70% of Strategic Initiatives at Hospitals Fail – How to Make Yours Succeed

Webinar
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Challenges and Approach

**Presenter:** Gauthier Van Eetvelde, McKinsey & Company

- Challenges and Approaches
- Formal Systems and Processes
- Provider Case Study
McKinsey has invested in years of learning to uncover the key to successful transformation

- **311,000** Respondents from more than 400 organizations completed our organizational health survey providing the inputs for McKinsey’s Organizational Health Index (OHI) database
- **6,800** CEOs and senior executives completed surveys regarding their experience with transformational change
- **900** Academic journal articles and books reviewed
- **20** CEOs and chairpersons shared their personal experience with change in face-to-face interviews
- **4** Leading academics reviewed, challenged and augmented our findings
- **3** Years dedicated to developing and refining our understanding of healthy organizations

Three worldwide surveys with senior executives who had experienced a significant performance transformation in the last five years:

- **2,314** senior executives responded in January 2010
- **2,994** senior executives responded in July 2008
- **1,536** senior executives responded in June 2006
Clients often need help to enable major change programs

A few surprising numbers

75%
Number of companies transforming their organizations

10%
Rate of success in transformations where clients do not have holistic programs

80%
Rate of success in transformations where clients have more holistic programs

SOURCE: McKinsey Quarterly Transformation Executive Survey, 2008; Next Generation PMO KIP Team
Making a change program succeed does not come easy, up to 70% fail…

We have spent more than a decade to evaluate why 70 percent of change programs fail:

Examples of change programs

- Organization Design changes
- Mergers
- New product launch
- Lean transformation
- New IT-system roll-out
- …
Gorilla change doesn’t ‘usually’ work

“one size fits all”…

…all about tracking and process management…

…and not value adding
Interactive Poll

In your experience of strategic initiatives or other change efforts, what are the main reasons they fail?

Pick up to 2 answers in the following list

☐ Staff resistance

☐ Vision for change not understood and/or not linked to business reality

☐ Lack of leadership involvement (eg, not walking the talk)

☐ Insufficient resources (incl. Budget)

☐ Systems in place not supporting the change eg, capability building, HR-systems (bonus, evaluations,…), IT-systems, performance management, etc.
Common failure modes in large-scale improvement programs

<table>
<thead>
<tr>
<th>Business results</th>
<th>Failure to sustain</th>
<th>Failure to launch</th>
<th>Failure to scale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>▪ No change in day-to-day behaviors</td>
<td>▪ Stuck in diagnostics – leaders unable to align on what to do, where to start</td>
<td>▪ Multiple bottom-up efforts with competing methodologies and no overarching blueprint</td>
</tr>
<tr>
<td></td>
<td>▪ Change agents – not the line – leading the change</td>
<td>▪ Managers not held accountable for performance</td>
<td>▪ Limited leadership capacity</td>
</tr>
<tr>
<td></td>
<td>▪ No capability upgrade at the site level</td>
<td>▪ Employees resistant</td>
<td>▪ Waning focus from senior team</td>
</tr>
<tr>
<td></td>
<td>▪ Improvements not baked into budgets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

People involved

<table>
<thead>
<tr>
<th>Time</th>
<th>10s</th>
<th>100s</th>
<th>1,000s</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>1-3 years</td>
</tr>
</tbody>
</table>

People involved: 10s, 100s, 1,000s

Time: 1-3 years
Organizational change largely fails due to behaviors getting in the way

How successful was the transformation in reaching the targets your company set?

**2009 Executive findings**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Successful</th>
<th>Unsuccessful</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>70%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

% of efforts failing to achieve target impact

Example of reality: does this sound familiar?

