

Leading Change:

Creating Change Readiness Through the Head and Heart

The Adams Foundation 2nd Annual Symposium

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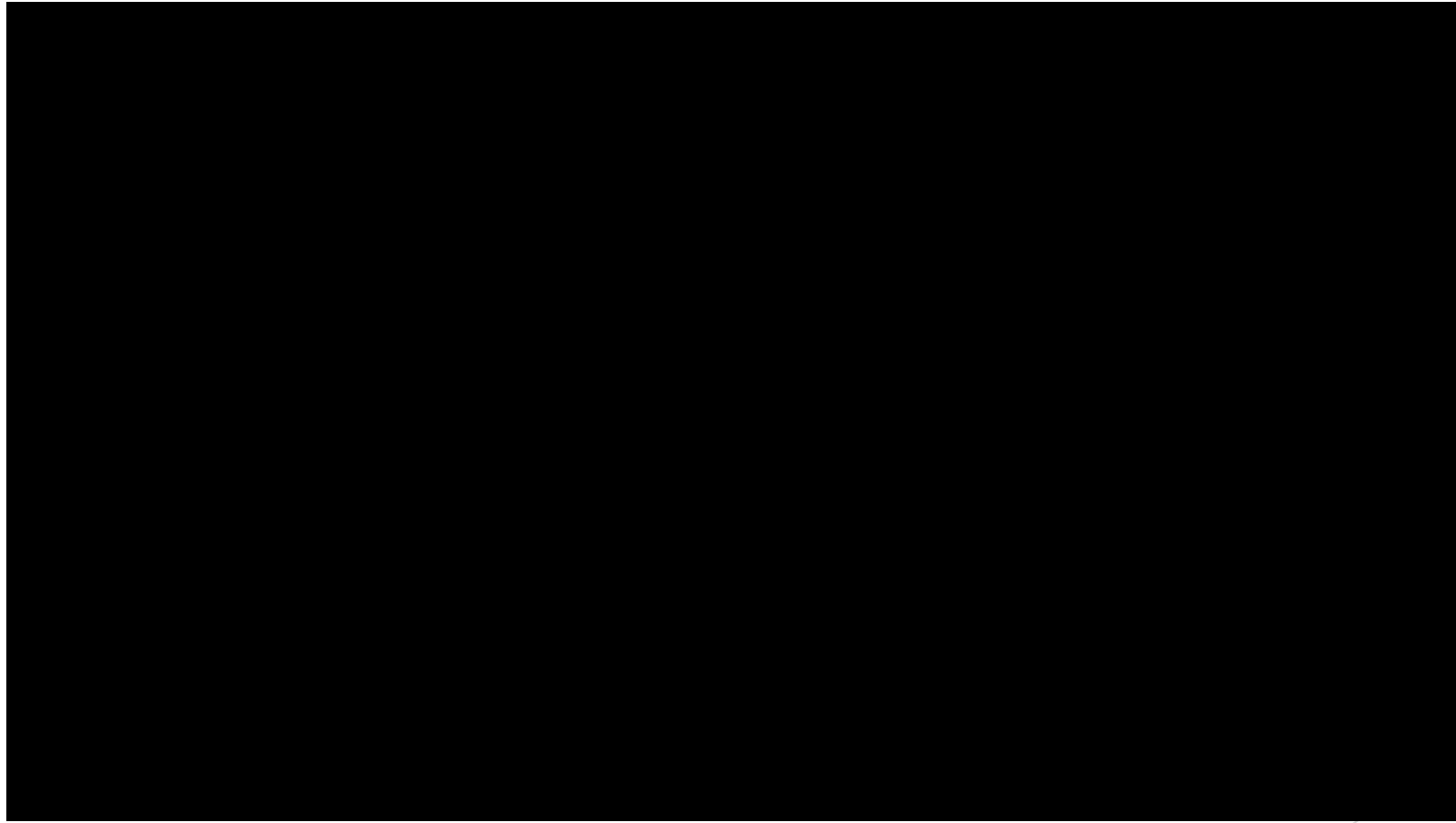
University of Alabama at Birmingham

CHANGE

“People don't resist change, they resist being changed”

Peter Senge

Big Bang Theory: Sheldon and Change



I'm not sure my boss would like it

We don't have the equipment

No es mi problema

We can't take the chance

It's too complicated

There is too much red tape

Nunca pasa nada

It's too ambitious

It's hopeless

We'll catch flak for that

No one asked me

We've always done it this way

It is too radical

It needs more thought

It will take too long

It's impossible

It's too expensive

There is nothing in it for me

We have too many layers

It can't be done

It won't work in this department

It won't fly

50 REASONS NOT TO CHANGE

I don't have the authority

We didn't budget for it

Another department tried that

It's too visionary

It's too political

It's contrary to policy

It's against tradition

We are waiting for guidance on that

That's someone else's responsibility

They won't fund it

We don't have the staff

We tried that before

It's not our problem

We are too entrenched

Me falta animo

They don't really want to change

We don't have consensus yet

We are doing "x" as it is

This is just a fad

It needs committee study

I'm all for it, but...

We've never done that before

We don't have enough time

There is no clear mandate

Maybe, maybe not

It's not my job

It will never fly upstairs

No se puede

Outline of Presentation

- ▶ Call for change
- ▶ Two essential elements for leading change
- ▶ 8 stages of leading change

Call for Change: Healthcare

- ▶ Berwick and Hackbarth (2012): Cut waste
- ▶ Swensen and colleagues (2010): Scientifically informed guidelines, standard practice, teamwork, checklists, accountability
- ▶ The American College of Physicians: High value, cost conscious health care (Owens, Qaseem, Chou, & Shekelle, 2011)
- ▶ The Healthcare Financial Management Association (HFMA):
Fundamental reorientation of health care from rewarding volume to rewarding value
- ▶ The Institute for Healthcare Improvement: Triple aim
- ▶ Harvard Business Review (2013): Disruptive transformation

