

# ***Aligning Healthcare Organizations***

***Lessons in Improved Quality and Efficiency  
from the Nuclear Power Industry***

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# Healthcare's New Reality

The single most important concept every healthcare organization leader must embrace in light of Healthcare Reform is **value**. Accepting value as the key to survival means asking the critical question: *How do I improve patient outcomes while lowering operating expenses?* This is perhaps a paradoxical reality in light of healthcare delivery results of the past 50 years, but it is the reality none-the-less.



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## *How do I maximize patient value while lowering operating expenses?*

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Overcoming this stark reality requires new and collaborative approaches to care delivery, care coordination and information management – it demands higher levels of resource productivity and efficiency without sacrificing quality.

Achieving the high levels of organizational alignment needed to realize industry leading productivity and efficiency is never easy. It begins with the creation of a clear, forward-looking strategy aligned with the organization's vision, values, and mission goals that is then translated to the day-to-day activities of all organization members. An ongoing evaluation and control framework reinforces these relationships, helping to focus and refocus managers' decisions and employees' actions on the optimal achievement of the organization's mission goals.

# Increasing Organizational Alignment, Accountability, and Efficiency

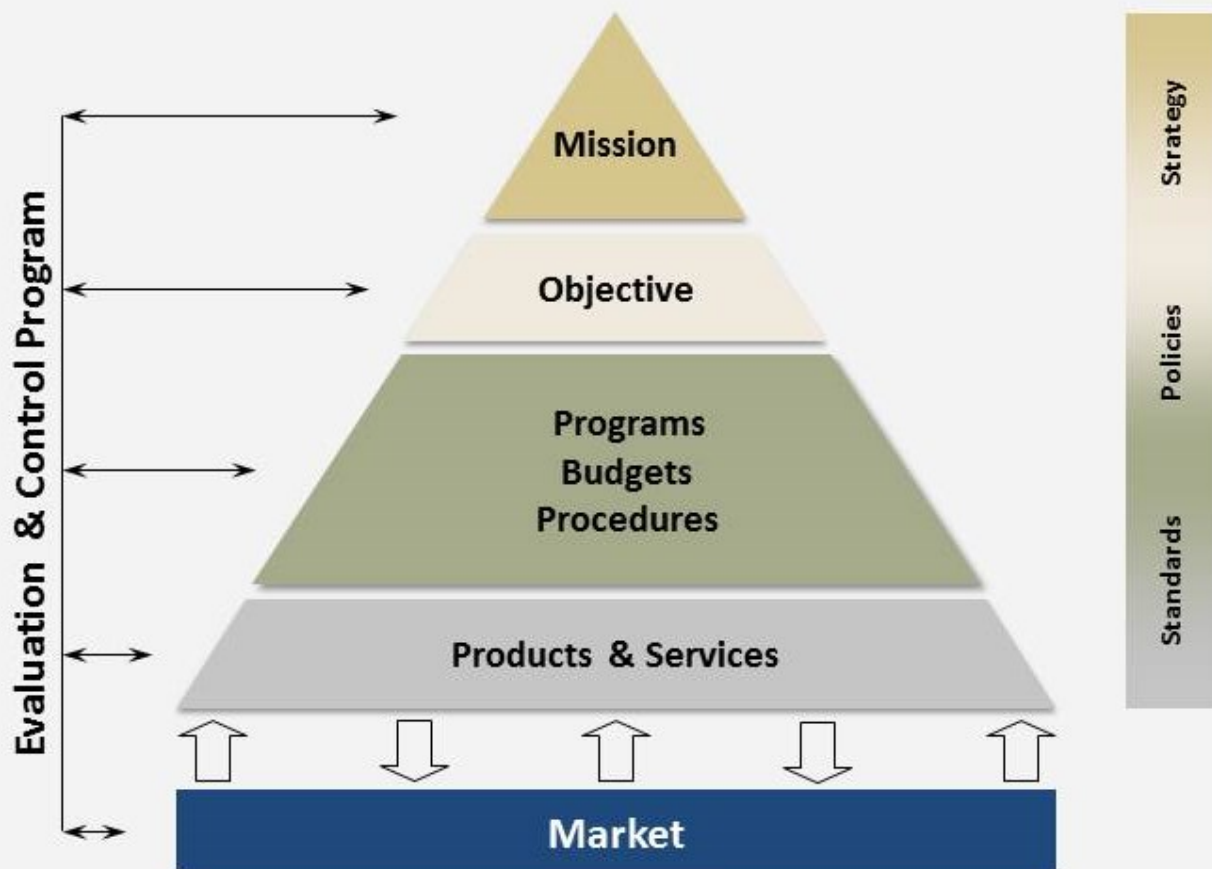
A well-structured performance measurement system serves to align the work efforts of each individual to the achievement of an organization's mission goals. As part of a healthcare provider's performance and quality program, the accurate identification of key performance parameters facilitates the efficient, quantifiable monitoring of important characteristics of patient care delivery while providing information to support managerial decision-making, including:

- ◆ Determination of the efficiency and effectiveness of the organization's policies and procedures and the individuals implementing them;
- ◆ Qualification of organizational stakeholder satisfaction (i.e., patients, employees, management and boards); and
- ◆ Identification of deviations from organizationally stated goals, objectives and regulatory requirements.



# Strategy Implementation Pyramid

The Strategy Implementation Pyramid highlights the alignment that exists between a healthcare organization's mission and the objectives, programs, budgets, and procedures supporting its achievement. As the illustration suggests, the further away from the organization's singular mission the greater the number and detail of the supporting instruments. Execution of these instruments subsequently shaped by the ongoing adjustments made in response to performance outcomes, external market forces, and internally defined strategies, policies, and standards.





Performance measures best serve an organization when they are understandable, broadly applicable, uniformly interpreted, and economic to apply. They should cascade through an organization's hierarchy such that achievement of lower tiered performance goals support higher tiered goals that in turn ultimately measure achievement of the organization's mission goals.

## Conceptual Metrics Model

An effective metrics system translates strategic goals and objectives into daily operations and then measures the effectiveness of personnel at meeting those goals and objectives. The conceptual model approach focuses on developing metrics that serve to bridge the strategy and operations gap.



Based on StrategyDriven's experience implementing mission-driven and regulatory compliant Organizational Performance Measurement Systems within the nuclear power industry, we find that organizations realize the following benefits from a well-constructed performance measurement system:

- ◆ Heightened organizational alignment and collaboration to the achievement of corporate goals and objectives;
- ◆ More rapid identification of safety and quality improvements, revenue growth, and cost reduction opportunities;
- ◆ Increased cross-organizational sharing of best business practices;
- ◆ Improved utilization of personnel, material, and financial assets;
- ◆ Accelerated, better supported managerial decision-making; and more readily demonstrated compliance with industry regulations, standards, and guidelines.





## Why the Nuclear Power Industry?

Research suggests the healthcare industry can learn from the operational successes of other sectors where risks are high and safety records are of paramount importance. The parallels between the healthcare and nuclear power industries are significant. For example, leaders in both industries must:

- ◆ Coordinate and oversee complex procedures having the potential for unpredictable and disastrous consequences while maintaining regulatory compliance;
- ◆ Employ real-time operational monitoring with pre-established crises response protocols;
- ◆ Develop effective means and methods of communication across departments and with outside organizations;
- ◆ Assess and manage new technology and determine how such technology can add value without jeopardizing safety; and
- ◆ Possess strong leadership that creates, establishes and maintains a culture of safety and continuous quality improvement.



# Building an Organizational Performance Measurement System for Healthcare Organizations

Similar to the nuclear power industry, healthcare organizations stand to realize significant improvements in safety, quality, and efficiency through the implementation of well-constructed performance measurement systems. To deliver measurable value – and thereby achieve the competitive advantage necessary for survival – healthcare administrators will have to successfully navigate a paradigm shift in how data is sourced, aggregated, analyzed and then acted upon.