<table>
<thead>
<tr>
<th>Behavior</th>
<th>Visible</th>
<th>What we see and attempt to address</th>
<th>Invisible</th>
<th>What we don’t see, but creates behavior (Mindset)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>… decides on a change for his organization</td>
<td>… is not convinced that this is the best solution</td>
<td>… doesn’t understand where this is coming from</td>
<td>… sees this as ‘yet another change’</td>
</tr>
<tr>
<td>Exec. Comm.</td>
<td>Imposing, Confident</td>
<td>Reluctant, Not engaged</td>
<td>Disapproving, hesitant</td>
<td>Ignorant, Negligent</td>
</tr>
<tr>
<td>Senior Mgmt.</td>
<td>‘I know what I am doing and do not need help to make this decision’</td>
<td>‘I have not been consulted, I feel rejected’</td>
<td>‘I am missing a piece of information here’</td>
<td>‘This will go away if I keep my head down’</td>
</tr>
<tr>
<td>Frontline Mgmt.</td>
<td>‘I can make decisions autonomously’</td>
<td>‘I should be consulted for important matters’</td>
<td>‘I need to understand before I can engage myself’</td>
<td>‘I am not investing time if there is nothing in this for me’</td>
</tr>
<tr>
<td>Authority</td>
<td>Participate to decision making</td>
<td>Understand where this fits in the global picture</td>
<td>Have clarity on objectives, their impact and ‘what’s in it for me’</td>
<td></td>
</tr>
</tbody>
</table>
The four levers of the Influence Model need to be pulled simultaneously to sustain a real shift in behavior

I will change the way I work if…

Role modelling

...I see new conduct in leaders, colleagues and direct reports...

Developing talent and skills

...I have the knowledge and the skills to behave differently...

Understanding and conviction

...I understand the shift we’re trying to make and it makes sense to me personally...

Formal systems and processes

...The structure, processes and systems encourage the change in behavior expected of me...
The four levers of the Influence Model need to be pulled simultaneously to sustain a real shift in behavior

- Top Team and management to role model change through targeted leadership actions
- Involve actively network of change leaders
- Generate many interaction opportunities

I will change the way I work if…

- …I see new conduct in leaders, colleagues and direct reports…
- …I have the knowledge and the skills to behave differently…
- …I understand the shift we’re trying to make and it makes sense to me personally…
- …The structure, processes and systems encourage the change in behavior expected of me…

Developing talent and skills

Understanding and conviction

Role modelling

Formal systems and processes
The four levers of the Influence Model need to be pulled simultaneously to sustain a real shift in behavior.

I will change the way I work if…

- I have the knowledge and the skills to behave differently…
- I see new conduct in leaders, colleagues and direct reports…
- The structure, processes and systems encourage the change in behavior expected of me…
- I understand the shift we’re trying to make and it makes sense to me personally…
- I understand ‘Mission and vision’ dialogue with organization
- CEO/change story developed (incl. values, strategy, case for change)
- Story cascaded throughout organization
- Strategy elaborated in BU/LOB business plans
- Common language for change established
- New ‘rituals’ visible
The four levers of the Influence Model need to be pulled simultaneously to sustain a real shift in behavior

- Technical & business skills training
- Leadership development programs
- On-the-job learning
- Feedback on training
- Track behavior encouraged by other training programs
- Talent management (replace, hire, retain)

I will change the way I work if...

- ...I see new conduct in leaders, colleagues and direct reports...
- ...I have the knowledge and the skills to behave differently...
- ...The structure, processes and systems encourage the change in behavior expected of me...
- ...I understand the shift we’re trying to make and it makes sense to me personally...
The four levers of the Influence Model need to be pulled simultaneously to sustain a real shift in behavior.

- **Role modelling**: I see new conduct in leaders, colleagues and direct reports.

- **Developing talent and skills**: I have the knowledge and the skills to behave differently.

- **Formal systems and processes**: The structure, processes and systems encourage the change in behavior expected of me.

- **Understanding and conviction**: I understand the shift we’re trying to make and it makes sense to me personally.

I will change the way I work if:

- Organization structure
- Targets and metrics
- Management processes
- Business processes
- Rewards, recognition and consequences
- Information systems
The four levers of the Influence Model need to be pulled simultaneously to sustain a real shift in behavior

- **Top Team and management to role model change through targeted leadership actions**
  - Involve actively network of change leaders
  - Generate many interaction opportunities

- **Technical & business skills training**
  - Leadership development programs
  - On-the-job learning
  - Feedback on training
  - Track behavior encouraged by other training programs
  - Talent management (replace, hire, retain)

- **‘Mission and vision’ dialogue with organization**
  - CEO/change story developed (incl. values, strategy, case for change)
  - Story cascaded throughout organization
  - Strategy elaborated in BU/LOB business plans
  - Common language for change established
  - New ‘rituals’ visible

- **I will change the way I work if…**
  - I have the knowledge and the skills to behave differently…
  - I see new conduct in leaders, colleagues and direct reports…
  - The structure, processes and systems encourage the change in behavior expected of me…
  - I understand the shift we’re trying to make and it makes sense to me personally…

- **Developing talent and skills**

- **Formal systems and processes**

- **Role modelling**

- **Understanding and conviction**

- **Objectives and health**

- **Management processes**
  - Business processes
  - Rewards, recognition and consequences
  - Information systems
Formal Systems and Processes

Presenter: Josh Sens, CIO, Objective Health

- Challenges and Approaches
- Formal Systems and Processes
- Provider Case Study
Interactive Poll

How would you describe your organization’s current set of strategic initiatives?