Value-Based Health Care System

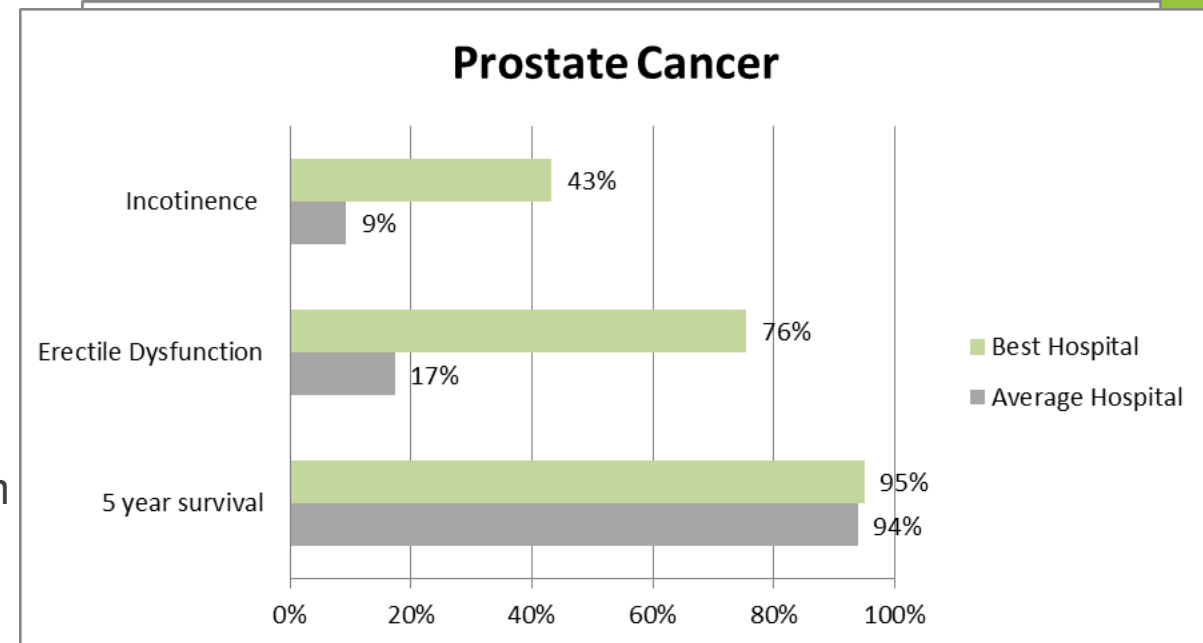
- ▶ Value: Patient health outcome per dollar spent
 - ▶ Delivering high and improving value is the fundamental purpose of health care
 - ▶ Value is the only goal that can unite the interests of all system participants
 - ▶ Improving value is the only real solution versus cost shifting or restricting services

$$\text{VALUE} = \frac{\text{Health outcomes that matter to the person}}{\text{Costs of delivering the outcomes}}$$

Porter, Michael E., and Thomas H. Lee. "The Strategy That Will Fix Health Care." *Harvard Business Review* 91, no. 10 (October 2013): 50–70.

The Strategic Agenda

- ▶ Organize care into integrated practice units around patient medical conditions
- ▶ Measure outcomes and costs for every patient
 - ▶ Prostate Cancer
- ▶ Move to bundled payments for care cycles
- ▶ Integrate care delivery systems
- ▶ Expand geographic reach
- ▶ Build an enabling information technology platform



Porter, Michael E., and Thomas H. Lee. "The Strategy That Will Fix Health Care." *Harvard Business Review* 91, no. 10 (October 2013): 50–70.

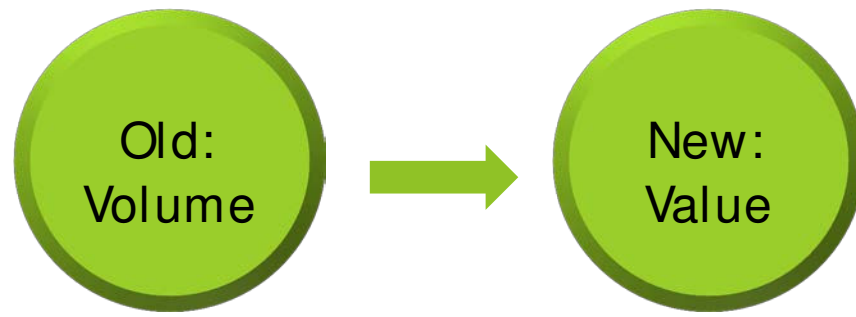
Call for Change: Healthcare

- ▶ Health Care Reform Unfolds in Three Phases
 - ▶ Insurance reform
 - ▶ Payment reform
 - ▶ Delivery system reform

- ▶ Phase 1: Affordable Care Act
- ▶ Phase 2 and 3 are now underway
 - ▶ Creating turmoil and stress

