

CREATING THE NEW AMERICAN HOSPITAL



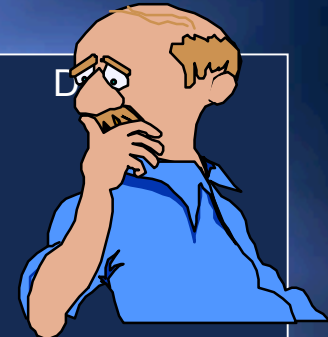
IF YOU BUILD IT . . . THEY WILL COME

*PROFILES IN EXCELLENCE:
A TIME FOR GREATNESS*

HEALTH INDUSTRY ILLNESS

WHAT'S WRONG WITH THIS PICTURE?

- **QUALITY OUT OF CONTROL:** 4% OF ADMISSIONS INJURED
NEGLIGENCE—100,000 DEATHS & 1.3 MILLION INJURIES
—Wall Street Journal, March 1, 1990
- **COSTS & PRICE:** DAMAGE TO NATIONAL ECONOMY, LEADING
CAUSE OF PERSONAL BANKRUPTCY, 45 MILLION UNINSURED
- **ANGRY CUSTOMERS:** LOW SERVICE STANDARDS, FEAR OF CAREGIVERS,
LAWYER FEEDING FRENZY, POLITICIZED ISSUE
- **STAFF PROBLEMS:** JOB INSECURITY, SAGGING MORALE, HIGH TURNOVER
- **BUREAUCRACY REIGNS:** “THE HOSPITAL INDUSTRY’S DIRTY LITTLE SECRETS:
WASTE, GREED, INCOMPETENCE—PLUS ENOUGH BUREAUCRATIC ARROGANCE
TO RIVAL THE KREMLIN...”
*—“Tale of Health Care Could Induce Nausea”
USA Today, December 15, 1991*
- **MANAGEMENT MYOPIA:** “THE FAILURE (IS) ENTIRELY THAT OF MANAGEMENT...
THEY MISSED OPPORTUNITIES TO IMPROVE THE QUALITY & EFFICIENCY OF
HEALTH CARE IN FOUR KEY AREAS ADMINISTRATION OF OPERATIONS;
MANAGEMENT OF HUMAN RESOURCES; MANAGEMENT CONTROL SYSTEMS; THE
FORMATION OF A MANAGEMENT PHILOSOPHY.”
*—“The Failed Revolution in Health Care”
Harvard Business Review, March-April 1989*



OPRA RESULTS SUMMARY
NORTHERN MICHIGAN REGIONAL HEALTH SYSTEM - FEB 2004

I IMPROVEMENT NEEDS		Executives (4)		Managers (32)		Total (36)	
I-A CUSTOMER SATISFACTION		YES	NO	YES	NO	YES	NO
1 Greater market share		0	4	13	19	13	23
2 Only a few, low level customer complaints		1	3	17	10	18	13
3 Understand Customers' expectations		1	3	11	17	12	20
4 Customers actively involved in feedback		3	1	18	12	21	13
5 Provider of choice?		4	0	24	6	28	6
6 95%+ rate above average/excellent		2	2	28	4	30	6
TOTAL		11	13	111	68	122	81
I-B PRODUCTIVITY							
7 Commitments met 90% of time		1	3	24	6	25	9
8 Stay within budget & meet cost targets		0	4	10	18	10	22
9 Profits growing faster than overhead		2	2	1	29	3	31
10 Costs & cycle times at optimum levels		0	4	0	3	26	7
11 Continuous imp. widely implemented		3	1	0	24	7	25
12 Quality programs achieved results		2	2	0	18	11	20
TOTAL		8	16	35	98	82	114
I-C PEOPLE STRENGTH							
13 People doing their best		1	3	20	10	10	13
14 Employee morale & commitment high		3	1	10	21	21	22
15 Able to attract the best people		2	2	15	16	16	18
16 People greatest competitive advantage		2	2	19	13	13	15
17 Enough spent on education		1	3	4	28	28	31
18 Suggestion system generating ideas		0	4	3	30	30	34
TOTAL		9	15	71	118	118	133
I TOTAL		28	44	217	284	322	328
II ORGANIZATION BEHAVIOR		Executives (4)		Managers (32)		Total (36)	
II-A ORGANIZATION PERFORMANCE		YES	NO	YES	NO	YES	NO
1 Organization respond quickly		0	4	9	23	9	27
2 Does structure serve customer/market		2	2	19	11	21	13
3 Is organization highly integrated		1	3	6	26	7	29
4 Response time acceptable to implementors		0	4	10	23	10	27
5 Organization open to change/innovative		2	2	23	8	25	10
6 Organization able to adapt quickly		0	4	15	16	15	20
TOTAL		5	19	82	107	87	126
II-B CULTURE & VALUES CLARITY							
7 Values clear to all		0	4	10	23	10	27
8 Simple values definition for hourly people		1	3	11	22	12	25
9 Are values enforced		0	4	8	25	8	29
10 Little effort expended to fight the system		0	4	7	24	7	28
11 People feel free to speak up		3	1	16	17	19	18
12 Management team is excellent		1	3	23	5	24	8
13 Competence, not position, makes decisions		2	2	12	18	14	20
14 Too many levels/departments		2	2	6	23	8	25
15 People feel empowered/can see behavior		1	3	21	12	22	15
TOTAL		10	26	114	169	124	195
II TOTAL		15	45	196	276	211	321