Pick the best answer from the following list

☐ Low level of change / complexity using existing capabilities
☐ Low level of change / complexity requiring new capabilities
☐ High level of change / complexity using existing capabilities
☐ High level of change / complexity requiring new capabilities
☐ Not sure....
The ways in which we manage change efforts can vary based on their desired goals.

Based on these goals, formal systems and processes must be able to:
1. Support overall program structure and accountability
2. Provide transparency and rigorous progress tracking to lock in change

Key Questions
- What are we trying to achieve?
- How urgently must we deliver impact?
- What are barriers to change?
- Who owns these initiatives?
- What systems, processes or tools do we have in place to drive impact?
- How much new capability is needed?
Formal Systems and Processes must support overall program structure and accountability

The transformation was organized into a clear structure with readily understandable sections

%, N = 2,041

<table>
<thead>
<tr>
<th>Degree of transformation success</th>
<th>Extremely successful</th>
<th>Successful</th>
<th>Somewhat successful</th>
<th>Not successful at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entirely true</td>
<td>-26</td>
<td>60</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Quite true</td>
<td>-1</td>
<td>-46</td>
<td>46</td>
<td>-6</td>
</tr>
<tr>
<td>Somewhat true</td>
<td>-7</td>
<td>-68</td>
<td>23</td>
<td>-2</td>
</tr>
<tr>
<td>Not at all true</td>
<td>-19</td>
<td>-69</td>
<td>10</td>
<td>-2</td>
</tr>
</tbody>
</table>

Properly structured and well managed work plans with clear roles and responsibilities

Helping to develop a bold and memorable aspiration

Aligning initiatives within the themes and redefining/eliminating those which don’t align

Identifying complementarities and dependencies between initiatives

Articulating both performance and health themes that are consistent with the aspiration

Source: Next-generation PMO KIP team; McKinsey Quarterly transformational change survey, 2010
Typically, hospitals have lacked robust tools for program management.

Transformations and improvement programs typically consist of a portfolio of initiatives which in turn can consist of several detailed actions plans.

Program management tools should provide:
- Defining balanced portfolio of initiatives and associated actions
- Tracking progress of initiatives and overall program for all incl. top management reporting
- Monitoring achievement of impact targets
- Facilitating collaboration and communication
- Enabling responses and adjustments by senior management

Managers of individual initiatives may also need more detailed project management capabilities at the action level:
- Resource management (FTEs)
- Tracking sub levels of activities
- Dependency and critical path management

Tools must provide integration or complementary to other specialised tools to offer managers the ability to combine program management and...
2 Formal Systems and Processes must provide transparency and rigorous progress tracking for successful transformations

Availability of information increases the likelihood of success by factor of 5

The right information was available at the right time for managers to monitor the transformation’s progress and troubleshoot where required %, N = 2,038

<table>
<thead>
<tr>
<th>Entirely true</th>
<th>Very true</th>
<th>Somewhat true</th>
<th>Not at all true</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>31</td>
<td>52</td>
<td>16</td>
</tr>
<tr>
<td>2</td>
<td>41</td>
<td>50</td>
<td>8</td>
</tr>
<tr>
<td>5</td>
<td>67</td>
<td>26</td>
<td>2</td>
</tr>
<tr>
<td>19</td>
<td>66</td>
<td>3</td>
<td>12</td>
</tr>
</tbody>
</table>

Availability of information increases the likelihood of success by factor of 5

Stringent progress tracking increases the likelihood of success by a factor of 7

Clear, unambiguous metrics and milestones were in place to ensure that progress and impact were rigorously tracked %, N = 2,044

<table>
<thead>
<tr>
<th>Entirely true</th>
<th>Very true</th>
<th>Somewhat true</th>
<th>Not at all true</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>28</td>
<td>56</td>
<td>16</td>
</tr>
<tr>
<td>3</td>
<td>44</td>
<td>49</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>67</td>
<td>24</td>
<td>3</td>
</tr>
<tr>
<td>17</td>
<td>74</td>
<td>1</td>
<td>8</td>
</tr>
</tbody>
</table>

1 Unweighted data
Note 1: Due to rounding, totals might not add exactly to 100%
Note 2: Data weighted by proportion of world GDP, following McKinsey Quarterly weighting standards
A strong performance management framework can help ...