The Healthcare System is Under Duress

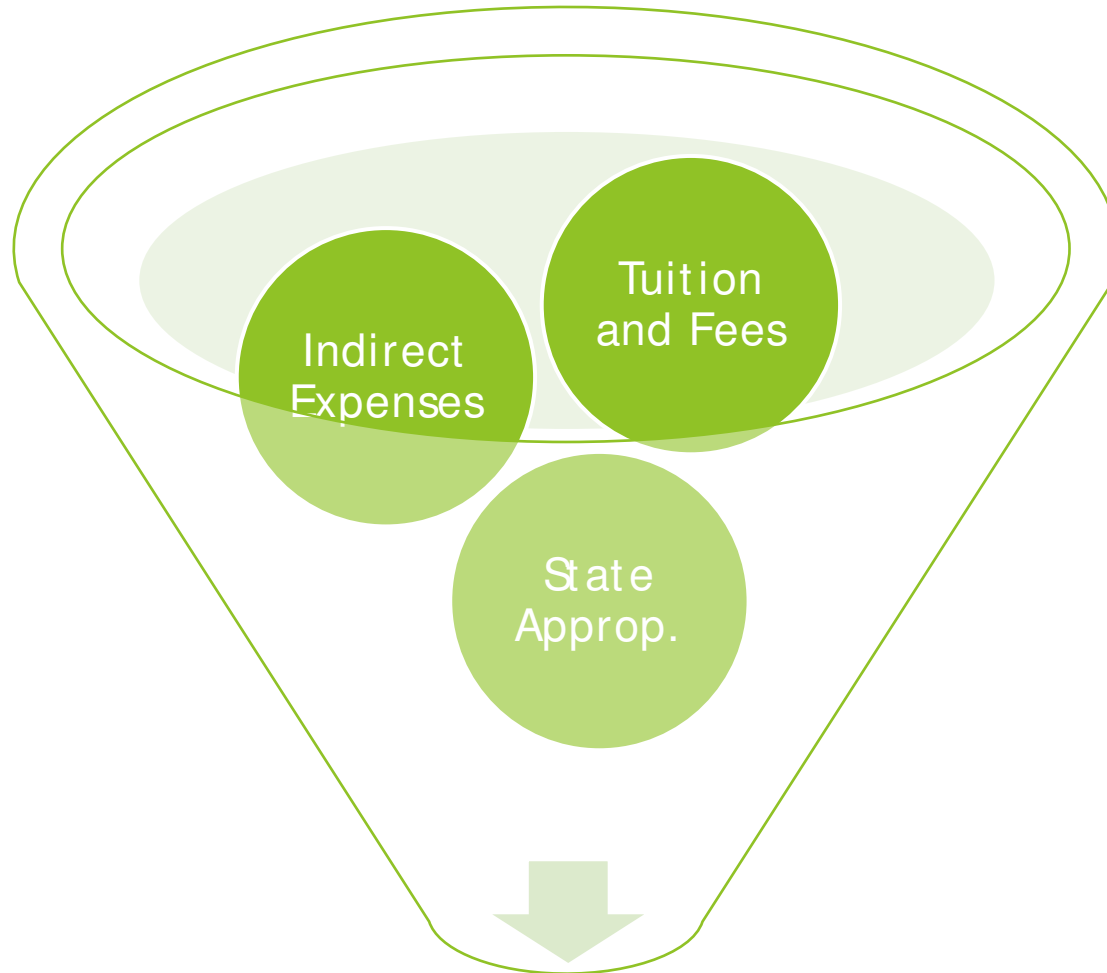
- ▶ Changing reimbursement
- ▶ Changing focus on outcomes
- ▶ Changing demands for service
- ▶ Changing the way business is done



Call for Change: Higher Education

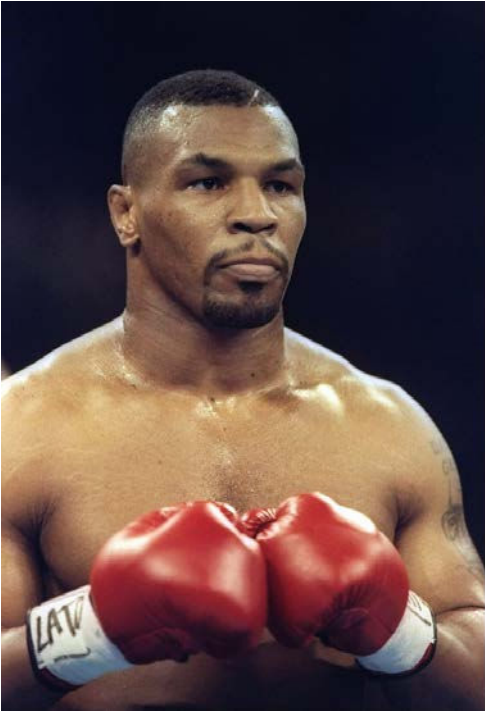
- ▶ Growing privatization due to steady decline in state funding
- ▶ Commercialized and politicized research system due to steady decline in NIH funding
- ▶ Competitive and chaotic environment
- ▶ Increasing tuition
- ▶ Changing and uncertain job market
- ▶ Accountability (public scrutiny)
- ▶ College Scorecard (2013)
- ▶ Free College Plan (?)

Our traditional model is changing



Operating Expenses

In a Nutshell...



Everyone has a plan “till they get punched in the mouth!”

~ Mike Tyson

Organizations will be pushed to reduce costs, improve quality, innovate, and increase productivity

“Change is the law of life and those who look only to the past or present are certain to miss the future”

John F Kennedy



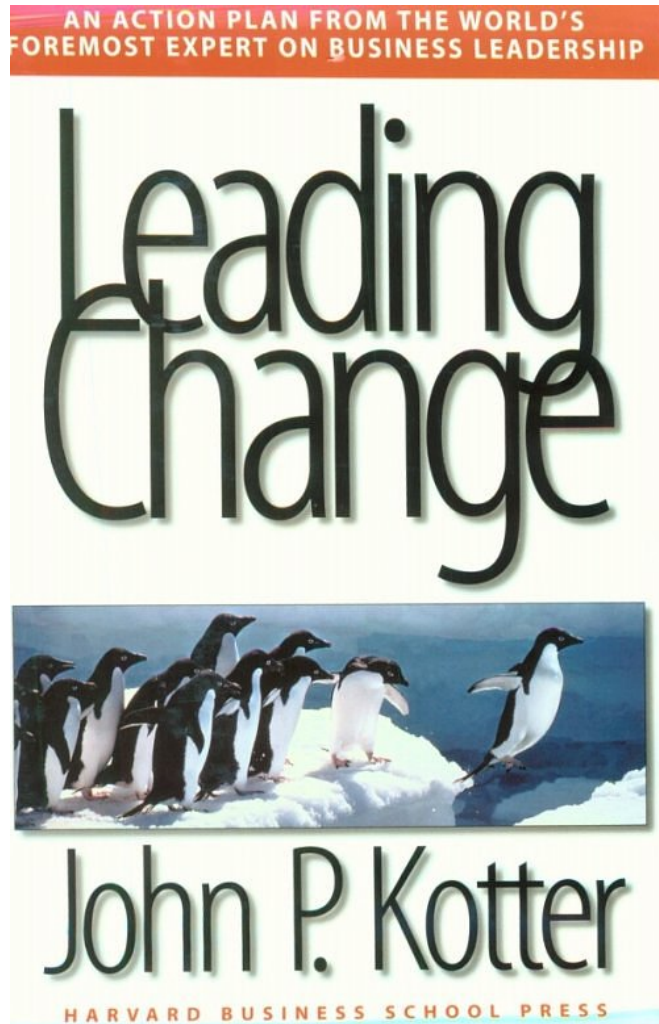
Why do Change Efforts Fail?