OPRA RESULTS SUMMARY
NORTHERN MICHIGAN REGIONAL HEALTH SYSTEM - FEB 2004

III MANAGERIAL FACTORS		Executives (4)		Managers (32)		Total (36)	
III-A MANAGEMENT TEAM		YES	NO	YES	NO	YES	NO
1 90% managers clearly winners		1	3	25	7	26	10
2 Managers accomplishing results		0	4	15	13	15	17
3 Managers aggressive versus passive		1	3	16	14	17	17
4 Managers have enough freedom to act		0	1	17	16	17	17
5 Managers can make \$1000 expenditure		2	2	16	16	18	18
6 Performance evaluation system effective		0	4	4	28	4	32
7 Recognition for good performance		0	4	7	23	7	27
8 History of sustained management training		0	4	5	25	5	29
TOTAL		4	25	105	142	109	167
III-B MANAGEMENT SYSTEM							
9 Have a strategic plan, understood		4	0	16	17	20	17
10 Have a managing system		1	3	10	23	11	26
11 Meetings routinely start on time		2	2	18	15	20	17
12 Work managed by quarterly plan		1	3	11	20	12	23
13 Managers operate smoothly together		1	3	25	7	26	10
14 Project management system in place		0	4	10	22	10	26
15 Forums for middle management input		2	2	13	19	15	21
16 Managers find it easy to sell ideas		1	3	17	15	18	18
TOTAL		12	20	120	138	132	158
III TOTAL		16	45	225	280	241	325
IV CHANGE AGENTS & POLITICAL SUPPORT		Executives (4)		Managers (32)		Total (36)	
IV-A EXECUTIVE SUPPORT		YES	NO	YES	NO	YES	NO
1 CEO committed to changing things		4	0	30	0	34	0
2 Executives agreed about change direction		4	0	31	0	35	0
3 Political crosswinds adequately handled		4	0	26	3	30	3
4 Willing to commit resources		4	0	24	6	28	6
5 System executives aware/supportive		1	1	20	0	21	1
TOTAL		17	1	131	9	148	10
IV-B POLITICAL CLIMATE							
6 Decisions not highly politicized		3	1	21	7	24	8
7 Is risk taking appreciated		4	0	23	8	27	8
8 VPs committed to changing things		4	0	31	1	35	1
9 Managers committed to change		0	3	26	6	26	9
10 Associates waiting for management action		4	0	30	1	34	1
11 Managers supported in conflicts		3	0	20	10	23	10
12 Imp. constituencies won't prevent change		3	1	13	13	16	14
TOTAL		21	5	164	46	185	51
IV-C WIDESCALE CHANGE READINESS							
13 Renewal sustained as priority		4	0	20	11	24	11
14 Org. ready to change managing system		4	0	25	7	29	7
15 Organization would benefit from renewal		4	0	32	0	36	0
16 Managers/employees share opinion		3	1	22	7	25	8
TOTAL		15	1	99	25	114	26
IV TOTAL		53	7	394	80	447	87
GRAND TOTAL		112	141	1032	920	1221	1061
GRAND TOTAL %		44%	56%	53%	47%	54%	46%

ON A SCALE OF 1-10, HOW EXCELLENT...

- | | | |
|----|---|-----|
| 1. | ARE WE NOW AS AN ORGANIZATION? | 6 |
| 2. | DO OUR CUSTOMERS THINK WE ARE? | 7 |
| 3. | IS STAFF MORALE? | 5 |
| 4. | ARE WE AS A TEAM? | 5.5 |
| 5. | COULD WE BE IN A YEAR IF WE TRIED HARD? | 9.5 |

—NMH MANAGER RATINGS 11/04

IS THIS GOOD ENOUGH?

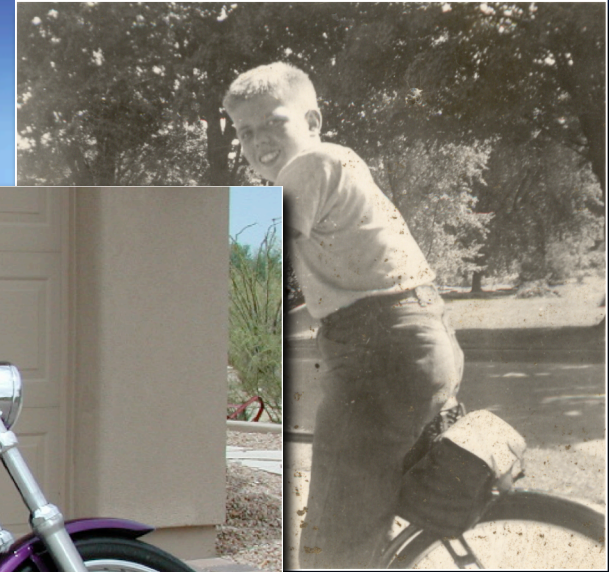
ASSIGNMENT: RUN THESE QUESTIONS ON
YOUR OWN UNIT & DISCUSS IN TEAM MEETING

THE JEOPARDY! SONG

DUH DUH DUH DUH DUH DUH DUH,
DUH DUH DUH DUH DUH DUH-DUH-DUH-DUH-DUH,
DUH DUH DUH DUH DUH DUH DUH,
DUH DUH DUH DUH DUH DUH DUH!



WHERE DID YOU LEARN
ABOUT EXCELLENCE?



RALEIGH



1950 PANTHER

*RIDE TO LIVE
LIVE TO RIDE*

WHO DO WE WANT TO BE LIKE?

FORTUNE'S 1999 RANKINGS

- QUALITY OF MANAGEMENT • QUALITY OF PRODUCTS/SERVICES • INNOVATIVENESS
- ABILITY TO ATTRACT, DEVELOP, KEEP TALENTED PEOPLE • LONG-TERM INVESTMENT VALUE
- USE OF CORPORATE ASSETS • FINANCIAL SOUNDNESS • COMMUNITY & ENVIRONMENTAL RESPONSIBILITY

COMPANY

INDUSTRY

1. GENERAL ELECTRIC	ELECTRONICS/ELEC EQUIP
2. COCA-COLA	BEVERAGES
3. MICROSOFT	ELECTRONICS
4. DELL COMPUTER	ELECTRONICS
5. BERKSHIRE HATHAWAY	INSURANCE
6. WAL-MART	RETAILING
7. SOUTHWEST AIRLINES	AIRLINES
8. INTEL	ELECTRONICS
9. MERCK	PHARMACEUTICALS
10. WALT DISNEY	ENTERTAINMENT

FIRST IN INDUSTRY BELOW TOP 10

• McDONALD'S	FOOD SERVICES
• HOME DEPOT	SPECIALIST RETAILERS
• MARRIOTT	HOSPITALITY

RETAILING'S CATEGORY KILLER

AMERICAN MERCHANDISERS COMPARED

WORLD RANK	COMPANY	2000 REVENUES (M)	2000 PROFITS (M)
1	WAL-MART	\$193,295	\$6,295
2	SEARS	\$40,937	\$1,343
3	KMART	\$37,028	(\$244)
4	TARGET	\$36,903	\$1,264
5	J.C.PENNEY	\$32,965	(\$705)
9	FEDERATED	\$18,407	(\$184)
11	MAY	\$14,511	\$858
TOTAL ALL OTHER USA CHAINS		\$180,751	\$2,332

