	<i>Obtaining Orders</i> —(clinical diagnosis)
■	<i>On-Call</i> —(24 hour coverage)
■	<i>Audit</i>
■	<i>Payroll</i>

a strategic focus throughout the change process by setting clear direction and boundaries, and by clearing the way for work to be done throughout the organization. In any change process there are things that are open for discussion and input and things that are not, and members of the organization need to know both. From a *Whole-Scale™* perspective it is critical that the Steering Team be open to feedback and input from members of the organization.

true microcosm will be able to tell the consultant group what work needs to happen, and provide guidelines on how it can be done within the organization culture. (As in most OD efforts, the consultants provide the process expertise while the EPT provides the content expertise.)

Process Redesign Teams—Coming out of the launch event the company members agreed on seven core processes to be redesigned, as well as the overarching criteria for design. For each

A true microcosm will be able to tell the consultant group what work needs to happen, and provide guidelines on how it can be done within the organization culture.

Change Team—a microcosm team responsible for the tactical work of the change process, i.e. chartering other teams, creating the change process project plan, and making recommendations to the Steering Team on strategic issues such as identifying the initial core business processes to be redesigned. This team is chartered for the life of the change process, and includes linking members from the Steering Team to the Process Redesign Teams.

Event Planning Teams—a microcosm team with a relatively short life and a very specific task. They come together about one month prior to a

*"If you have a good design you can get the right work done."
—EPT Member*

large group event to design the event—their work is done at the end of the event. HomeCare chartered two Event Planning Teams (EPT), one for each of the two large group events. EPTs

work with the consultants to create a compelling purpose, a draft agenda and agreement on next steps that will ensure the success of the event. The key to developing a good event design is having a true microcosm on the Event Planning Team. A

process the Change Team chartered a ten-twelve-member microcosm team. The process redesign team's work was divided into two separate weeks with four teams meeting the first week and the other three teams working the second. This was to insure that while the critical work of process redesign was being done, there would be no decline in patient care.

The teams were responsible for:

- Developing "as is" maps for each of the processes—how the process works today!
- Analysis of "as is" maps to determine efficiencies.
- Benchmarking similar processes in other organization to gain improvement ideas.
- Develop "to-be" maps—the recommended new processes.

All of this work was done in one very full week! When all seven teams had their "to-be" maps done they came together for a full day to look at the interface points between processes to ensure that those interfaces were smooth and would support the success of the individual "to-be" map once implemented.

Next, the teams took all seven "to-be" maps on a "road show"—going to each HomeCare location giving folks an overview and getting feedback

on what they thought would work and not work. This feedback, from 66% of the organization, was incorporated, as appropriate, and the maps were ready for final presentation and approval at “Big Event 2”—Launching New Process and Implementation Planning.

Implementation Teams—During the implementation phase the new processes were put in place and questions are asked: what job aids are needed, what training is needed, what support is needed in order for these new processes to achieve their stated goals. During “Big Event 2” the entire organization gave input into the implementation planning process, the Change Team developed an overarching implementation plan, and chartered the implementation teams to do the work.

THE RESULTS SIX MONTHS INTO THE CHANGE PROCESS

Results can readily be categorized into “soft” and “hard.” The leadership team learned a lot about the concept of what is considered “soft,” or “fluffy.” The learnings convinced them that these are often really the “hard” aspects that drive high performance, more so than technical skills and knowledge. While these outcomes are harder to measure, there is some fairly good data that supports the belief that employees not only feel more involved and empowered, but are actually working in ways that demonstrate their commitment to the company and their co-workers. For example, contributions to an internal fund that was established to provide financial and other support to employees and patients in need have exceeded all targets and represent significant dollar increases from prior years. Donations to United Way reflect the same trends.

The fact that at “Big Event 1”, which was not a mandatory meeting, hundreds of the staff showed up to have a say in deciding the company’s strategic plan and action steps for the next year. The fact that the final Strategic Plan for HomeCare is a product of the work of everyone in the company increases the likelihood that the goal of alignment will be achieved.