- ▶ Complacency
- ▶ Failure to create a guiding coalition
- ▶ Lack of Vision
- ▶ Under-communicating the vision
- ▶ Permitting obstacles to block the new vision
- ▶ Failing to create short-term wins
- ▶ Declaring victory too soon
- ▶ Failure to anchor the change

Good News

- ▶ Successful Change Can Happen
- ▶ Two essential elements
 - ▶ 8 stages to overcome destructive inertia (8 strategies)
 - ▶ Driven by high quality leadership – Engine that drives change

Background on the book



- ▶ Published as an article in 1995 HBR
- ▶ Analysis over 15 years of change initiatives
 - ▶ Restructuring
 - ▶ Reengineering
 - ▶ Restrat egizing
 - ▶ Acquisitions
 - ▶ Downsizing
- ▶ First place for reprints

The 8 Stage Process to Successful Change

Leading Change by John Kotter

Fight Against
the Status Quo

Introduce New
Practices

Ground Change
in the Culture

1. Establishing a Sense of Urgency
2. Creating a Guiding Coalition
3. Developing a Vision and Strategy
4. Communicating the Change Vision
5. Empowering Action
6. Creating Short-term Wins
7. Consolidating Change
8. Anchoring New Approaches

Caveats

- ▶ Successful change goes through all stages
- ▶ People in multiple phases at once
- ▶ Skipping steps creates problems
- ▶ Getting too far ahead without a strong base causes problems

- ▶ Initiating action in any other order than 1-8 rarely worked well
 - ▶ Forced, contrived, mechanistic
 - ▶ Failed to create momentum

Leadership: Engine That Drives Change

Management vs. Leadership



Level 5 Leader

Good to Great by Jim Collins

Level 5 Executive

- Builds enduring greatness through a blend of personal humility and professional will

Level 4

- Catalyzes change by creating a compelling vision



...ous pursuit of a clear and
...r performance standards

Level 3

- Organizes the work and sets the performance standards

...ager
...ward the effective and efficient
...s

Level 2

- Contributes individual capabilities to the achievement of a group of objectives and works effectively with others in a group

...eam Member

Level 1 Highly Capable Individual

- Makes productive contributions through talent, knowledge, and good work habits

If your actions inspire others to dream more,
if you want to make enemies, try
learn more, do more and become more, you
to change something
are a leader

