World Class Management and Talent Development

Jonkoping, Sweden
May 2013

Gary S. Kaplan, MD, Chairman and CEO
Virginia Mason Medical Center
Seattle, Washington

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Our Strategic Plan

Patient

Vision
To be the Quality Leader and transform health care

Mission
To improve the health and well-being of the patients we serve

Values
Teamwork | Integrity | Excellence | Service

Strategies

People
We attract and develop the best team

Quality
We relentlessly deliver the highest quality outcomes of care

Service
We create an extraordinary patient experience

Innovation
We foster a culture of learning and innovation

Virginia Mason Team Medicine™ Foundational Elements
Strong Economics
Responsible Governance
Integrated Information Systems
Education
Research
Virginia Mason Foundation

Virginia Mason Production System
### 2013 Organizational Goals

**Quality and Safety: Care Delivery Innovations**
- Delivering Patient-Centered Coordinated Primary Care
- Optimizing Care Transitions
- Smoothing Patient Flow
- Eliminate Healthcare Associated Infections
- Glycemic Control
- Prevention of Hospital Associated Delirium

**Quality, Safety, Service, People, Innovation**
- Respect for People
- Integration of the Patient Experience

**Service: Patient Experience**
- Integration of the Patient Experience

**People: Team Engagement**
- Transformational Leadership
- Organizational Training & Education

**Strong Economics**
- Growth

**Integrated I.T.: Technology and Care Delivery Partnerships**
- Realizing the Potential of Our Electronic Health Record
- Update the Enterprise Orders & Documentation Framework
- Ambulatory CPOE
- Measuring and Improving our Results

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**World-Class Management**

![World-Class Management Image](image-url)
The Virginia Mason Production System

We adopted the Toyota Production System philosophies and practices and applied them to health care because this industry and we were so lacking in an effective management approach that would produce:

- Customer first
- Highest quality
- Obsession with safety
- Highest staff engagement
- A successful economic enterprise

We still don’t have stability in our processes
Implementation < 100%

Outcome: Percent RPIWs with > 2 Targets Improved 90 Days Post-Event

Our current management system?
World-Class Management

The World-Class Management System is a leadership system that provides focus, direction, alignment, and a method of management for daily work.

This

Or This

World-Class Management System

Management by Policy
Provides focus and direction

Daily Management
Manages daily work

Cross-Functional Management
Aligns across the organization toward full customer satisfaction
World-Class Management

Long Term Vision

5 Year Plans

Annual Goals

KPO Priorities

Quality and Safety
1. Ambulatory Prevention Bundles
2. Optimize Care Transitions
3. Zero Nosocomial Injuries
4. Fall Prevention
5. Patient Safety Curriculum
6. Innovative Clinical Value Streams

World Class Management

Elements of Management by Policy

Reflection
• Environmental Scanning
• Review 5 Year Plans

Check and Review
• Compare performance to plan
• Occurs at all company levels

“Catchball”
• Idea exchange
• Feedback, engagement
• Identify resources / roles
• Set measurement criteria

Deployment
• Production plan
• Understanding / awareness
• Develop strategies for
  • entire organization
  • departments
  • individuals

Adapted from elements of World Class Management, Management by Policy
World-Class Management

Management by Policy – Reflection

- Vision
- Customer Requirements/Customer Satisfaction Data
- Feedback from management

World-Class Management

Management by Policy - Catchball

Environmental Scan – SWOT Analysis

- Focus for scanning
  - Customers (loyalty, values, community profiles, etc.)
  - Emerging or changing market features and business outlooks
  - Current and potential profitability of different products
  - Technology (near- and far-term forecasting)
  - Suppliers
  - Environmental/consumer protection attitudes and trends
  - Demographics (customers and employees)
  - Competition strategies

Strategic focus impacts on operations

"We need more visibility for the IT strategy and when things are going to be rolled out.

"We will create a production plan that shows the plan for each of the IT strategies and post it on VNET."