—Fortune's 2001
500 Report

- 2002 > WORLD'S LARGEST CORPORATION
- 2003 > SALES \$244 B, PROFITS \$8 B, 2.5% GNP
- 1.3 M PEOPLE IN 4700 STORES, LARGEST EMPLOYER IN 26 STATES
- NOW CONTROLS 19% GROCERIES, 16% PHARMACY, 20% CDs/DVDs

STRATEGY: LOWEST PRICE + THE THREE BASIC BELIEFS

1. RESPECT FOR THE INDIVIDUAL
2. SERVICE TO OUR CUSTOMERS
3. STRIVE FOR EXCELLENCE

RULES FOR BUILDING A BUSINESS

1. COMMIT TO YOUR BUSINESS. IF YOU BELIEVE IN IT WHOLEHEARTEDLY, YOUR PASSION WILL SPREAD
2. SHARE YOUR PROFITS WITH ALL YOUR ASSOCIATES AND TREAT THEM AS PARTNERS. PROFIT SHARING WAS THE "SINGLE BEST THING WE EVER DID"
3. MOTIVATE YOUR PARTNERS. EVERYDAY THINK OF NEW WAYS TO MOTIVATE YOUR PARTNERS/ASSOCIATES
4. COMMUNICATE EVERYTHING YOU CAN TO YOUR PARTNERS. "INFORMATION IS POWER, AND THE GAIN YOU GET FROM EMPOWERING YOUR ASSOCIATES MORE THAN OFFSETS THE RISK OF INFORMING OUR COMPETITORS"
5. APPRECIATE EVERYTHING YOUR ASSOCIATES DO FOR THE BUSINESS. PAYCHECK IS NOT ENOUGH. SINCERE WORDS OF PRAISE ARE WO
6. CELEBRATE YOUR SUCCESSES. DON'T TAKE YOURSELF SO SERIOUSLY. FUN. SHOW ENTHUSIASM
7. LISTEN TO EVERYONE IN YOUR COMPANY. THIS IS WHAT TOTAL QUALITY ABOUT
8. EXCEED YOUR CUSTOMERS' EXPECTATIONS. GIVE THEM WHAT THEY WANT AND A LITTLE MORE. STAND BEHIND EVERYTHING YOU DO. THE TWO MOST IMPORTANT WORDS: "SATISFACTION GUARANTEED"
9. CONTROL YOUR EXPENSES BETTER THAN YOUR COMPETITION
10. SWIM UPSTREAM. IF EVERYBODY ELSE IS GOING ONE WAY, THERE'S A GOOD CHANCE YOU CAN FIND YOUR NICHE BY GOING THE OPPOSITE WAY

—Sam Walton: *Made In America*



WHAT REALLY WORKS = 4 + 2

THE PROFILE OF EFFECTIVE ORGANIZATIONS

PRIMARY MANAGEMENT PRACTICES

- **STRATEGY**—ANY POSITIONING APPROACH BASED ON TRUE CUSTOMER NEEDS—SHARPLY DEFINED, COMMUNICATED, UNDERSTOOD—STICK WITH CORE
- **EXECUTION**—OPERATIONAL EXCELLENCE—ALWAYS DELIVER THE GOODS—2 X INDUSTRY PRODUCTIVITY RATE
- **CULTURE**—WORK IS FUN + HIGH EXPECTATIONS + PRIDE IN CHALLENGE + SATISFYING WORK ENVIRONMENT + ENFORCED VALUES
- **STRUCTURE**—ANY THAT REDUCES BUREAUCRACY, ↑ COOPERATION, SIMPLIFIES WORK, & HAS SYSTEMS FOR KNOWLEDGE SHARING