Woodrow Wilson

8 Stages of Successful Change



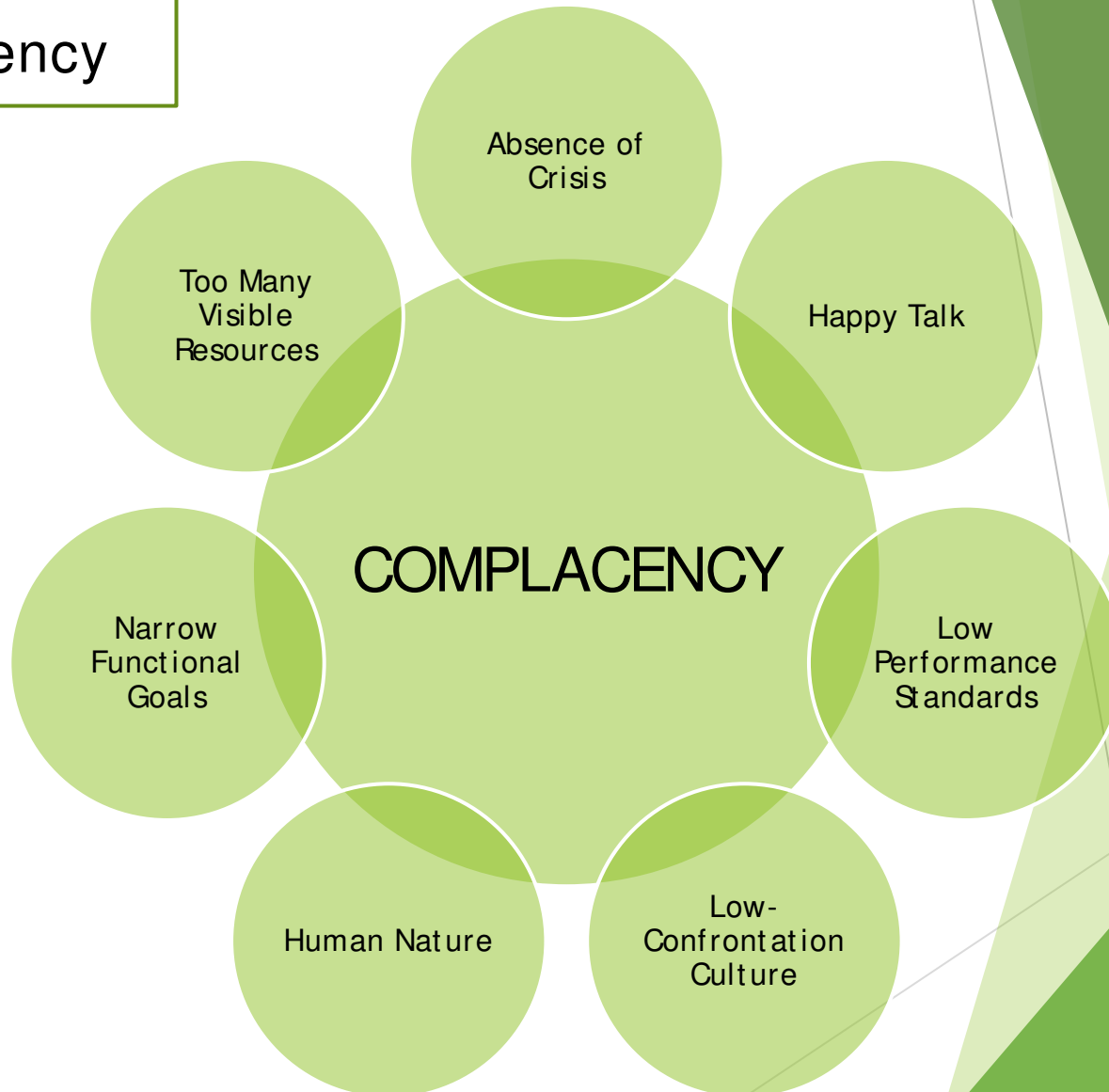
1

Establish A Sense of Urgency

The critical factor that drives people out of their comfort zone

- ▶ Restoring health to an organization
- ▶ Moving from average to leading
- ▶ Pushing leader farther out front

- ▶ 100 person organization requires 24 people to go above and beyond
- ▶ Fights against the Status Quo
- ▶ Urgency NOT Emergency (75%)

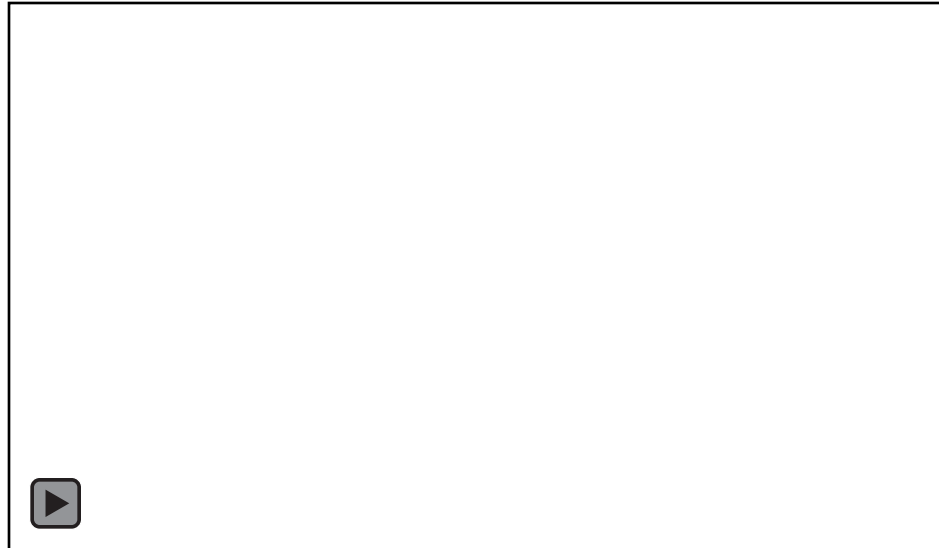


60 Minutes

University of Alabama football
coach Nick Saban

**Focus on hard work and high
standards**

MANTRA: Do the right thing, the
right way, at the right time, all the
time.



Creating a Sense of Urgency

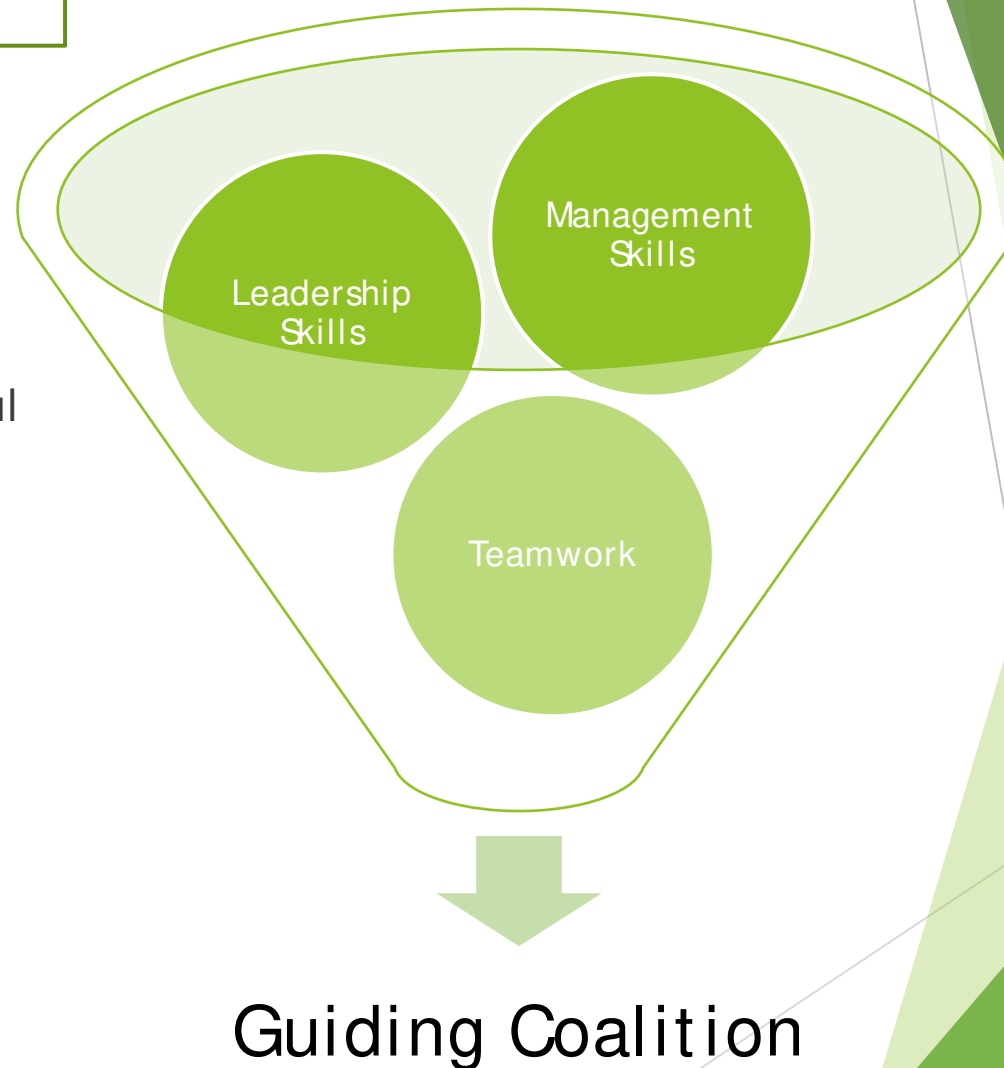
- ▶ NEVER let a good crisis go to waste; Make bold and risky actions NOT modest actions
- ▶ Create a crisis; don't be afraid to use a crisis to build a fire
- ▶ Eliminate obvious examples of waste
- ▶ Change progress set points so high that they can't be reached without change
- ▶ Develop broader measures of performance
- ▶ Stop happy talk
- ▶ Bombard people with future opportunities; reward for those who capitalize on those opportunities