"Team Medicine"
World-Class Management

Management by Policy - Deployment

- Provide perfect service
- Ensure staff operate as a team through effective feedback, mutual respect and communication
- Respect for People, Organizational Training and Education, Transformational Leadership, Revenue Growth

Home
- Help me stay healthy and prevent future illness
- Delivering Patient-Centered Coordinated Primary Care

Clinic
- If I need the hospital, get me in and move me through my care at the right pace with the right care
- Smoothing Patient Flow
- While I am your patient:
  1) Protect me from infection
  2) Help me avoid delirium
  3) Control my blood glucose level
- Health Care Associated Infections, Hospital-Induced Delirium, Glycemic Control

Hospital
- When I am ready to leave the hospital, give me a perfect hand-off and I will not return unnecessarily
- Optimizing Care Transitions

Improve my outcomes and quality of care using VNMC data, transform my healthcare environment by sharing results.
- Measuring and Improving our Results

I Am a Virginia Mason Patient
Your 2013 Goals and My Patient Experience
World-Class Management

Management by Policy - Check and Review

- regular checks and reviews are critical
- determines current status of goal achievement
- conducted regularly (e.g., daily, monthly, quarterly)
- includes intensive, objective study of data
- joint problem-solving, planning, and follow-up may be required

World-Class Management

Cross-Functional Management

A management system for implementing breakthrough improvements that is always focused on the elements of full customer satisfaction
World-Class Management

“If there is a place where blame for silos and politics belong, it is at the top of an organization.”

Silos, Politics and Turf Wars (p.177) by Patrick Lencioni

World-Class Management

Cross Functional Management

Orthopedic Value Stream

- Equipment Scheduling
- Orthopedic Imaging
- Orthopedic Scheduling
- Orthopedic Surgery
- Orthopedic Surgery Recovery
- Orthopedic Value Stream

Orthopedic Model Line: Hospital Clinic & Corporate KPOs

- Orthopedic Trauma
- Orthopedic Surgery
- Orthopedic Spine
- Orthopedic Reimbursement

- Orthopedic Value Stream
- Orthopedic Imaging
- Orthopedic Surgery
- Orthopedic Surgery Recovery

- Orthopedic Trauma
- Orthopedic Imaging
- Orthopedic Surgery
- Orthopedic Surgery Recovery
World-Class Management

Daily Management
Repetitive daily activities and behaviors that leaders engage in to ensure customer demand is met and identify abnormal conditions:

- Know at a glance status of daily work?
- Completing planned work?
- Understand status of upstream and downstream processes?
- Standard work being followed?
- Know when to take action and what action to take?
- Engaging Staff

World-Class Management

Daily Management: Leaders Have Two Jobs

1. Run your business
2. Improve your business
The FIVE Principal Elements of Daily Management
(Standard Work for Leaders)

- **Visual Controls**: Create linked visual systems that drive action.
- **Daily Accountability Process**: Establish monitoring process at all levels.
- **Root Cause Analysis**: Asking "why" and using data and analysis to attack problems.
- **Discipline**: Leaders consistently verify the health of processes and systems.
- **Leader Standard Work**: Leaders routinely complete key activities necessary to run and improve their business.

### Daily Management: Daily Accountability

<table>
<thead>
<tr>
<th></th>
<th>What?</th>
<th>How often?</th>
<th>% of work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead Huddles</td>
<td>2 x Daily</td>
<td>80-95%</td>
<td></td>
</tr>
<tr>
<td>Supervisor Floor check</td>
<td>Daily</td>
<td>50-80%</td>
<td></td>
</tr>
<tr>
<td>Lead Weekly People Link</td>
<td>Weekly</td>
<td>25-50%</td>
<td></td>
</tr>
<tr>
<td>Spot check Standard Work</td>
<td>Weekly</td>
<td>20-25%</td>
<td></td>
</tr>
<tr>
<td>AD Review Performance Trends</td>
<td>Weekly</td>
<td>10-20%</td>
<td></td>
</tr>
<tr>
<td>VP/Chief Verify Leader Standard Work</td>
<td>Weekly</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>
Daily Accountability
People Link Boards updated, and managed with set agenda

Example: Inpatient Orthopedics

Daily Accountability
Have daily huddles with your team

Example: Health Information Services

Example: Inpatient Orthopedics
Leader Standard Work

- Standard work for leaders specifies the actions to be taken each day to focus on the processes in each leader’s area of responsibility.

