

BREAKTHROUGH MAP

LAUNCHING AN INNOVATION JOURNEY

Most healthcare organizations, with the exception of research hospitals, have not traditionally had R&D budgets. This is changing as organizations launch innovation labs and appoint VPs of innovation in hopes of differentiating themselves in an evolving marketplace. To identify some key practices on this journey, we asked three healthcare innovation leaders to share their experiences.

STRATEGIC CONSIDERATIONS

Innovation does not just happen. Leaders need to cultivate and invest in it, laying out a culture and framework that encourages bright ideas to blossom and grow. Here is a sampling of the strategic questions leaders need to address.

WHAT DOES INNOVATION MEANTO US?

- What do we want to accomplish?
- Are we looking to create disruptive or sustaining innovation—or both?
 - *Disruptive innovations* improve products/services in unexpected ways—and create new markets or values^a
 - *Sustaining innovations* add value to existing products/services but do not change the market
- Who should we study and emulate?
- What is our own organization's definition of innovation?

MEMORIAL HOSPITAL OF SOUTH BEND'S STORY

In 1998, unable to find any healthcare organizations to emulate, Memorial began knocking on the doors of large innovative companies. “We have been to about 60 companies, including Whirlpool and DuPont,” says Diane Stover-Hopkins, chief marketing and experience officer, Beacon Health System, which is Memorial's parent organization.

From these “Inno-visits,” as well as consultations with visionary gurus like Leland Kaiser and Tom Peters, Memorial gained insider knowledge on how to approach its own innovation journey. The organization defines innovation as: “A new idea or model that, when implemented, proves valuable to a customer or leads to a competitive advantage.”

PRESBYTERIAN HEALTHCARE SERVICE'S STORY

Presbyterian's innovation lab, which opened in 2011, is exploring how to make health care better *and* different. “We're looking for disruptive innovation—40 percent to 50 percent improvement,” says Doug Johnson, director of innovation. The lab was incremental in the launch of Presbyterian's new state-of-the-art hospital, Rust Medical Center. The lab tested many of hospital's leading-edge approaches, including an electronic ICU.

Presbyterian Rust Medical Center, of which Johnson is a member of the site leadership team, is also designing its culture around an innovation-driven mission statement: “We are healthcare professionals who partner with our customers to create an exceptional healthcare experience through innovation.”

^a The term “disruptive innovation” was made famous by Clayton M. Christensen who has written several books on the topic, including *The Innovator's Solution: A Disruptive Solution for Health Care*.

WHAT SHOULD OUR INNOVATION MODEL LOOK LIKE?

- Where do we want to invest our innovation dollars?
 - Top-performing S&P 500 companies put 70% of innovation dollars toward optimizing core offerings, 20% to exploring new opportunities, and 10% to disruptive inventions.^b
- Do we want to be an everyman organization that encourages all employees to come up with new solutions?
- Or do we want to be a smart-man organization, which has a single department of innovators who come up with solutions?
- How do we change the culture to inspire innovation and reduce internal resistance?

MEMORIAL HOSPITAL OF SOUTH BEND'S STORY

Memorial invests up to 1 percent of the health system's annual net operating revenue on three innovation activities:

Core services. Memorial decided early on that it wanted to be an everyman model of innovation, says Stover-Hopkins. "We wanted the people who are closest to our customers to be able to be more innovative problem solvers." All employees are required to take at least four hours of training in innovation, with more advanced training available. To date, staff have launched more than 600 innovation projects—in areas as diverse as medication safety, well water quality, and debt reduction.

New revenue sources. Memorial's R&D arm, the Idea Propulsion Lab, pursues strategic alliances with outside companies, such as Best Buy and Underwriters Laboratories, to test new offerings or products in the hospital setting.

Enhancements in community health. Memorial launched the HealthWorks! Kid's Museum in 2000 to help children become more involved in health decisions. This model is now being replicated in communities around the country.

PRESBYTERIAN HEALTHCARE SERVICE'S STORY

Presbyterian's innovation lab is staffed by five employees with unique titles, such as customer solutions engineer and human factors engineer. Lab staff are currently investigating a number of confidential projects that have the potential to change the way Presbyterian delivers care.

At the same time, Presbyterian's Rust Medical Center is cultivating a culture that values improvement and new ideas. In addition to being trained in the Plan-Do-Check-Act improvement cycle, employees and leaders are assessed against competencies that encourage a management approach in which leaders support frontline staff in making patient care better. "In this reverse organizational model, the higher up in the organization you are equates to a lower innovation status because you are supporting everyone below you," says Johnson. Another key point: The higher up in the organization you are, the less creative and innovative you tend to be.

^b Nagji, B. and Tuff, G., "Managing Your Innovation Portfolio," *Harvard Business Review*, May 2012, pp. 5-11.

WHAT STRUCTURES AND COMPETENCIES DO WE NEED?