2

Create a Guiding Coalition

MYTH: The kind of leadership that is critical to any change can come only from a single larger-than-life person

- ▶ Leading change takes a village (powerful force)
 - ▶ A strong guiding coalition
 - ▶ The right composition, level of trust, shared objective
 - ▶ Size related to size of organization/ unit/ department
 - ▶ Four key elements
 - ▶ Position Power
 - ▶ Expertise
 - ▶ Credibility
 - ▶ Leadership



How to Create a Guiding Coalition

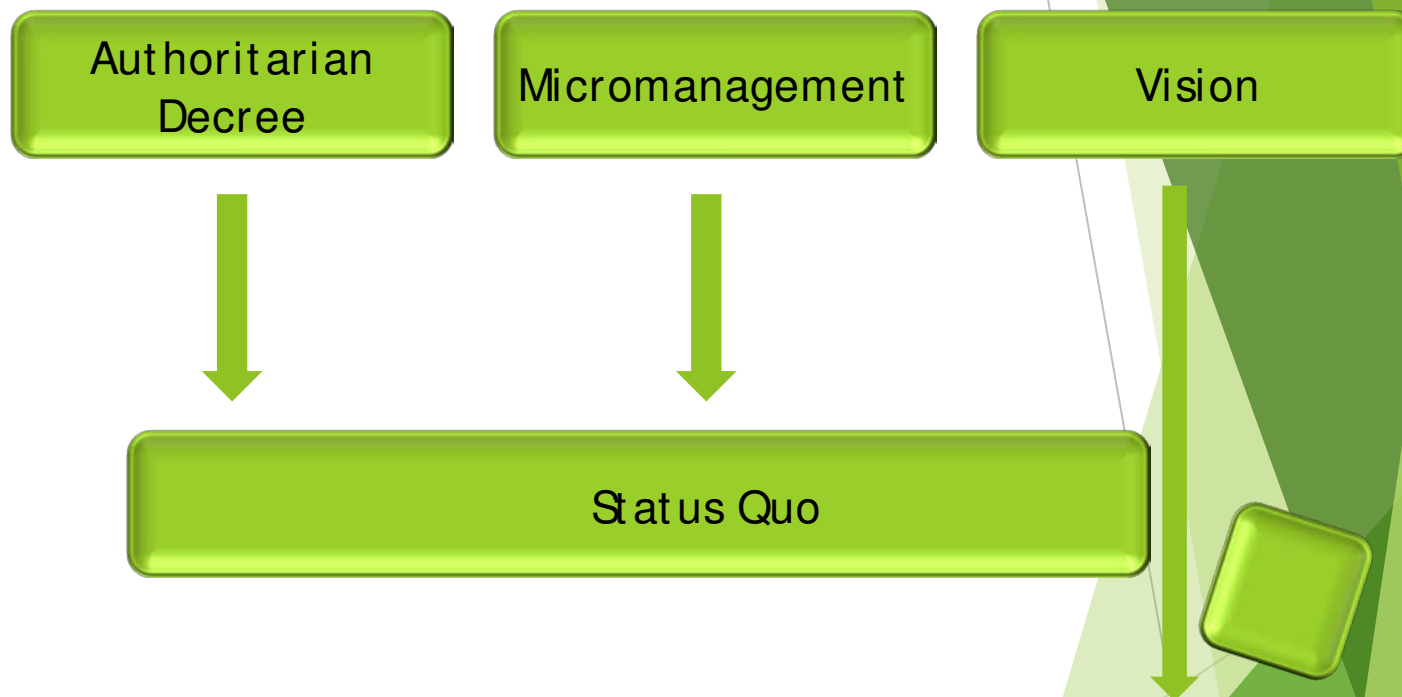
- ▶ Find the right people
 - ▶ Strong position power
 - ▶ Broad expertise
 - ▶ Balance of leadership and management skills
- ▶ Create Trust
 - ▶ Carefully planned off-site events
 - ▶ Talk and joint activities
- ▶ Develop a Common Goal
 - ▶ Sensible
 - ▶ Appealing to the heart