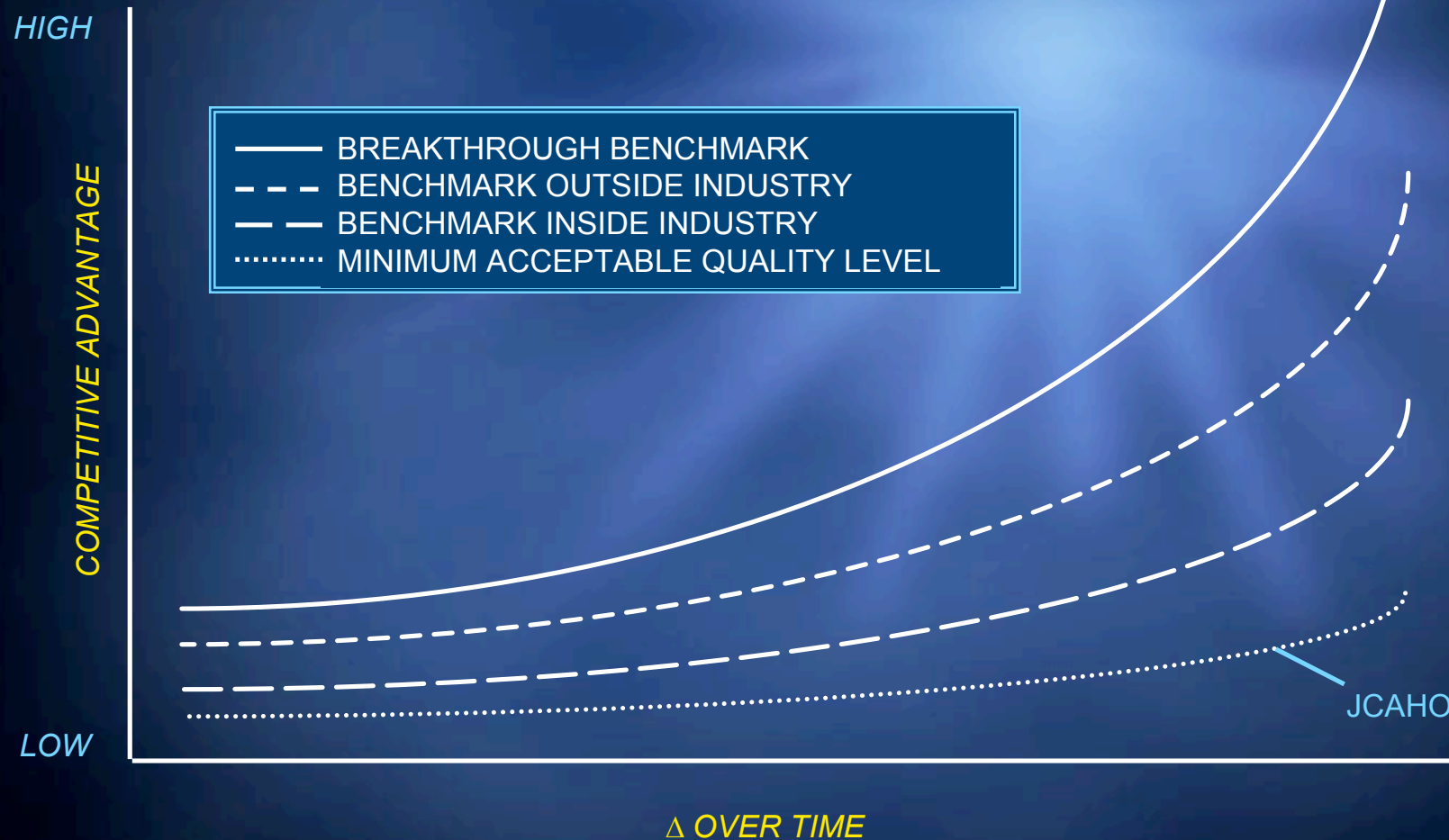
SECONDARY MANAGEMENT PRACTICES—PICK 2

- **LEADERSHIP**—GREAT CEO's/TEAMS, PEOPLE CONNECTED, PAY/PERFORMANCE LINK
- **TALENT**—RETAIN TALENT, DEVELOP MORE, INTERNAL PROMOTION, EXECS INVOLVED
- **INNOVATION**—CHURN OUT NEW PRODUCTS/SERVICES RATHER THAN REACTING LATE, DON'T DEFEND YESTERDAY'S STUFF
- **MERGERS/PARTNERSHIPS**—DANGER! GENERATE INTERNAL GROWTH + MOVE INTO NEW BUSINESSES IF LEVERAGE EXISTING CUSTOMER RELATIONSHIPS & STRENGTHS

—Nohria, Joyce, Roberson “What Really Works,” HBR July 2003

SETTING STANDARDS

WHAT IS DOABLE AND SENSIBLE?



COMMITMENT TO PERFECTION

LEXUS REVOLUTIONIZED LUXURY CARS BY CREATING THE BEST RATED CAR IN ITS FIRST YEAR OF MANUFACTURE, MAINTAINING THAT POSITION EVERY YEAR SINCE, AT A LOWER COST THAN ITS COMPETITORS. HOW? LEXUS SAYS THE LEXUS COVENANT IS THE BASIS FOR EVERY DECISION THEY MAKE

THE LEXUS COVENANT

LEXUS WILL ENTER THE MOST COMPETITIVE,
PRESTIGIOUS AUTOMOBILE RACE IN THE WORLD.
OVER 50 YEARS OF TOYOTA AUTOMOTIVE EXPERIENCE
HAS CULMINATED IN THE CREATION OF LEXUS CARS.
THEY WILL BE THE FINEST CARS EVER BUILT.

LEXUS WILL WIN THE RACE BECAUSE
LEXUS WILL DO IT RIGHT FROM THE START.

LEXUS WILL HAVE THE FINEST
DEALER NETWORK IN THE INDUSTRY.
LEXUS WILL TREAT EACH CUSTOMER
AS WE WOULD A GUEST IN OUR HOME.
IF YOU THINK YOU CAN'T, YOU WON'T...
IF YOU THINK YOU CAN, YOU WILL!
WE CAN, WE WILL.



CAN YOU SPOT THE DIFFERENCE?
WHAT DO WINNERS ADD THAT IS VALUED?



DRIVE NMH WITH VALUES

SAFETY

EXCELLENCE

RESPECT

VALUE

ENTHUSIASM

KEY: VALUES ARE NOT SIMPLY A SLOGAN—THEY ARE...

- A DECISIONMAKING GUIDE THAT TELLS EVERYONE WHAT TO DO
- THE MOST IMPORTANT PIECE OF THE MANAGEMENT SYSTEM

DRIVE NMH WITH OPERATIONAL EXCELLENCE

OUR NAH MARKET STRATEGY & BHAGs

HIGH SATISFACTION

CUSTOMER FRIENDLY, POSITIVE COMMUNICATION,
NO HASSLES, NO WAITS, ALL “WOWS”

HIGH QUALITY

NO ERRORS, STANDARDIZED PRODUCT/SERVICE,
RELIABLE, INTEGRATED, SIMPLIFIED

LOW COST

EFFICIENCY FOR LOWEST POSSIBLE PRICE,
QUICKNESS IN TRANSACTIONS

• • • • •

BEST PEOPLE

STRONG DEVELOPMENT, BRILLIANT IDEAS, AGGRESSIVE TEAM.
WORLD CLASS PEOPLE PRODUCE WORLD CLASS CARE

WHEN?

WHO?