- Should we encourage the free-wheeling flow of ideas or identify core areas to focus on?
- What is the reporting structure?
- What roles/tasks should be centralized and decentralized?
- What support systems and tools do we need in place?
 - How do we rank and evaluate ideas submitted by employees?
 - How do we measure success and ROI?
 - How do we reward employees for innovation efforts?

MEMORIAL HOSPITAL OF SOUTH BEND'S STORY

Memorial's innovation journey is championed by its CEO, Phil Newbold. "A lot of innovation projects are experiments that won't make money in 10 months," says Stover-Hopkins, who reports directly to Newbold. "The CEO has the authority to protect projects from budget cuts and encourage organizational patience."

Memorial's approach is decentralized with employees empowered to launch projects. "But this is not a suggestion-box model," says Stover-Hopkins. "We develop platforms, or big plays, that we want everyone to address." Current platforms include improving patient safety and home-going instructions. When employees have innovation ideas, they must consider seven criteria to determine if the idea is worth pursuing. The criteria range from the potential to improve value to the employee's passion about the project.^c

Memorial has centralized key innovation functions, such as training and project support. In addition, Memorial's R&D arm that partners with outside companies is a centralized function.

PRESBYTERIAN HEALTHCARE SERVICE'S STORY

Presbyterian's innovation lab reports to a VP who reports directly to the CEO. "For innovation to happen, you've got to align the structure so that different departments can work together," says Johnson. "You can't expect people to be innovative in a silo environment. So we have a department of innovation that pulls people from different areas to work on innovation projects."

^c Access Memorial's innovation project criteria at www.qualityoflife.org/innovation/criteria.

INNOVATION VERSUS IMPROVEMENT

Innovation and improvement projects differ in one core aspect. "Process improvement always starts with a problem statement or a goal, such as reduce the left-without-being-seen rate in the emergency department," says Johnson. "From an innovation standpoint, we take a step back and try to understand the total picture from the customer's perspective. For example, why are patients coming to the emergency department in the first place?" In other words, innovation starts with identifying the gap(s) that is causing a myriad of problems and then testing possible solutions to fill that need, says Lindsay Martin, executive director, Research and Development, Institute for Healthcare Improvement (IHI).

The following graphic highlights some of the steps that healthcare organizations might go through during an innovation project.^d

IDENTIFY THE GAP OR NEED

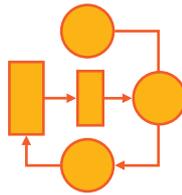
- Take a systems perspective
- Collect stories from patients and other customers
- Understand the attitudes, values, and behaviors of customers



EXAMPLE: “We started with the question, ‘How can remote monitoring be used to prevent people from going to the hospital.’ That was more like a solution than a gap,” says IHI’s Martin. “So we took that up a level to ask, ‘How can we keep people over age 65 in their homes, instead of in the hospital or long-term care facilities.’”

UNDERSTAND THE SPACE

- Seek out success stories
- Write case studies about customers’ specific experiences
- Identify the ideal situation and develop a driver diagram that shows the needed components



EXAMPLE: “We found examples of older people being successfully kept in their homes, such as in Boston’s Beacon Hill and the UK,” says Martin. “We also created case studies of two older people, one who ended up in a long-term care facility and one who lived in her daughter’s home. In these case studies, we identified trigger points, how those triggers were addressed, and how they could have been addressed differently.”

DEVELOP A CONCEPT

- Team up a variety of mindsets (e.g., clinicians, patients) to brainstorm ideas
- Explore how other industries or people handle similar situations



EXAMPLE: “In another project, we were exploring the best ways to have safe handoffs in hospitals,” says Martin. “So we looked out of the industry to find examples of handoffs. We looked at runners handing off batons in relay races and underage minors who fly unaccompanied on airplanes and have to get handed off in a safe way. Then we created a theory of what a good handoff should involve.”

PROTOTYPE, TEST ON A VERY SMALL SCALE

- Identify a cheap, quick way to test your theory
- Measure success based on simple feedback (e.g., was this better or worse)?



EXAMPLE: “On the handoff example,” says Martin, “we asked a hospital, ‘Can you try our handoff model on your next patient who was transferred from the OR to a post-care unit. Can you tell us if this model would be helpful?’ Then the hospital called us back and told us what the experience was like.”

LEARN FROM TESTS, REVISE, AND IMPLEMENT

- Refine idea based on feedback, budget, workflow issues, etc.
- Pilot on a small scale, using performance metrics to gauge success



^d This graphic is not intended to be adopted as a formal research and development model. There are a number of rigorous models available that healthcare organizations might adapt for their own use.

Three leaders shared their expertise for this section (in order of appearance): Diane Stover-Hopkins is chief marketing and experience officer, Beacon Health System, South Bend, Ind. (dstover@memorialsb.org). Doug Johnson is clinical project manager, Rust Medical Center, Rio Rancho,

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