Leader Standard Work: Leaders auditing whether standard work is in place and being followed

<table>
<thead>
<tr>
<th>Goal</th>
<th>Daily Management</th>
<th>Director Management</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Level 1</td>
<td></td>
<td></td>
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<tr>
<td>Level 2</td>
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<td>Level 3</td>
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<td>Level 4</td>
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<td>Level 5</td>
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<td>Level 6</td>
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<tr>
<td>Level 20</td>
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</tbody>
</table>
Leader Standard Work

“Grab and Go” auditing tool allows leaders to know what audits need to be completed

Allows for instant communication for leaders on all shifts and agenda topics for meetings

Leader Standard work even applies to Executives! Executive Genba Walk

Standard Agenda – Participants include VP, AD, Director, KPO

Standard Process that includes each participant’s role and responsibility
Daily Management: Problem solving/root cause analysis

Visual Controls
Visual controls focus on the process and making it easy to compare expected versus actual performance

Hitachi
Visual Controls

Here's an example of how insurance payment closure understands their business daily.

Visual signal for help

Staff member can see & re-assign to help

Visual Controls: Hospital Inpatient Unit Production Board

Capacity and Demand is known
Visual Controls: Primary Care Production Board

At a glance:
Provider covering
Capacity after lunch
WIP:
- Messages
- Forms
- Lab Results

Visual Controls: Primary Care Clinic

Patients can see status

We value your time!
Visual Control: Primary Care Clinic

Normal vs. abnormal flow is visible

What help is needed?

Who has responded?

© VM Kirkland

Visual Controls: Orthopedics Production Board

Daily Status Alert identifies Abnormal Status

Capacity and Demand – Bookable appts., Booked appts., open slots

Leader signs off after review

© VM Federal Way
Visual Controls

Clinic Project Status Communication

<table>
<thead>
<tr>
<th>Item</th>
<th>Issue</th>
<th>Action Needed To Complete</th>
<th>Responsibility</th>
<th>By When</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Color of Covers</td>
<td>Check if wrong color was ordered</td>
<td>lei</td>
<td>9/30</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Provider's name</td>
<td>Back support to shield legs</td>
<td>lei</td>
<td>9/30</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Provider access</td>
<td>Shoulder support for upper arm, mid arm, or lower arm</td>
<td>lei</td>
<td>9/30</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Chair</td>
<td>Flow Station</td>
<td>lei</td>
<td>9/30</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Mapping Room 10</td>
<td>Weeds to move to 1st floor, 2nd floor, 3rd floor</td>
<td>lei</td>
<td>9/30</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Data Computer Server</td>
<td>Discharge</td>
<td>lei</td>
<td>9/30</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>On Time Board</td>
<td>Discharge</td>
<td>lei</td>
<td>9/30</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Visual computer on the wall</td>
<td>Run up</td>
<td>lei</td>
<td>9/30</td>
<td></td>
</tr>
</tbody>
</table>

Discipline

It's Not About the Boards!

“The appearance of information boards and other examples of visual controls is far less important than how they are used.”
VMPS Standard Work for Leaders

Getting Better at Sustainability

Implementation Effectiveness

© 2013 Virginia Mason Medical Center
“Among senior executives, there is a growing recognition that a shortage of leadership talent in their ranks is, in large part, to blame for the lack of progress. . .”

Source: The Advisory Board Company
Time for a Change
Year 2000

• Issues
  ▪ Survival
  ▪ Retention of the best people
  ▪ Loss of Vision
• Leadership change
• A defective product

Leadership– A Different Time

• No accountability
• Physician centered
• Non-strategic
• Political
• Little succession planning or focus on talent development
Why is Change So Hard?