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*The Artower/StrategyDriven Team supports healthcare organizations in the development of the mission-driven, regulatory compliant performance metrics systems needed to improve management effectiveness and employee efficiency so to achieve the high levels of value delivery and cost effectiveness demanded by healthcare reform.*

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## Questions Administrators Ask Today

- ◆ How do I know if we are delivering high value?
- ◆ What should we measure to assess value delivery?
- ◆ How do we capture, record and measure what we need without adding more cost to an already taxed operation?
- ◆ How do I get the right information in a timely fashion, so I can act on it before the opportunity is lost?
- ◆ How can I use data analytics to drive greater collaboration across departments within my facility and with other providers interfacing with our patients?
- ◆ What do I need to do to make sure everyone in my organization is performing at their highest level and in alignment with our organizational goals and objectives?



To align management's decisions and employee actions and thereby improve organizational performance, StrategyDriven and Artower recommend implementation of a Value-Based Performance Improvement Model (V-B PIM<sup>®</sup>). Combining StrategyDriven's nuclear power and not-for-profit industry performance improvement experience with Artower's healthcare industry experience and analytical know-how, the V-B PIM<sup>®</sup> provides a quantifiable performance measurement framework enabling healthcare leaders to rapidly identify and eliminate programmatic waste thereby accelerating their organization's transformation into a leaner, more productive and higher quality provider of services and care – to thrive under Healthcare Reform – while continuing to ensure positive outcomes.

The following graphic illustrates the development and implementation of a Value-Driven Performance Improvement Model for healthcare organizations.



# Construction of a V-B PIM<sup>©</sup>

Outlined in summary format below are the Project Phases, Activities and Outputs associated with the development of a Value-Based Performance Improvement Model for healthcare organizations.



# Conclusion

The pressure on healthcare providers to improve performance is no longer a subjective reality in the purview of public opinion and regulatory oversight. It is quickly becoming an unequivocal necessity of financial survival. Nearly every external influence driving healthcare provider performance today focuses on value – defined as patient outcomes divided by cost of care.

To achieve value that is competitively distinct, healthcare providers must manage and influence their operating performance in real time – not through retrospective adjustments based upon analysis of historical data. We believe the Value-Based Performance Improvement Model<sup>®</sup> outlined above is an excellent framework to empower healthcare providers to deliver quality outcomes while improving efficiency and productivity.

# About the Authors

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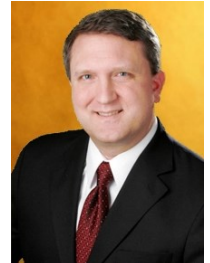


Scot Park has spent the past two decades serving the Healthcare Industry with the majority of that time focused in Aging Services, Senior Housing and Post-Acute/Long-Term Care. His passion is in partnering with leadership teams at organizations that are seeking to proactively position themselves to succeed in a future of integrated care delivery models under Healthcare Reform. His background and direct professional experiences have included strategic planning, development advisory, financial planning, project feasibility, IT decision support, commercial banking, and media/marketing. Scot is a Certified Public Accountant and holds a BA in Economics with concentrated studies in Public Administration from John Carroll University.

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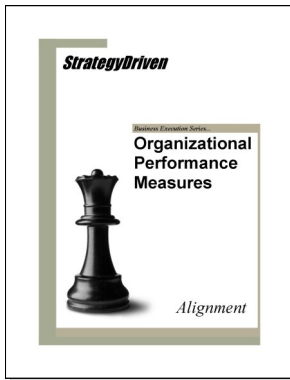
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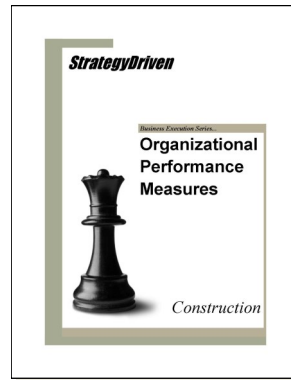
Nathan Ives is a StrategyDriven Principal with over 20 years of Energy Industry and consulting experience. His experience includes 12 years of external and internal advisory work within the Energy Industry specializing in strategic planning, resource management, managerial decision-making, operational risk management, organizational alignment, and operator performance. Nathan has advised executives and senior managers at numerous utilities on improving generation fleet and individual plant operating performance. He authored the nuclear industry's risk management, high-risk decision management, organizational alignment, and plant operations performance guidelines and evaluation methods.