3

Develop a Vision and Strategy

Central Component of all Great Leadership

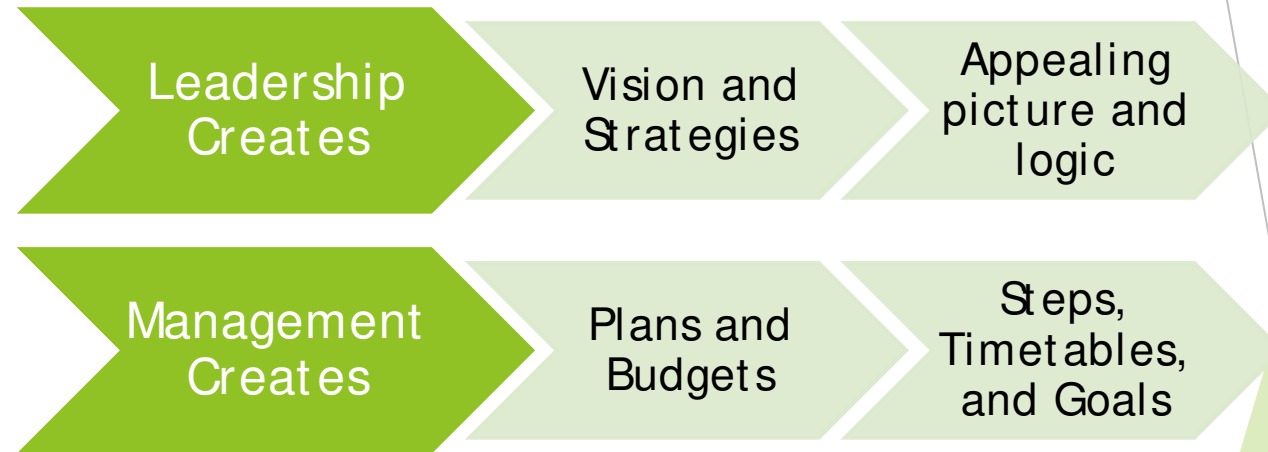
- ▶ CLEAR picture of the future & why
 - ▶ General Direction
 - ▶ Motivates people to take action in the correct direction
 - ▶ Helps coordinate the actions of different people
- ▶ Vision: Cuts through the status quo
 - ▶ Ambitious
 - ▶ Appeal to stakeholders
 - ▶ Take advantage of trends
 - ▶ Moral power



Effective Vision

Six Key Characteristics

- ▶ Imaginable
- ▶ Desirable
- ▶ Feasible
- ▶ Focused
- ▶ Flexible
- ▶ Communicable



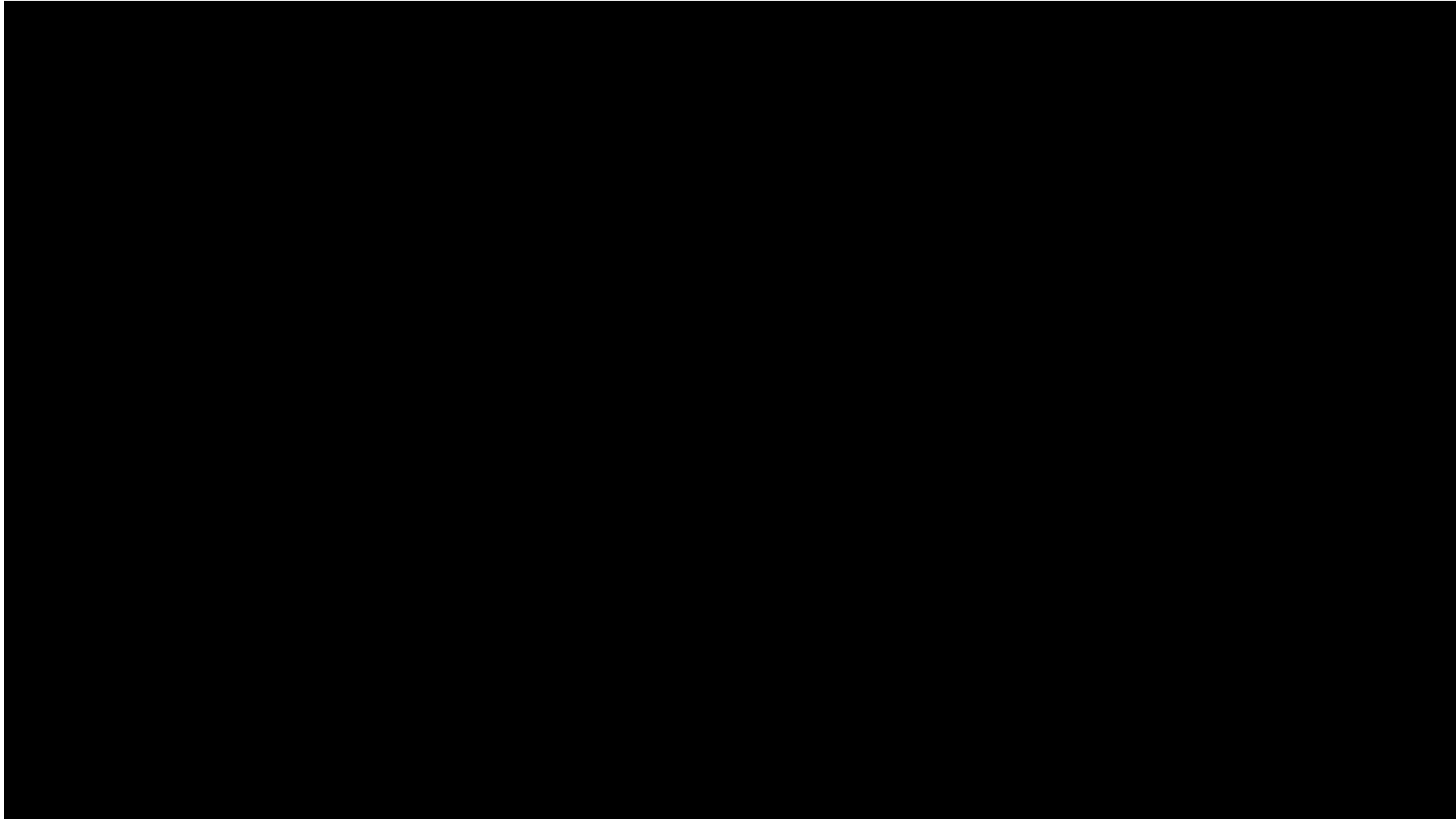
How To Create an Effective Vision

- ▶ Initial Statement
- ▶ Modification by guiding coalition
- ▶ Includes elements of head and heart
- ▶ Gets reworked
- ▶ Takes time
- ▶ End product
 - ▶ Desirable, feasible, focused, flexible
 - ▶ Conveyable in 5 minutes or less

