

NMH Leadership Letter

Good Morning Team,

Reports heard in the last couple of weeks as we stay in constant touch with Execs, MAC, and all the change groups include:

- Tom reporting he's happy with people coming up to him in the hall and reporting on wins here and there.
- Customer measurement service being ramped up to give better and quicker feedback.
- Early financial returns on the DIGs/JDIs already at six digits—Wow! Yes, we can think our way to success.
- Positive buzz and the generation of hope for change among Associates—a rising tide against those who aren't as positive.

I remember the story of the traveler walking down the road who asks an old gentleman sitting by the roadside what kind of people lived in the town ahead. "What kind of people lived in the town you just left," he asked.

"Oh, they were selfish, uptight, unpleasant folk. I'm glad I left there."

"Well," said the old-timer, "I'm afraid that we have those same kind of people up ahead."

A second traveler comes along and asks the same question, what kind of people live in the town ahead. And, again, the same inquiry as to what kind of people had the traveler left behind him.

"I really hated to leave where I came from. The people were good-hearted, generous, and kind."

"Good news," said his roadside adviser. "The people up ahead are every bit as good."

This old story holds true for what will occur at NMH. What do you think is going to happen here? Do you think NMH Associates want what this improvement effort is all about? Do you see them as smart, cooperative, having the potential for greatness, or do you see them as something less? Psychologists tell us that how we see others is really more a picture of how we see ourselves.

In every organization we've worked in I have heard near the beginning of the change process a number of doubts and questions—can we really create an excellent organization here given our history, our resource problems, our doctors, our competition—whatever the fear factors are that preoccupy people. And every time we



have found that the desire to be excellent, to serve with distinction, to live in a more positive set of relations with others has won out.

So what kind of people do I expect at NMH? Why, I expect winners of course. I mean, aren't you one? This expectation of mine isn't just because I'm naturally optimistic or a Pollyanna. It comes out of a 100 TULs that have demonstrated what statisticians refer to as reliability—a model that is able to consistently replicate good results. But the real reason that the model or plan succeeds is that there is a universal desire in all of us to do and be our best. TUL doesn't improve things, it's just a horse that we ride as we improve things

Remember we talked about No Negative Energy? And then the Board gave us direction in SERVE with the word Enthusiasm. All of us as leaders need to be travelers of the second kind—the world around you will become what you dare to dream. What the mind can conceive, what the heart can believe, we can achieve.

To that end I thought you might like to see a case study of another hospital that went through this change process. What did they experience? What was it like for them? Following is a report on what happened at Butterworth Hospital in Grand Rapids back a decade ago, back when they only had 30% of the market, back before they became known as the Empire, before they came to dominate their region and become Spectrum Healthcare System, and a Top 100 performer. I picked them as the first example to share with you because they're just down the road from you—fellow Michiganders.

What do you think, are the people in Grand Rapids smarter, better, more talented than the people in Petoskey? You make the call.

Brother Clay

2/20/05



Case Study: Leading Organization Renewal

A Rigor of Discipline

In an interview with Bill Gonzalez, President of Butterworth Hospital, (Grand Rapids, MI) he tells how he took a stable but non-aggressive organization and led it to become a “lean, mean, fighting machine” in less than two years. Under Gonzalez’ leadership, Butterworth Hospital morphed into Spectrum Health, a *Top 100 Hospitals* Winner 1994, 1995, 1998; *America’s Top 100 Integrated Health Care Systems* Winner 1998

Q: Bill, what was Butterworth like when you first arrived?

A: I found a hospital that had done very little work toward organizational development. As in most hospitals, Butterworth was highly sophisticated medically and technically, but not in management. In terms of planning and action, it had been extremely conservative. Organizational development, educational activities, and professional development had not been promoted as top priorities. The management staff had been extremely stable with very little injection of new blood or ideas. I found myself in an environment that was relatively successful in terms of its finances, but embarrassed by having to become highly competitive.

Q: What did you see as immediate needs?

A: The organization needed some rejuvenation while the staff required a better sense of the rapidly changing industry. I needed something to help me neutralize the normal and inherent resistance to change. Lines of communication between divisions and departments (management and non-management) had to be opened. To achieve long term goals, we had to become one team working toward a common end.

To become a team takes a rigor of discipline and commitment where every single person contributes for the very best outcome. To communicate and cement this idea throughout management takes an enormous amount of trust in each other. To get the

trust, there must be openness. I knew these needs could be met when I first experienced Clay Sherman.

Clay caught my eye because he showed the exuberant positivism and energy we were looking for in a facilitator. He represented the real quest of excellence that we wanted for Butterworth. We engaged the process of becoming excellent by using The Uncommon Leader course as the vehicle for organizational change. I felt significant freedom and flexibility working with Clay. It was easy to make his course Butterworth’s course.

Q: How did The Uncommon Leader course affect the participants?

A: The beginning of the program was really exciting! Being a new experience for most, there was a mix of curiosity and anxiety as participants realized they would be interacting in close proximity with colleagues they worked with but, in reality, hardly knew. One of the greatest things about the course is that it is an absolute equalizer. We all became students on a first name basis. The vice presidents and I had an immediate awareness of an organization-wide eagerness to talk and share. The whole program was geared not only to the development of managers and the organization, but to a socialization process that would bring about trust. We began hearing from people who had never been vocal before.



The best news is that the trust is still building. At Butterworth, head nurses are considered assistant department managers but were never included in management meetings. When these nurses were invited to participate in The Uncommon Leader, cheers of appreciation went up. This helped establish an environment that's drastically changed from the old one in which different forums stood for different strata.

There are other examples that the course is working, such as the numerous suggestions for new program development and staff people presenting proposals. One idea about expanding a unit was put into practice two weeks after it was suggested. We started to see exactly what Clay was saying---people have tons of ideas. Not only did our old culture inadequately promote the exchange of ideas, it did everything to devalue such aggressiveness. Now people are more freely sharing ideas, and better yet, many of those are being put into practice.

Q: Did you get a return on your investment?

A: We believe the return could be in the millions. At this point, we are well on our way with 100% return already received on our investment since graduation four months ago. With the options I added (an off-site location, overnight accommodations etc.), we increased the cost about 30%. For a \$150 million dollar operation, the participant cost per day was very reasonable. We consider this a small price to pay fore such a long term investment.

Money saving changes are happening so fast that they can be seen everywhere. Yet the return is more than just on the bottom line. We have identified a very clear and obvious culture change which still has the steam,

excitement, and headiness experienced during the course. This assisted us in learning the importance of working as a team. We started with three different groups---vice presidents, department managers, and assistant department managers in nursing. All represented points of view that were rarely shared between groups. Now we're a single body of people who know each other and have a working understanding of each other's concerns, priorities, and problems.

Dr. Sherman and his course motivated us to be far more sensitive to ourselves as a group. We are now aware of the power we have as a team and of our tremendous potential. We're a group desirous of sharing with each other the thrill of being the very, very best. The return on our investment will be seen in our bottom line and maybe even more importantly, in the charge of excitement in the air around Butterworth.

The Uncommon Leader Course verified my faith that I had good people. They needed to be shown a workable system of management that could support them within a corporate culture. Results are going to come out of this program for years and years to come. Our people are committed to the values we worked jointly to forge. I received a letter from one of our department managers. His words speak for all of us:

I have committed myself to do outstanding work as a manager. I am telling my people that my dream is for us to be the best and the most productive department at Butterworth Hospital. I am proud to be a member of this winning team. It is much more than fun!