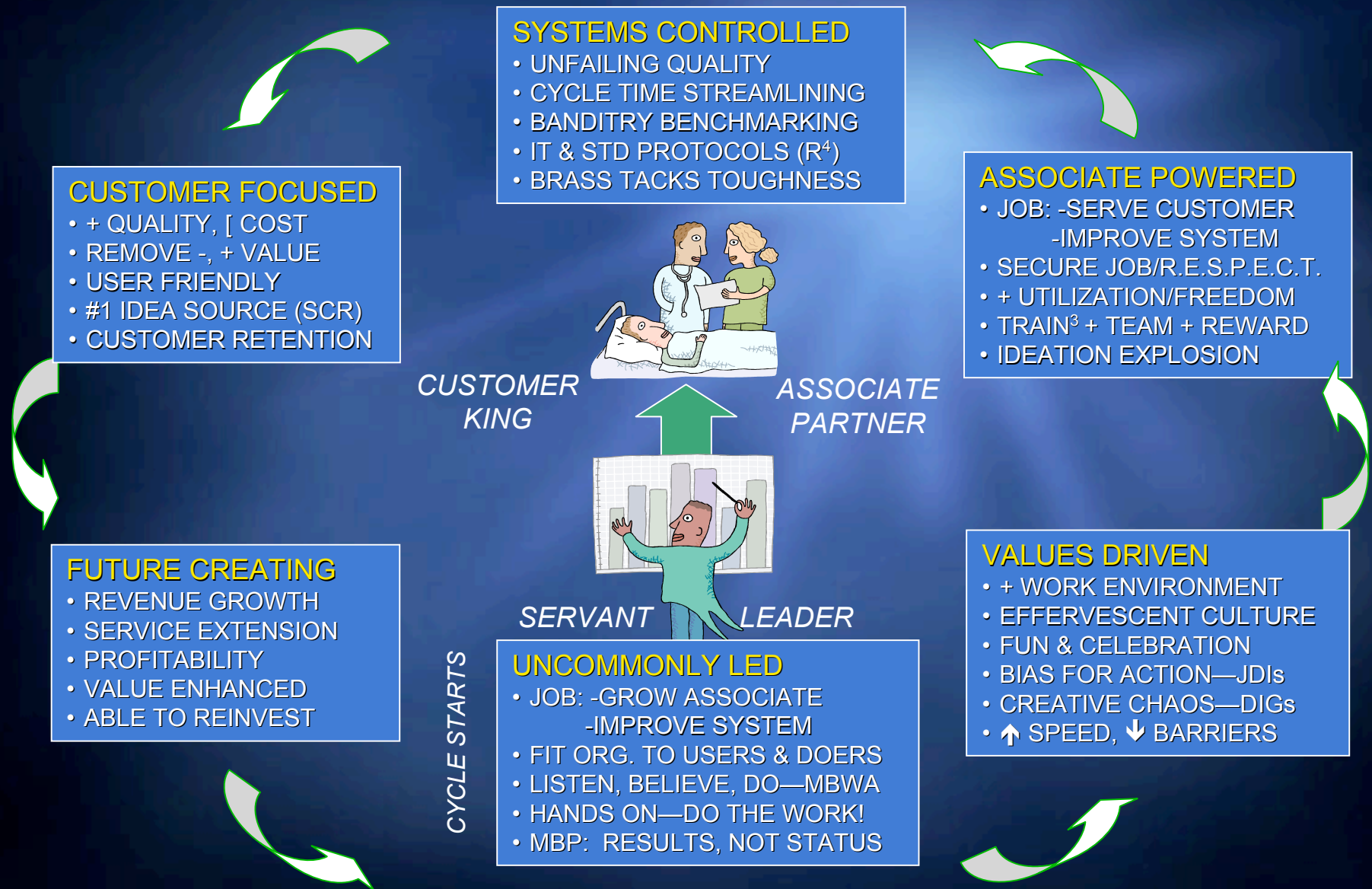
HOW?

MEASURE?

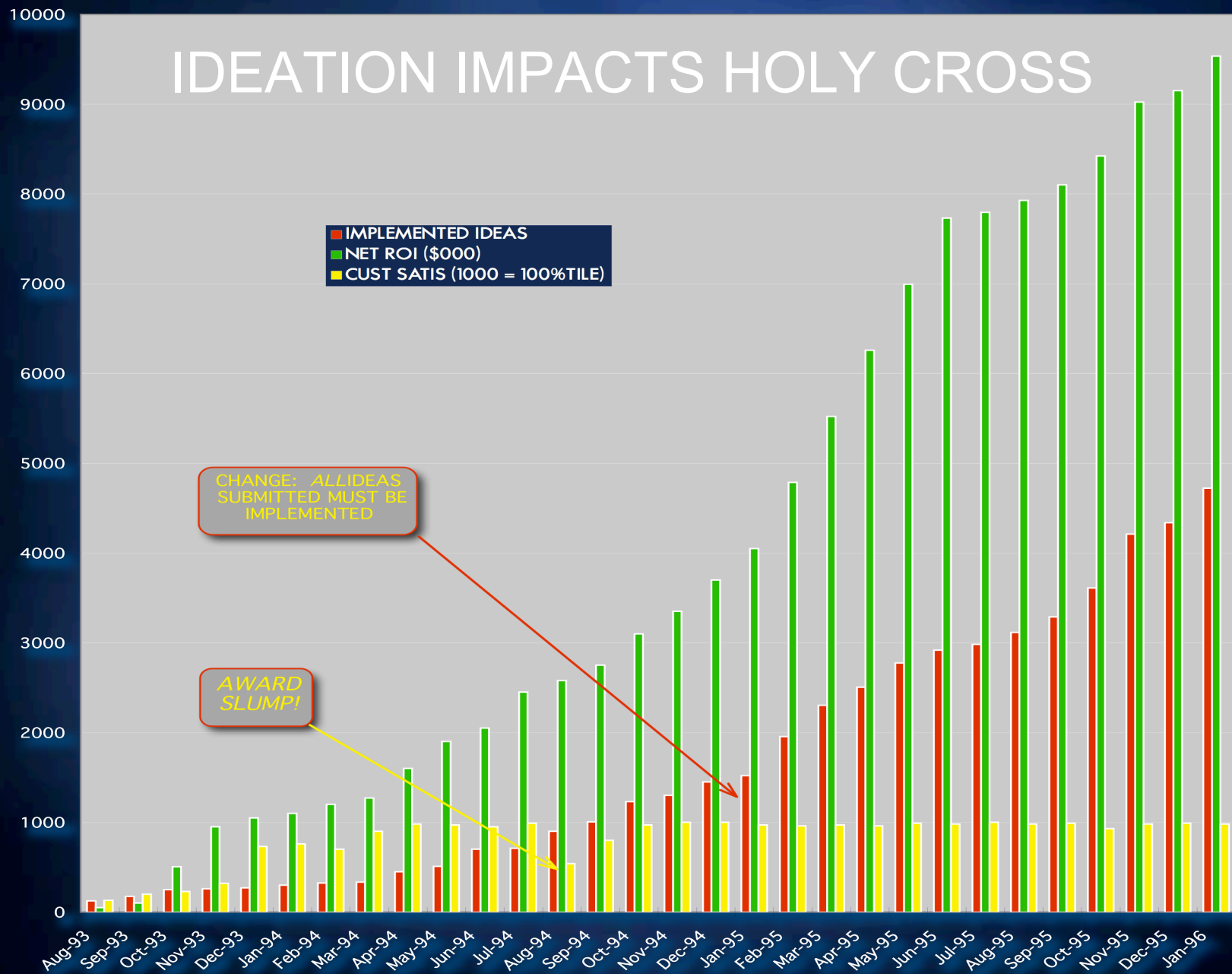
THE NEW NMH APPROACH TO OPERATIONAL EXCELLENCE



THE NEW AMERICAN HOSPITAL



IDEATION IMPACTS HOLY CROSS



CREATING A TEACHING MOMENT!