- Culture
- Lack of shared vision
- Misaligned expectations
- No urgency
- Ineffective leadership

Organizational Transformation Requires Leadership

- Clarity of expectations
- Responsibility and accountability
- Culture of feedback
- Transparency
- Trust
ORGANIZATION’S RESPONSIBILITIES

**Foster Excellence**
- Recruit and retain the best people
- Acknowledge and reward contributions to patient care and the organization
- Provide opportunities for growth of leaders
- Create an environment that fosters innovation and learning

**Lead and Align**
- Create alignment with clear and focused goals and strategies
- Continuously measure and improve our patient care, service, and efficiency
- Manage and lead organization with integrity and accountability
- Resolve conflict with openness and empathy
- Ensure safe and healthy environment and systems for patients and staff

**Listen and Communicate**
- Share information regarding strategic intent, organizational priorities, business decisions and business outcomes
- Clarify expectations to each individual
- Ensure regular feedback and written evaluations are provided
- Support and facilitate leadership training
- Provide clear and equitable compensation aligned with organizational goals and performance

**Recognize and Reward**
- Provide clear and equitable compensation aligned with organizational goals and performance
- Create an environment that recognizes teams and individuals

LEADER’S RESPONSIBILITIES

**Focus on Patients**
- Promote a culture where the patient comes first in everything we do
- Continuously improve quality, safety and compliance

**Promote Team Medicine**
- Develop exceptional working relationships that achieve results
- Demonstrate the highest levels of ethical and professional conduct
- Promote trust and accountability within the team

**Listen and Communicate**
- Communicate VM values
- Courageously give and receive feedback
- Actively request information and resources to support strategic intent, organizational priorities, business decisions and business outcomes

**Take Ownership**
- Implement and monitor VM approved standard work
- Foster understanding of individual/team impact on VM economies
- Continuously develop one’s ability to lead and implement the Virginia Mason Production System
- Participate in and actively support organization/group decisions
- Maintain an organizational perspective when making decisions
- Continually develop oneself as a VM leader

**Foster Change and Develop Others**
- Promote innovation and continuous improvement
- Coach individual and teams to effectively manage transitions
- Demonstrate flexibility in accepting assignments and opportunities
- Evaluate, develop and reward performance daily
- Accept mistakes as part of learning

**Be enthusiastic and energize others**
Developing a Team of Leaders

Team Leader
Kaplan
reviewing the
flow of the
process
“It is not by accident that you were chosen to be a leader. It is your destiny.”

Sensei Chihiro Nakao

Our Focus Areas

• Talent Management: aligns people capabilities with organizational needs

• Succession Planning: identifies individuals with the potential to fill roles
Talent Management Strategy

Recruit
- Work Force Planning
- Attract Talent
- Hire for Fit

Set Direction
- Goals / Expectations
- Align to Vision and Values
- Equip Staff with Tools and Info

Ongoing Feedback
- Coaching
- Performance Evaluations
- Mentoring

Rewards & Guidance
- Ongoing Recognition
- Reinforce Excellent Performance
- Address Poor Performance

Develop
- On-the-job
- Build Relationships
- Classes / Books

Succession Plan
- Review Talent
- Identify High Potentials
- Plan for Future Movement

Retaining and Growing our Leaders

- Rigorous talent review
  - Depth of leadership talent
  - Invest in people
- Create leadership development resources
- Integrate development strategy with VMPS
Leadership Talent Approach

2010
• Planning
• Talent Reviews: 33 Administrative Directors

2011
• Talent Reviews: 60 MD Leaders, 25 Executives

2012
• Talent Reviews: 14 Administrative Directors,
  84 Directors, 8 Executives, 26 emerging MD leaders,
  24 interim reviews
• Succession planning

Talent Review Guiding Principles

• Talent is an organizational resource
• Executive leadership is accountable for developing the talent
• Assessment of leadership talent is broad based and supported with specific behavioral examples
• Executive leadership is accountable for "ready now" candidates
Talent Review