Create a direct link between the front line and the CEO/top team to ensure that everyone is heading toward same set of objectives

Quickly identify issues to ensure program is delivered at the right pace

Build appropriate skills to ensure continued success and ensure step-change improvement

<table>
<thead>
<tr>
<th></th>
<th>Weekly</th>
<th>Bi-weekly</th>
<th>Monthly</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program sponsor</strong></td>
<td><strong>Bottom - Up</strong></td>
<td><strong>Medium term coordination</strong></td>
<td><strong>Long term perspective</strong></td>
</tr>
<tr>
<td></td>
<td><em>Update on progress and escalation of issues</em></td>
<td><em>Track progress and impact</em></td>
<td><em>Track progress and impact</em></td>
</tr>
<tr>
<td><strong>Senior Management</strong></td>
<td></td>
<td><em>Support</em></td>
<td><em>Guidance</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Identify issues</em></td>
<td><em>Identify complementarities/dependencies</em></td>
</tr>
<tr>
<td><strong>Frontline managers</strong></td>
<td><strong>Day-to-day management</strong></td>
<td><em>Prioritize initiatives</em></td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Review progress and impact</em></td>
<td><em>Identify complementarities or dependencies</em></td>
<td></td>
</tr>
<tr>
<td><strong>Staff</strong></td>
<td><em>Identify issues</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Consolidate up new initiatives</em></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Translation into corrective actions and performance management measures

Top - Down
Best in class program management tools can help hospitals successfully plan, execute and sustain improvement programs

<table>
<thead>
<tr>
<th>Plan</th>
<th>Execute</th>
<th>Sustain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create a balanced portfolio of initiatives including</td>
<td>Track and maintain all of these initiatives over time including</td>
<td>Measure impact of actions over time including</td>
</tr>
<tr>
<td>▪ Capture ideas for improvement initiatives and define them in a centralized location</td>
<td>▪ Visualize progress, delays, and accountability</td>
<td>▪ Show to what extent financial and operational targets are being met</td>
</tr>
<tr>
<td>▪ Prioritize them, assign single-point ownership, define associated actions, and timing</td>
<td>▪ Reprioritize and respond to changes</td>
<td>▪ Understand what is driving gaps (which initiatives were not completed and who is responsible)</td>
</tr>
<tr>
<td>▪ Evaluate and assign potential impact to initiatives</td>
<td>▪ Communicate clearly about status and adjustments needed across the organization</td>
<td></td>
</tr>
</tbody>
</table>
Provider Case Study

**Presenter:** James Stanford, Client Service Executive, Objective Health

- Challenges and Approaches
- Formal Systems and Processes
- **Provider Case Study**
Interactive Poll

How many major change initiatives are you planning for the next year?

Pick one answer

- 0
- 1
- 2-3
- 4-10
- 10+
A structured portfolio of themes and initiatives helped to communicate the approach to the organization in a clear way.

**A health system example**

<table>
<thead>
<tr>
<th>The bold aspiration</th>
<th>The big change themes</th>
<th>The key initiatives to deliver the change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve system operating profit by $100M by 2019 and continue enhancing the health of the people of [our state] through greater systemness and performance management</td>
<td>Health themes</td>
<td>Performance themes</td>
</tr>
<tr>
<td></td>
<td>Quality outcomes</td>
<td>Growth in PSA</td>
</tr>
<tr>
<td></td>
<td>Patient satisfaction</td>
<td>Operational efficiency</td>
</tr>
<tr>
<td></td>
<td>Innovation</td>
<td>Clinical variation reduction</td>
</tr>
<tr>
<td></td>
<td>Employee satisfaction</td>
<td>Revenue cycle</td>
</tr>
</tbody>
</table>