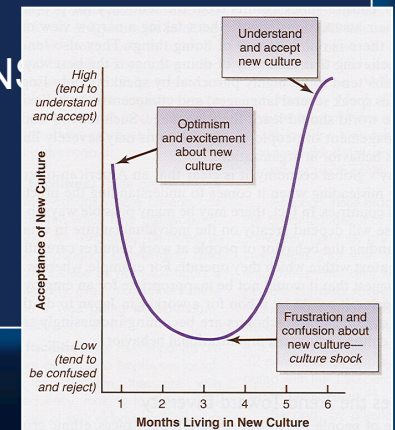


CREATING ORGANIZATION EXCELLENCE

PARTICIPANT EXPECTATIONS & REALITIES

- EXCELLENCE \neq PERFECTION. IT DOES = CI, LOTS OF FUN, BETTER THAN COMPETITION, & A MAGNIFICENT OBSESSION!
- LOT TO LEARN & DO—DON'T GET LEFT BEHIND!
 - NO IMPROVED ORG UNLESS WE IMPROVE—ROLE CHANGES
 - WE WILL TALK THE TALK BEFORE WE WALK THE WALK
- REQUIRED BEHAVIOR & ATTITUDE CHANGE: HOW CUSTOMERS SERVED, PEOPLE TREATED, WORK DONE & ORG MANAGED
- SUPPORT FOR YOU WILL BE IMPERFECT
 - EXECS ARE LEARNING, TOO—TEACH & CHALLENGE—ROLE CHANGES
 - CLAY HAS SOME, BUT NOT ALL THE ANSWERS—HIS ROLE
 - MAC-CAC-SAC-TAC-RAC ARE YOUR REPRESENTATIVES
- BEHAVIORS TOWARD TEAM HAVE BOTH + & -
LESS PAIN IF TRUST BEGINS NOW
- WIN OR LOSE, THIS IS YOUR PROGRAM—
MAKE A DIFFERENCE!

CON



CREATING THE NEW AMERICAN HOSPITAL

DISCUSSION TOPICS

1. DREAM SPEAKERS: WHAT KIND OF HOSPITAL DO WE WANT TO CREATE? WHAT'S IN IT FOR US?
2. WHAT CAN AN INDIVIDUAL MANAGER DO WITH NAH CONCEPTS? IN THE ABSENCE OF A TEAM APPROACH, WHAT CAN A PROFESSIONAL MANAGER DO?
3. WHAT ARE THE QUALITY & RISK MANAGEMENT IMPLICATIONS OF THE OAH? WOULD A NAH APPROACH ACTUALLY PRODUCE BETTER QUALITY SERVICE?
4. WHAT ASSOCIATE/PEOPLE FACTORS NEED FIXING, ADDING, REMOVAL?
5. WHAT CUSTOMER FACTORS NEED FIXING, ADDING, REMOVAL?
6. WORK PROCESSES—WHAT NEEDS FIXING? WHERE DO HIGHER STANDARDS OR MORE STANDARDIZED APPROACHES MAKE SENSE?
7. WHAT SHOULD MANAGERS DO TO BETTER RESPOND (LISTEN—BELIEVE—DO) TO CUSTOMERS, STAFF, & HOW BUSINESS IS REALLY FUNCTIONING?
8. CREATE/REVIEW A VALUES CREDO: MUST BE SHORT, MOTIVATING, A GUIDE TO DECISIONS, AN ACRONYM IF POSSIBLE. TEST: RESPECT, SERVE, EXCEL.
9. IS THEIR FEAR IN OUR ORGANIZATION? ID KINDS & SOURCES. HOW CAN WE DRIVE IT OUT, AND EMBOLDEN & ENCOURAGE PEOPLE FOR CHANGE?
10. WHAT BARRIERS NOW STAND IN THE WAY OF EXCELLENCE? HOW CAN WE CHANGE THEM?

SPEAKER SOURCE SLIDES



MANAGEMENT AT THE CROSSROADS

HEALTHCARE LEADERSHIP'S CHURNING, CRASHING DISASTER

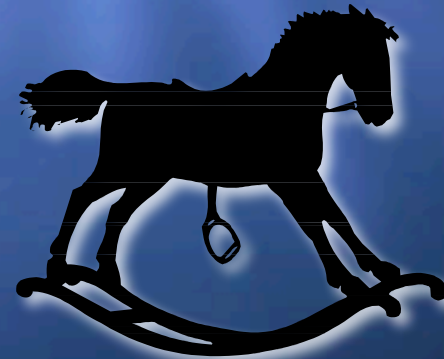
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- DETAILING EMBEZZLEMENT: REPORT SHOWS HOW FORMER EXECS BILKED N.J. SYSTEM
 - FLORIDA HOSPITAL SEEKING BANKRUPTCY PROTECTION
 - A TARNISHED MODEL? MOODY'S REPORT HITS D.C. HOSPITAL'S LOSSES, LEADERSHIP
 - HCFA MAY GIVE BOOT TO PHOENIX HOSPITAL
 - ANOTHER NASHVILLE CEO RESIGNS
 - HIGH COURT STRIKES DOWN 'DUMPING' STANDARD
 - UNINSURED'S NUMBER IS UP
 - RATING FIRMS DOWNGRADE BAPTIST IN NASHVILLE
 - EMPLOYER HEALTH PLAN COSTS CLIMB
 - DMC TO CUT MORE THAN 10% OF STAFF
 - ANOTHER HOSPITAL-OWNED HMO LOSES BIG
 - ANOTHER HIT ON PREMIUMS: BIG EMPLOYERS ALSO FACE PREMIUM HIKES
 - MO. HOSPITAL CEO TO GO ON TRIAL
 - TROUBLES KEEP COMING FOR CHARTER
 - SUTTER HOSPITAL CITED: HCFA CITES DEFICIENCIES...
 - CATHOLIC SYSTEMS RE-EVALUATE MERGER
 - TALES OF TATTLE-TALES: HOSPITALS SAY ANTI-DUMPING RULE FORCES THEM TO SNITCH
 - HMO EXODUS CONTINUES
 - PROVIDERS PUSH FOR PROTECTION FROM HMOs
 - NUMBER OF HOSPITAL DEALS DROP, BUT MORE FACILITIES CHANGE HANDS

