A Roadmap to Lean Healthcare Success

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CEO ThedaCare Center for Healthcare Value
April 16, 2013
Housekeeping

• To enlarge slides, use the “expand window” icon just beneath the slides and to the right on your display console

• To adjust the sound, use the volume control on the console or on your computer

• Type questions into the console box
Today’s Presenter

**John Toussaint, MD**

- Founder & president ThedaCare Center for Healthcare Value
- President & CEO, ThedaCare, Inc., 2000-2008
- Introduced the ThedaCare Improvement System, based on the Toyota Production system
- Co-author, *On the Mend*, how ThedaCare applied lean to care delivery. Author, *Potent Medicine*, how to redesign payment around outcomes & make quality & cost data transparent
• Founded in 2008 as a 501(c)3 not-for-profit
• Independent board includes Paul O’Neill, former Treasury Secretary; John Shook, LEI CEO; George Koenigsaecker, former president Jake Brake; Maureen Bisognano, CEO IHI; Arnie Milstein Stanford Professor
• Goal: Redesign care to improve value, develop payment systems that reward value, publicly report health outcomes
• Connect: createvalue.org
• Lean Healthcare Transformation Summit
• June 5-6, 2013, Orlando, FL
• John Toussaint & Healthcare thought leaders, including former Treasury Secretary & Alcoa CEO Paul O’Neill, LEI Founder Jim Womack
• Get Details at lean.org, click Education
Four Goals for Today

- Define lean in healthcare
- Define the principles of lean healthcare
- Define lean management in healthcare
- Define the leadership behavior change required for success
Learnings from Visits to 120 healthcare organizations in 12 countries

• Most work processes are in chaos
• Very little standard work is practice
• There is no way to identify and solve problems immediately when they occur
• Leadership is autocratic and not engaged at the frontline
• Most leaders can’t see waste
People & Process
Balanced by Management

*Graphic courtesy of John Shook, Lean Enterprise Institute*
• An organization’s cultural commitment to applying the scientific method to designing, performing, and continuously improving the work delivered by teams of people leading to measurably better value for patients and other stakeholders.
ThedaCare’s Lean Results

- Doubled operating margin over 4 years
- Improved from A- to a Aa- bond rating over 4 years
- Increased days cash on hand from $120M to $400M over 6 years
- Consumer Reports ranks ThedaCare Physicians No.1 in Wisconsin for Quality in 2013
1. Value creation for patients (Value Stream Analysis)
2. Unity of purpose (True North)
3. Continuous improvement (pursuing perfection)
4. Visual management to see and understand patient flow
5. Standard work for administrative and clinical care processes
6. Respect for the people

*Excerpted from “The Promise of Lean for Healthcare” accepted for publication Mayo Clinic Proceedings July 2012*
Remarkable Results

At St Jude Medical Center in Fullerton California, a visual board exists outside of each ventilated patient’s room. On this board are Red/Green magnets that are flipped every two hours as the preventable measures are executed. This lets the team quickly see and avoid missing any preventable measure anytime. As a result of this focused effort on the true north metric, Critical Care has had zero preventable VAPs in over three years.
Remarkable Results

- Inova, an integrated delivery system in Virginia with 9 ERs and 400,000 visits per year, reduced time to doctor in all the ERs from 55 minutes to 22 minutes at the same time reducing ambulance on diversion hours from 1371 in 2008 to 17 in 2010, improving operating margin by 10 million dollars and improving customer satisfaction.

- The Christie Clinic decreased patient wait times 28% increased capacity by 10% and improved patient satisfaction to 4.5 out of 5 in the ENT outpatient clinic over nine months.
The single most important critical factor missing in healthcare organizations is a management system that supports improvement.

A way to do it right the first time.
"Most of what we call management consists of making it difficult for people to get their work done."

-Peter Drucker
Management by objectives: “It nourishes short term performance, annihilates long term planning, builds fear, and demolishes teamwork.”
“It leaves people bitter, crushed, bruised, battered, desolate, and despondent.”

- W. Edwards Deming
Management by Process

- A3 thinking
- Daily status sheet
- Daily performance-and-defect review huddle
- Unit-based leadership teams
- Standard work for leaders and supervisors
- Standard work audits
- Visual progress tracking
- Andons
Can You Say “Yes” to These 3 Questions Every Day?

• Are my staff and doctors treated with dignity and respect by everyone in our organization?
• Do my staff and doctors have the training and encouragement to do work that gives their life meaning?
• Have I recognized my staff and doctors for what they do?
Ideal State
Information Flow

Status of the Business:
• Information
• Continuous Improvement
• Metrics
• Escalation

Goals
• Mentoring
• Teaching
• Barrier Removal
• Strategy
• True North

Strategic Purpose

Executive Functions
• Strategic
• Innovative
• Weekly/Monthly Assessment
• 10-25% Standard Work