Most of the process redesign team members volunteered to continue working as members of

the implementation teams—exhibiting dedication to the work and an eagerness to have input into and a say in their immediate job design and the sustainable future of HomeCare.

Employee satisfaction results, first quarter 2000, demonstrated statistically significant improvements in key indicators. Customer satisfaction results for first quarter, conducted independently by a vendor, were remarkably better than in previous years with some categories moving from 60th-70th percentile rankings to 90th percentile rankings

The Change Team continues to support the work of the Steering Team and the Implementation Teams. This often involves conflict and even the experience of some hostility from co-workers who may dislike specific changes or decisions. The Change Team members see themselves as leaders and supporters of the company and are therefore highly committed to ensuring success.

While positive financial results will not be achieved until the new processes are implemented, staff have identified many ideas to reduce costs. For example, a longstanding tradition of providing free tickets to employees and their families for a local theme park was discontinued as a result of employees’ suggestion that this money could easily be saved for more important work. While the work of the payroll re-design team has not been fully implemented as yet, almost all staff readily agreed to utilize electronic deposit immediately for their paychecks when they learned the potential savings that would be achieved. This was quite remarkable considering that some of the HomeCare staff did not have bank accounts!

Company leaders are now viewing themselves as strong champions and sponsors of the change process, a definitive change as a result of going through the *Whole-Scale™* Change process. For example, each Steering Team member is a sponsor of one of the re-design teams and is highly committed to insuring a successful implementation with measurable, improved results.

NEXT STEPS

At the time this article was written, there were two big pieces of work that remained, the devel-

“For me, the most significant piece of learning is that employees who actually do the work will know how best to change a process in order to ease efficiency and reduce cost.”
—HomeCare Employee

opment of critical paths and redesign of the organization's structure.

Critical pathways are recipes for managing care for a specifically defined group of patients, usually based on their medical diagnoses. It is a

When adults have all the available information, they can, and will make, adult decisions regarding how to take care of themselves during the change going on around them.

method of insuring on the front end that the desirable outcomes for that patient are identified, and methods delineated for achieving them. It's similar to Stephen Covey's dictum: Begin with the end in mind. While this sounds inherently simple and obvious, it has not always been the case in health-care. Developing a critical pathway or care path is a strategy for optimizing patient care. In addition, most pathways will be developed with a high degree of participation from patients and families. Not surprisingly, this method provides better clinical outcomes, lower costs and a higher level of patient and physician satisfaction with the care process. This process will represent special challenges since medical and nursing staff often see patient care as "different", unique from all other types of processes, and thus not lending itself to a consistent, pre-developed plan.

Relying on the architectural principle of "form follows function," HomeCare's Steering Team needs to look at the organization's structure with

the question in mind—"does the way we are currently structured support the success of the work for the new processes?" Often in organizations, after processes are redesigned, the answer to this question is "no!" Following *Whole-Scale*[™] principles, during "Big Event 2", the Steering Team presented a draft set of organization design criteria. Based on feedback and input from the participants, the Steering Team will use these criteria to design and evaluate the new organizational structure.

The final word about organization redesign is that it is a very threatening process for individuals to go through. Individuals ask themselves: will I have a job, will this reorganization affect someone I like, and will I be doing work I currently know how to do? The only way to address these fears is by treating people with respect and treating them as adults. When adults have all the available information, they can, and will make, adult decisions regarding how to take care of themselves during the change going on around them. As one Home-Care employee put it, "I feel empowered and respected by the entire management staff."

CONCLUSION

Ralph Waldo Emerson says that what is within each of us is far more significant than what lies behind or before us. Organizations of the future can no longer rely on the ideas of only certain people, particular levels, or functions, and expect that these ideas will engage the hearts and minds of everyone in the organization. We have to go back to what we believe we all knew at one point—everyone has good ideas, everyone's voice is important and we need everyone pulling in the same direction in order to succeed. ■

REFERENCES:

Lawrence, P.R., and Lorsch, J.W., *Organization and Environment: Managing Differentiation and Integration*, Boston: Division of Research, Harvard Business School, 1967.