—Modern Healthcare Headlines

HOSPITALS RIDING A DEAD HORSE

*THE TRIBAL WISDOM OF THE DAKOTA INDIANS SAYS,
"WHEN YOU DISCOVER YOU'RE RIDING A DEAD HORSE,
THE BEST STRATEGY IS TO DISMOUNT"*

- HOSPITAL MANAGEMENT RATED POORLY
- ORGANIZATION TYPE DYSFUNCTIONAL
- BUSINESS MODEL DOESN'T WORK



Years after IOM report, progress but work remains

Five years after the Institute of Medicine's landmark report on medical errors, there are "pockets of progress," but significant clinical and policy changes await, industry experts said. "There is no national commitment to studying safety as a property of our system," said Donald Berwick, president and chief executive officer of the Institute for Healthcare Improvement, which hosted a telephone conference on progress since the 1998 IOM report, "To Err Is Human." Payments from Medicare and private insurance must be tied more closely to quality, rewarding providers of the best care and supporting investments in information technology, said Janet Corrigan, an IOM healthcare official. "Payers are going to end up paying for IT," said Lucian Leape, adjunct professor of health policy at the Harvard School of Public Health and an IOM board member.

At a hospital level, boards "lack windows on the safety of their own organizations," an impediment to change, Berwick said. Individuals' lack of knowledge about the continuum of care as a whole can be alleviated with job swapping, said Peter Pronovost, medical director of the Center for Innovations in Quality Patient Care at Johns Hopkins University. For example, residents and nurses at Johns Hopkins hospital do another person's job for two hours to get a better view of the continuum of care and how it can be improved, Pronovost said. A recent *Modern Healthcare* cover story focused on industry progress on patient safety.

WHAT DOES TOILET PAPER
HAVE TO DO WITH EXCELLENCE?



OPERATIONAL EXCELLENCE

NAH MARKET STRATEGY & BHAGs

HIGH SATISFACTION

CUSTOMER FRIENDLY, POSITIVE COMMUNICATION,
NO HASSLES, NO WAITS, ALL “WOWS”

1st

**12 MO BHAG: EXTERNAL—95% TILE COMPARED TO ALL HOSPITALS
INTERNAL—95% SATISFACTION OVERALL, 90% EXCELLENT**

HIGH QUALITY

NO ERRORS, STANDARDIZED PRODUCT/SERVICE,
RELIABLE, INTEGRATED, SIMPLIFIED

1st

24 MO BHAG: TOP 100 HOSPITALS IN USA

LOW COST

EFFICIENCY FOR LOWEST POSSIBLE PRICE,
QUICKNESS IN TRANSACTIONS

1st

24 MO BHAG: TOP 100 HOSPITALS IN USA

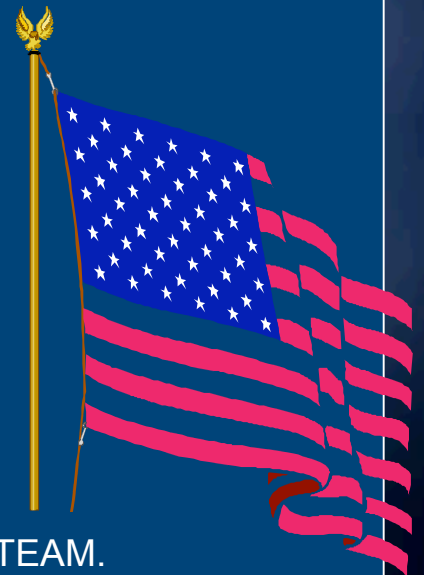
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BEST PEOPLE

STRONG DEVELOPMENT, BRILLIANT IDEAS, AGGRESSIVE TEAM.
WORLD CLASS PEOPLE PRODUCE WORLD CLASS CARE

1st

18 MO BHAG: 90% SAY, “BEST HOSPITAL I EVER WORKED IN”



THE NEW TRINITY: MEASURES OF OUR SUCCESS

TNT BHAGs

2002 Scoreboard

Current Period and Targets reflect YTD results

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HIGH PATIENT SATISFACTION

MEASURES	2001 Baseline	Current Period	BHAG Target
Patient Satisfaction – Overall Percentile Ranking	44 th	25 th	95 th
Inpatient	27 th	12 th	95 th
Outpatient Surgery	71 st	55 th	95 th
Outpatient Testing & Therapy	63 rd	34 th	95 th
ER	22 nd	13 th	95 th

HIGH QUALITY

MEASURES	2001 Baseline	Current Period	BHAG Target
Overall Clinical Effectiveness	93.6%	94.7%	94.3%
CHF Readmission			
30 Day	19.8%	9.8%	5%
90 Day	34.0%	24%	25%
% of ED Asthma Patients educated	41.3%	50%	100%
% of Patients stating pain was successfully controlled	83%	86.5%	100%
C-Section Rate	23.3%	22.3%	19.5%

LOW COST

MEASURES	2001 Baseline	Current Period	BHAG Target
Cost per Adjusted Discharge	\$4,630	\$4,805	\$4,795
Days in A/R	63.28	56.14	60
Operating Income	Breakeven	\$351,000	\$30,000
Average Length of Stay	4.09	4.08	4.00