Simon Sinek: The Value of Why



Cleveland Clinic: Everyone Deserves World Class Care

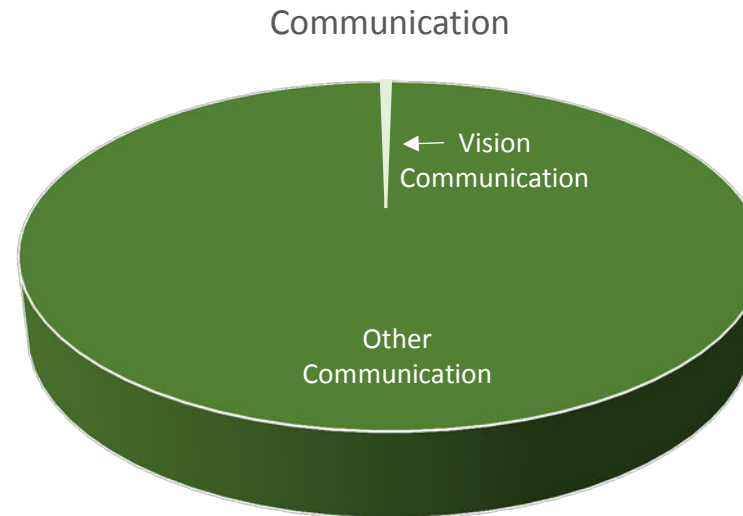


4

Communicate the Change

The Real Power of a Vision is Unleashed when all Understand

- ▶ Under-communication and/ or inconsistent messaging stalls transformation
 - ▶ Simple and direct communication
 - ▶ Metaphor and analogy
 - ▶ Multiple Forums
 - ▶ Repetition
 - ▶ Leadership by Example
 - ▶ Explanation of inconsistencies
 - ▶ Give and take



5

Empower Employees

Major transformation rarely occurs without many people assisting

- ▶ Empowering the broad base of people
- ▶ Removing barriers
 - ▶ Structural barriers
 - ▶ Lack of skill
 - ▶ Unaligned systems
 - ▶ Getting bosses on board

▶ How to Successfully Empower Employees

- ▶ Communicate a sensible vision
- ▶ Align structures
- ▶ Provide training
- ▶ Align systems
- ▶ Confront Supervisors who undercut

6

Generate Short-term Wins

Major change takes time;
sometimes a lot of time

- ▶ People expect to see that the change is paying off
- ▶ Non-believers need data
- ▶ 3 characteristics of short-term wins
 - ▶ Visible
 - ▶ Unambiguous
 - ▶ Related to the change effort



How to Generate Short-term Wins

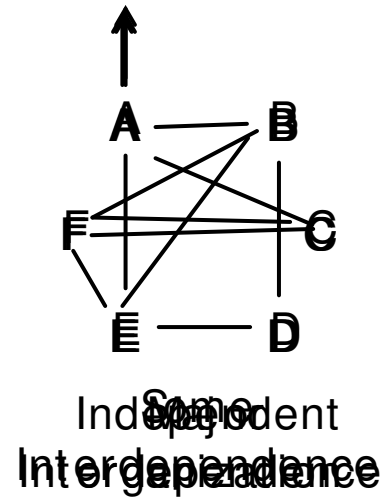
- ▶ Plan for the short-term wins
 - ▶ Overwhelmed
 - ▶ Lack of belief that you can produce major change and plan for short-term wins
 - ▶ Lack of sufficient management
- ▶ Make them simple, unambiguous, and implement them early
- ▶ Keep leadership informed

7

Consolidate Gains

Whenever you let up before the job is done, critical momentum can be lost and regression may follow

- ▶ Pressing harder and faster after successes; initiate change after change until vision is a reality
- ▶ Problem of interdependence
 - ▶ Interdependent office vs. independent office
 - ▶ Organizations are becoming more interdependent
 - ▶ This seriously complicates change
 - ▶ Purge unnecessary interconnections (clean house)



Changing anything of significance in highly interdependent systems often means changing nearly everything; **THIS TAKES TIME!**

How to Consolidate Gains

- ▶ Implement more change, not less
- ▶ Bring more people in and/ or promote to help make the change
- ▶ Focus on maintaining shared purpose and focus; keep urgency level high
- ▶ Allow lower ranked people opportunity to provide leadership of projects
- ▶ Identify unnecessary interdependencies and eliminate them

CULTURE: Norms of behavior and shared values

- ▶ In transformations the old culture is not compatible with the new vision
 - ▶ Graft new practices
- ▶ Powerful
 - ▶ Indoctrination
 - ▶ Culture exerts itself
 - ▶ Not conscious
- ▶ MYTH: The first step in major transformation is to change the culture

▶ Good rule of thumb...

Whenever you hear of a major restructuring, reengineering, or strategic redirection in which step 1 is “changing the culture”, you should be concerned that it might be going down the wrong path.

Implications for the Future

- ▶ Rate of change will not be slowing down
- ▶ Typical organizations have not operated well in a rapidly changing environment
- ▶ Persistent sense of urgency
- ▶ Teamwork
- ▶ Effective communication
- ▶ Broad-based empowerment
- ▶ Short-term wins
- ▶ Necessary interdependence
- ▶ Adaptive culture

Twentieth Century	Twenty-First Century
Structure Bureaucratic Multi-leveled Senior Mgmt. Manages Complicated interdependencies	Structure Non-bureaucratic Few levels Senior Mgmt. Leads Minimal interdependence
Systems Few Performance Systems Data to Executives Only Mgmt. Training to Seniors Only	Systems Regular performance feedback Data Transparency Training to Many
Culture Inwardly Focused Centralized Slow Political Risk Adverse	Culture Externally Focused Empowering Quick Open and Candid Risk-Tolerant

What is Needed to be Successful?

- ▶ Leaders able to:
 - ▶ Set the Stage
 - ▶ Decide what to do
 - ▶ Make it happen
 - ▶ Make it stick



The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the left and right sides of the frame, leaving a large white central area. The shapes are composed of triangles and polygons, some of which are semi-transparent, creating a layered effect.

Questions?