Annual Cycle

1) Pre-Review
Create or update profile

2) Talent Review Session

3) Post-Review
Discussion and Development Plan

4) Monitoring

Standard Process

• Instructions template
• Talent profile template
• Leadership development plan template
Pre-Review Conversation

Talent Review Session
Development Philosophy

Education Based
- Training
- Reading
- Workshops

Experience Based
- Development in Role
- Full Job Change
- Temp Assignment

Relationship Based
- Role Modeling
- Feedback & Coaching

<table>
<thead>
<tr>
<th>Leadership Development Plan (LDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The purpose of this plan is to capture the leadership development activities for our term and long range development. Developing this plan is a joint process between a manager and their staff member.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Supervisor</th>
<th>Date</th>
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<tbody>
<tr>
<td></td>
<td>Administrative Director Hospital Quality/Safety</td>
<td>Charles Tashkara</td>
<td>01/09/11</td>
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<table>
<thead>
<tr>
<th>Department</th>
<th>Clinical Administration</th>
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<table>
<thead>
<tr>
<th>Short Term Development Goals - With the present position (1 year)</th>
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<tbody>
<tr>
<td><strong>Leadership Development Activities</strong></td>
</tr>
<tr>
<td>-----------------------------------</td>
</tr>
<tr>
<td>Competency 1: 12 hour understanding of impatient care environment</td>
</tr>
<tr>
<td>Competency 2: 10 hour understanding of systemwide strategic initiatives</td>
</tr>
<tr>
<td>Competency 3: Develop a professional relationship with a new patient</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Long Term Development Goals - For achieving career aspirations (1 – 3 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leadership Development Activities</strong></td>
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<tr>
<td>-------------------------------------</td>
</tr>
<tr>
<td>Competency 4: Develop a professional relationship with a new patient</td>
</tr>
<tr>
<td>Competency 5: Develop a professional relationship with a new patient</td>
</tr>
</tbody>
</table>

Post Review Development Discussion

| Competency 6: Develop a professional relationship with a new patient | Develop a professional relationship with a new patient | 01/01/11 | 06/30/12 | Present a subject that is not directly related to quality or safety. |
Creating a Versatile Leadership Team

Director Talent Pool

Performance Rating

- Does Not Meet (1)
- Meets (-1) (1)
- Meets Expectations (30)
- Meets (+) (28)
- Exceeds Expectations (13)
- No response (6)

Recommended Time to Next Move

- Well Focused (24)
- Ready When Needed (19)
- 6-12 months (33)
- 1-2 years (27)
- Needs a different title (11)
- TBD (7)
- No response (11)

Kaizen Promotion Office

CORPORATE

HOSPITAL

CLINIC

CORPORATE

HOSPITAL

CLINIC
Success Stories!

Leader’s Potential

Engagement
- Emotional Commitment
- Rational Commitment
- Discretionary Effort
- Intent to Stay

Aspiration
The extent to which an employee wants or desires.

Ability
Characteristics and skills used to carry out their work.

Source: Corporate Leadership Council
Succession Planning

- All leaders have development plan
- Use a targeted, high yield approach for succession planning
- Priority successors have accelerated / focused plan
- Update list regularly

Position Assessment Matrix

<table>
<thead>
<tr>
<th>Strategic Importance</th>
<th>Retirement Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Optional priority if position criticality is known</td>
</tr>
<tr>
<td>High</td>
<td>Aggressive investment if position criticality known</td>
</tr>
<tr>
<td>Low</td>
<td>Identification of emergency replacement only</td>
</tr>
<tr>
<td>Low</td>
<td>All imminent retirements treated equally if position criticality unknown</td>
</tr>
</tbody>
</table>

Source: Advisory Board
Lessons Learned

- Trust is fundamental
- Be clear about the process
- Follow-up is essential
- Not an isolated event
- All need to be committed to the process
- If done right, it will strengthen engagement of your leaders

“In times of change, learners inherit the earth, while the learned find themselves beautifully equipped to deal with a world that no longer exists.”

Eric Hoffer