Describe the entire transformation story

Break down the aspiration into a handful of performance and health themes

Articulate a key set of initiatives which fit into this architecture

Sources: Five Frames; next-generation PMO KIP team
They prioritized and balanced their portfolio of initiatives to maximize the return on their change efforts.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Familiar</th>
<th>Unfamiliar</th>
<th>Uncertain</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Meet current earnings expectations</strong></td>
<td><img src="chart.png" alt="Chart" /></td>
<td><img src="chart.png" alt="Chart" /></td>
<td><img src="chart.png" alt="Chart" /></td>
</tr>
<tr>
<td><strong>Create medium-term growth</strong></td>
<td><img src="chart.png" alt="Chart" /></td>
<td><img src="chart.png" alt="Chart" /></td>
<td><img src="chart.png" alt="Chart" /></td>
</tr>
<tr>
<td><strong>Generate portfolio of high-return options</strong></td>
<td><img src="chart.png" alt="Chart" /></td>
<td><img src="chart.png" alt="Chart" /></td>
<td><img src="chart.png" alt="Chart" /></td>
</tr>
</tbody>
</table>

- **A broad range of initiatives spacing the grid is necessary to ensure both short term upside and a long term pipeline of opportunities.**
- **High degree of certainty unlikely for long-term initiatives due to potential for unforeseen developments, but some initiatives with long lead times (e.g., factor cost arbitrage) may be present.**
- **Uncertain initiatives unlikely to be capturable in near term due to effort required to remove uncertainty, but there could be some near-term uncertainty that can resolve rapidly (e.g., regulatory change).**

**SOURCE:** Objective Health
The transformation accounted for the 4 components of the Influence Model

- **Role modeling**
  - CEOs and other leaders review performance management tools in monthly meeting
  - All leaders commit to change goals in performance evaluation criteria

- **Understanding and conviction**
  - CEO rewrote system governing principles to be strong call to action (struck down platitudes and conciliatory language)
  - Held “case for change” meetings throughout system, highlighting the $100M imperative
  - Change teams cascade workplans to frontline workers

- **Developing talent and skills**
  - Established PMO to manage change
  - Provided single source of truth, transparency and accountability
  - Built single EMR for entire system, including affiliated physicians

- **Formal systems and processes**
  - Created internal “consulting” department to provide problem-solving and change management resources to change teams
  - Developed lean management and problem-solving skills through external training, on-the-job application
  - Implemented best-in-class program management tools
They conducted a survey to understand the organization’s readiness for change, and acted on its findings.

“What is the greatest obstacle to successfully introducing change in your health system?”

Summary of results from a change readiness survey
Each team translated their initiatives to cascading tactics with KPIs

<table>
<thead>
<tr>
<th>Level</th>
<th>Many organizations</th>
<th>Outstanding organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director</td>
<td>Reduce the ALOS</td>
<td>Reduce the ALOS</td>
</tr>
<tr>
<td>Asst. Dir.</td>
<td>Reduce the ALOS</td>
<td>Increase the percent of discharges before 11 a.m.</td>
</tr>
<tr>
<td>Nursing Dir.</td>
<td>Reduce the ALOS</td>
<td>Ensure nurses attend discharge planning rounds</td>
</tr>
<tr>
<td>Head Nurse</td>
<td>Reduce the ALOS</td>
<td>Ensure Assistant Head Nurse attends discharge rounds</td>
</tr>
<tr>
<td>Asst. Head Nurse</td>
<td>Reduce the ALOS</td>
<td>Establish a care plan for all patients on the unit by 9 a.m.</td>
</tr>
<tr>
<td>Staff Nurse</td>
<td>Reduce the ALOS</td>
<td>Carry out care plan more quickly</td>
</tr>
</tbody>
</table>

Little or no impact

Everyone understands and takes part
They also ensured transparency across all initiatives to monitor progress and identify where they could course correct.
The organization established a “single source of the truth”…