Nathan also has 8 years of experience managing and supervising (military and commercial) nuclear plant operations, online and outage work management, and maintenance and held the U.S. Nuclear Regulatory Commission's Senior Reactor Operator license and the U.S. Navy's Chief Nuclear Engineer Officer qualification.

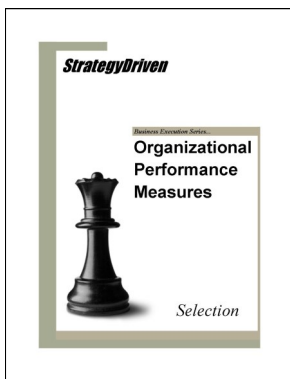
# Related Thoughtware



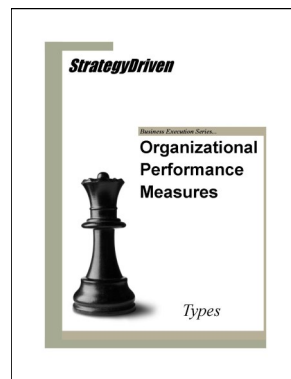
**Alignment** - describes the performance measure characteristics that serve to align the managerial decision-making and employee actions to the organizations mission goals.



**Construction** - provides the principles of constructing high quality performance measures that support vertical cascading and horizontal sharing among organizational units.



**Selection** - reveals how to select performance measures appropriate for each level of the organization that simultaneously aligns the workforce to the efficient achievement of mission goals.



**Types** - highlights how to select the most appropriate type of performance measure for a given circumstance.





# Best Practice Articles

- ◆ [Vertical Cascading](#)
- ◆ [Horizontally Shared](#)
- ◆ [Common Construction Characteristics](#)
- ◆ [Core Performance Measures](#)
- ◆ [One Source of the Truth](#)
- ◆ [Diverse Indicators](#)
- ◆ [Documenting Performance Measure Drivers](#)
- ◆ [One Change at a Time](#)
- ◆ [Predefined and Reinforced Data Standards](#)
- ◆ [Get Data Directly from the Source](#)
- ◆ [Predefined Action Thresholds](#)
- ◆ [Multiple Action Thresholds](#)
- ◆ [Identify the Measures First](#)
- ◆ [Run New and Old Performance Measures in Parallel](#)
- ◆ [Map Performance Measure Ownership](#)
- ◆ [System Development](#)
- ◆ [Annual Alignment Review](#)
- ◆ [Ad Hoc Reports First, Automated Metrics Second](#)

# Warning Flag Article

- ◆ [Data Source Manipulation](#)

# Artower Advisory Services

Artower Advisory Services partners with organizations that provide life enhancing housing, services and healthcare for seniors and disabled individuals. Our key value proposition is to accelerate the planning and performance improvement efforts that result in measurable benefits to our clients and their stakeholders.

In providing these services, we often work with both acute and post-acute care organizations to help them develop integrated operational and clinical care delivery strategies. The ultimate success of those relationships depends on the ability to achieve cost savings while improving patient outcomes. We have been working with StrategyDriven for the past year-and-a-half to repurpose and migrate the performance improvement measurement approach successfully used in the nuclear power industry to the healthcare industry.

To learn more about Artower Advisory Services, please visit our web site at: [www.ArtowerAdvisory.com](http://www.ArtowerAdvisory.com).



# StrategyDriven Enterprises

StrategyDriven provides executives and managers with the planning and execution advice, tools, and practices needed to create greater organizational alignment and accountability for the achievement of superior results. We believe a clear, forward-looking strategy, translatable to the day-to-day activities of all organization members, is critical to realizing success in today's fast paced market environment. Not only does a compelling, well-executed strategy align individuals to common goals, it ensures those goals best serve the company's mission.

At StrategyDriven, our seasoned business leaders deliver real-world strategic business planning and tactical execution best practice advice – a blending of workplace experience with sound research and academic principles – to business leaders who may not otherwise have access to these resources.

StrategyDriven refers to the family of organizations comprising StrategyDriven Enterprises, LLC. For more information, please visit: [www.StrategyDriven.com](http://www.StrategyDriven.com).

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effective executives, efficient employees





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