Tactical Management
• Control
• Daily assessment
• 50-75% Standard Work

Manager

Supervisor

Lead

Staff

Level 1

Level 2

Level 3

Level 4

Level 5

Level 6

Level 7

CEO

Sr VP

VP

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**Unity of Purpose: A3**

**What Are You Talking About?**

<table>
<thead>
<tr>
<th>Background</th>
<th>Why are you talking about it?</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Current Situation</th>
<th>Where do we stand?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>What's the problem?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goal</th>
<th>Where we need to be?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>What is the specific change you want to accomplish now?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Analysis</th>
<th>What is the root cause(s) of the problem?</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>What requirements, constraints and alternatives need to be considered?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>What is your proposed countermeasure(s)?</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Plan</th>
<th>What activities will be required for implementation and who will be responsible for what and when?</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Follow-up</th>
<th>How we will know if the actions have the impact needed? What remaining issues can be anticipated?</th>
</tr>
</thead>
</table>
“The No Meeting Zone”
<table>
<thead>
<tr>
<th>Manager 3S Inpatient Oncology</th>
<th>VP Daily/Weekly Stat Sheet Kim B.</th>
<th>Department: Inpt Oncology</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Daily Measures</strong></td>
<td><strong>Dates</strong></td>
<td><strong>Monday</strong></td>
</tr>
<tr>
<td><strong>Safety</strong></td>
<td></td>
<td><strong>Tuesday</strong></td>
</tr>
<tr>
<td>How many patients or staff are at risk?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>infections</td>
<td></td>
<td></td>
</tr>
<tr>
<td>interpreter concerns</td>
<td></td>
<td></td>
</tr>
<tr>
<td>employee injuries</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Quality</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any quality opportunities or concerns?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>falls, bundles, med rec/errors</td>
<td>Falls, bundles, med rec/errors</td>
<td></td>
</tr>
<tr>
<td>Patient complaints/Follow ups</td>
<td>Patient complaints/Follow ups</td>
<td></td>
</tr>
<tr>
<td>Any equipment or room concerns?</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>People</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any staff with special concerns or barriers?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Who needs the most support how can we help them?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any physician or leadership concerns?</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Delivery</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any areas that Demand exceeds Capacity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>For Oncology- Any non- oncology pts on the floor?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How many filled beds?</td>
<td>16 beds</td>
<td>16 beds</td>
</tr>
<tr>
<td>How is care management helping to progress care today?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How many discharges planned today?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Monthly Scorecard Manager to VP

<table>
<thead>
<tr>
<th>Owner Peggy Laemmrich</th>
<th>Manager Monthly Scorecard</th>
</tr>
</thead>
<tbody>
<tr>
<td>These metrics were last updated on: 5/6/09</td>
<td></td>
</tr>
</tbody>
</table>

### Drivers: The Performance we must respond to and focus daily improvements on.

<table>
<thead>
<tr>
<th>Measures</th>
<th>Source</th>
<th>Goals</th>
<th>YTD Status</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety</td>
<td>SD, Hosp watch or Hosp Initiative</td>
<td>Reduce Fall Rate (falls/1,000 patient days) by 20% for 2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality</td>
<td>SD</td>
<td>Hold for Medication Administration Metric</td>
<td></td>
<td>Michelle VB</td>
</tr>
<tr>
<td>People</td>
<td>HI</td>
<td>Reduce Clinical Staff Turnover percentage</td>
<td></td>
<td>Peggy</td>
</tr>
<tr>
<td>People</td>
<td>HI</td>
<td># of clinical staff competent/ total number of staff</td>
<td></td>
<td>Michelle M</td>
</tr>
<tr>
<td>Cost</td>
<td>HI</td>
<td>Total Clinical Labor Costs / Unit of Service</td>
<td></td>
<td>Jill</td>
</tr>
</tbody>
</table>

### Hospital Division Drivers: The Performance we must respond to and focus daily improvements on to move the System True North Metrics.

**Key:**
- SD/Strategy Deployment
- HD/Hospital Driver
- HW/Hospital Watch

<table>
<thead>
<tr>
<th>Measure of</th>
<th>Source</th>
<th>Hospital Drivers</th>
<th>YTD Status</th>
<th>Sponsor/Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety</td>
<td>SD</td>
<td>Increase the % of Patients with INR in the safe range</td>
<td></td>
<td>Wilson/ Berry</td>
</tr>
<tr>
<td>Safety</td>
<td>HD</td>
<td>Reduce Patient Falls (in Acute care areas) by 20% - per 1000 patient Days</td>
<td></td>
<td>Barnas/Adair</td>
</tr>
<tr>
<td>Quality</td>
<td>SD</td>
<td>% First Pass Yield for Medications available to be given</td>
<td></td>
<td>Decker/Malkowski</td>
</tr>
<tr>
<td>People</td>
<td>SD</td>
<td>Reduce OSHA incident rate of sprains and strains in the hospital by 50%</td>
<td></td>
<td>Gautney/Collins</td>
</tr>
<tr>
<td>Cost</td>
<td>HD</td>
<td>Increase Operating Margin at Theda Clark to x%</td>
<td></td>
<td>Ross</td>
</tr>
<tr>
<td>Cost</td>
<td>SD</td>
<td>Increase Operating Margin at Appleton Medical Center to x%</td>
<td></td>
<td>Ross</td>
</tr>
<tr>
<td>Cost</td>
<td>HD</td>
<td>Achieve Budgeted Total Clinical Labor Cost per Unit of Service</td>
<td></td>
<td>Casewirth/E. Olson</td>
</tr>
</tbody>
</table>
Visual Management: Color Coding on Tracking Tools

Same colors used – light red/light green for tracking information.
Change in Leader Behaviors

- All knowing
- “In charge”
- Autocratic
- “Buck stops here”
- Impatient
- Blaming
- Controlling

- Humility
- Curiosity
- Facilitator
- Teacher
- Student
- Communicator
- Perseverance
Getting the Board on board

• Take the board to the Gemba
• Show them what good looks like
• Go visit their companies to learn
• Educate the uneducated
Questions?

Reflections?
New articles by Dr. Toussaint and Gary Kaplan in *Frontiers of Health Services Management*

**Improving Organizational Performance: Road Maps for the Journey to Excellence**

*Feature articles by*

John Toussaint
Gary S. Kaplan

*Commentaries by*

Thomas C. Royer
Ann Scott Blouin, FACHE
Quint Studer
Potent Medicine and On the Mend are available at: www.createvalue.org/products
Keep Learning After the Webinar

• Lean Healthcare Transformation Summit, June 5-6, 2013, Orlando, FL

• Go to lean.org, click Education