### Global dashboard compared to Target

<table>
<thead>
<tr>
<th>Category</th>
<th>Metric</th>
<th>Analyzed Period Performance</th>
<th>Target</th>
<th>Percent Change</th>
<th>Reference Period Value</th>
<th>Analyzed vs. Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
<td>Market share in PSA</td>
<td>🟢 30.00</td>
<td>30.00</td>
<td>8.52%</td>
<td>27.65</td>
<td>Q4 2010 vs. Q3 2010</td>
</tr>
<tr>
<td></td>
<td>Commercial share vs. PSA</td>
<td>🟦 -8.57</td>
<td>5.00</td>
<td>-385.72%</td>
<td>3.00</td>
<td>Q4 2010 vs. Q3 2010</td>
</tr>
<tr>
<td></td>
<td>IP admissions</td>
<td>🟢 11,000.00</td>
<td>13,000.00</td>
<td>20.61%</td>
<td>9,120.00</td>
<td>Q4 2010 vs. Q3 2010</td>
</tr>
<tr>
<td></td>
<td>OP visits</td>
<td>🟢 19,000.00</td>
<td>23,000.00</td>
<td>3.09%</td>
<td>18,430.00</td>
<td>Q4 2010 vs. Q3 2010</td>
</tr>
<tr>
<td>Finance</td>
<td>EBITDA</td>
<td>🟢 14,326,952.00</td>
<td>6,600,000.00</td>
<td>118.06%</td>
<td>6,552,181.00</td>
<td>Q4 2010 vs. Q3 2010</td>
</tr>
<tr>
<td></td>
<td>Net income</td>
<td>🟢 2,179,573.00</td>
<td>1,500,000.00</td>
<td>-8.06%</td>
<td>2,304,194.00</td>
<td>Q4 2010 vs. Q3 2010</td>
</tr>
<tr>
<td></td>
<td>Non-labor spend per adjusted admission</td>
<td>🟢 1,100.00</td>
<td>1,000.00</td>
<td>1.71%</td>
<td>1,081.50</td>
<td>Q4 2010 vs. Q3 2010</td>
</tr>
<tr>
<td></td>
<td>Total cost to collect</td>
<td>🟢 2.75</td>
<td>3.00</td>
<td>0.00%</td>
<td>2.75</td>
<td>Q4 2010 vs. Q3 2010</td>
</tr>
<tr>
<td></td>
<td>Days cash on hand</td>
<td>🟢 40.00</td>
<td>55.00</td>
<td>-37.03%</td>
<td>83.53</td>
<td>Q4 2010 vs. Q3 2010</td>
</tr>
<tr>
<td>Operations</td>
<td>Avg. Comm. reimb relative to Medicare-IP (%)</td>
<td>🟦 127.00</td>
<td>130.00</td>
<td>-12.07%</td>
<td>144.43</td>
<td>Q4 2010 vs. Q3 2010</td>
</tr>
<tr>
<td></td>
<td>Avg. Comm reimb relative to Medicare-OP (%)</td>
<td>🟦 142.00</td>
<td>145.00</td>
<td>-2.07%</td>
<td>145.00</td>
<td>Q4 2010 vs. Q3 2010</td>
</tr>
<tr>
<td></td>
<td>OR Utilization</td>
<td>🟦 70.00</td>
<td>80.00</td>
<td>-8.02%</td>
<td>74.48</td>
<td>Q4 2010 vs. Q3 2010</td>
</tr>
<tr>
<td></td>
<td>Emergency department ALOS</td>
<td>🟦 3.00</td>
<td>2.00</td>
<td>71.82%</td>
<td>1.75</td>
<td>Q4 2010 vs. Q3 2010</td>
</tr>
<tr>
<td></td>
<td>Excess LOS on the floors</td>
<td>🟦 0.50</td>
<td>0.00</td>
<td>0.00%</td>
<td>0.50</td>
<td>Q4 2010 vs. Q3 2010</td>
</tr>
<tr>
<td></td>
<td>CT utilization</td>
<td>🟦 60.00</td>
<td>80.00</td>
<td>-16.90%</td>
<td>72.20</td>
<td>Q4 2010 vs. Q3 2010</td>
</tr>
</tbody>
</table>

* This dashboard compares the most recent available data to the second most recent available data.
...and provided analytical horsepower so that the team leaders could answer their own business questions as quickly as possible.
And the organization is on track to meet its near-term goals

**Successes**

- All Phase 1 initiatives are underway
  - Expanded health and wellness services to nearly 100,000 lives
  - Finalized contracts for shared service vendors
  - New overtime and productivity targets hit in 75% of departments
- On track to achieve >$25M in margin improvement in first 12 months of implementation, and double that in Year 2

**Challenges**

- Some difficulty getting data for all PHIs
- Emphasize ‘journey’ versus ‘race’; sustainability is the objective
70% of Strategic Initiatives at Hospitals Fail – How to Make Yours Succeed

Q & A

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