BEST PEOPLE

MEASURES	2001 Baseline	Current Period	BHAG Target
Learning Hours Completed Per Associate	29.34	33.5	40
Associate Satisfaction Survey Percentile Ranking	99 th	99 th	99 th
Total Turnover Rate	17%	15.88%	<14%
# of Ideas Implemented	821	1,201	4,000

AT BAT	BALL	STRIKE	OUT	H	E
33	3	2	2	8	8

GUESTS	1	2	3	4	5	6	7	8	9	10	RUNS	HITS	ERRORS
	0	0	1	1	1	1	1	0	0	0	6	8	0
HOME	2	3	0	0	0	0	0	0	4	0	10	13	1

ASSOCIATE EXPECTATIONS

Advocate Trinity Hospital's **MISSION** is to serve the health care needs, body, mind, and spirit, of individuals, families, and communities on Chicago's South Side. As a place of healing, Trinity's **VISION** is to become a nationally recognized organization by distinguishing itself as a leader in:

- ★ Extraordinary customer service,
- ★ The best clinical outcomes,
- ★ The most cost effective care, and
- ★ Developing and retaining the best people.

Therefore, we have standards of performance and expectations of one another. Working on improving our Key Results Areas (KRAs) is the way we meet our mission and strive toward our vision.

HIGH SATISFACTION Customer Satisfaction...

Patient care is our priority. Our customers deserve the best possible care and attention. In everything we do, we must ask ourselves how our patients and customers would react to our actions, as our words and actions reflect upon the hospital. Thus, we insist that all Associates:

- ★ Live up to the performance standards for service excellence and
- ★ Participate in all service excellence initiatives and training classes.

In addition, Leaders:

- ★ Demonstrate support and follow through on all customer service improvement initiatives.
- ★ Demonstrate a functioning customer service team to improve the patient experience.

HIGH QUALITY Quality...

Only by providing the highest quality services can we meet the needs of our customers, achieve the best clinical outcomes and fulfill our mission. Therefore, Trinity Associates:

- ★ Participate in efforts to monitor, improve and report departmental quality improvement initiatives
- ★ Participate in a benchmark activity
- ★ Maintain their licenses, certifications, TB compliance, self-competencies and safety training as appropriate.

In addition, Leaders:

- ★ Implement process improvement opportunities
- ★ Participate in the annual CQI fair
- ★ Meet regulatory standards at all times

BEST PEOPLE People Growth...

Trinity's vision compels the continual development of the Associates' skills. Therefore, each Associate is expected to:

- ★ Develop an annual learning plan and track progress on a learning log
- ★ Complete 40 hours of learning annually.

Leaders who are committed to the development of Associates will:

- ★ Provide support to enable Associates to achieve their annual average of 40 hours of learning
- ★ Have learning plans in place for all Associates
- ★ Attend and complete assignments from all leadership team meetings
- ★ Actively participate (all shifts) in hospital wide activities
- ★ Actively participate on action councils, voluntarily or when requested
- ★ Maintain their voluntary turnover at 10% or less.

Innovation...

Innovation is using our creativity to make Trinity a better place to receive care, as well as to enhance our work environment. As Associates, we are also in key positions to see processes and conditions that need improvement. Associates are encouraged and expected to use their creativity to make improvements in all Key Result Areas (KRAs) by using the DIG (Do It Group) and JDI (Just Do It) process. All Associates are expected to:

- ★ Submit dynamite improvement ideas on JDI forms to their leader
- ★ Implement JDIs in the department
- ★ Participate on department or hospital DIGs.



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BEST PEOPLE *continued*

Innovation... (continued)

Trinity Leaders will:

- ★ Provide acknowledgement and feedback on ideas within 7 days of receipt of the idea
- ★ Complete department DIGs
- ★ Actively promote JDIs
- ★ Chair DIGs.

Organizational Climate...

With a healthy organizational climate, Trinity Associates will experience a work environment that is professionally and personally rewarding. Communication with Associates and active participation are key components of a high performing team. Therefore, Trinity Associates are expected to:

- ★ Attend and participate in staff meetings
- ★ Participate in hospital-wide and department activities.

To encourage the sharing of information, Trinity Leaders will:

- ★ Hold monthly staff meetings and communicate the meeting content to all Associates
- ★ Establish a system for regularly updating the department communication center.

In order to continually improve our workplace, Trinity relies on the candid feedback of Associates. Thus, each year, Associates are requested to:

- ★ Complete the Advocate associate satisfaction survey.

To provide encouragement to Associates who demonstrate the appropriate behaviors and strive for excellence, all Trinity Leaders will:

- ★ Maintain a departmental recognition program that provides at least monthly recognition for team and individual accomplishments toward Trinity's vision.

To be visible to Associates, provide opportunities for interaction and recognition and to observe the workplace environment, members of the executive team will make rounds on a weekly basis. Leaders will:

- ★ Make rounds in their work area daily
- ★ Consistently uphold dress code guidelines in order to show respect for our patients, families, and other guests.

Personal feedback helps each of us improve the way we provide service and interact with one another. Each Trinity Associate is expected to ensure on-time completion of the annual Performance Pathway. The Associate will

- ★ Send out coworker feedback forms prior to the review if desired or if requested by the Leader
- ★ Submit the self-evaluation to the Leader one month prior to the review date
- ★ Arrange a review meeting with the Leader prior to the due date.

LOW COST

Productivity...

In order to make the best use of our resources, everything that we do must be essential to our patients' experience. We need to continually challenge the way we do our work to eliminate duplication of activity and simplify processes. Each Associate is expected to:

- ★ Be fully productive during scheduled work time
- ★ Submit ideas for process improvement efforts in the department and hospital.

Leaders will:

- ★ Submit quarterly KRA work plans that demonstrate positive, measurable results in all seven Key Result Areas
- ★ Track and improve departmental productivity
- ★ Consistently address Associates' attendance challenges, as those are barriers to productivity as well as to department morale.

To insure that necessary work proceeds in a timely manner, Leaders are expected:

- ★ To answer voicemail and email within 24 hours
- ★ Respond to all requests by the deadline or to negotiate an extension.

Economics...

All our efforts must seek to avoid waste and to operate with less cost. Each Associate is expected to:

- ★ Submit ideas for reducing department/hospital costs.

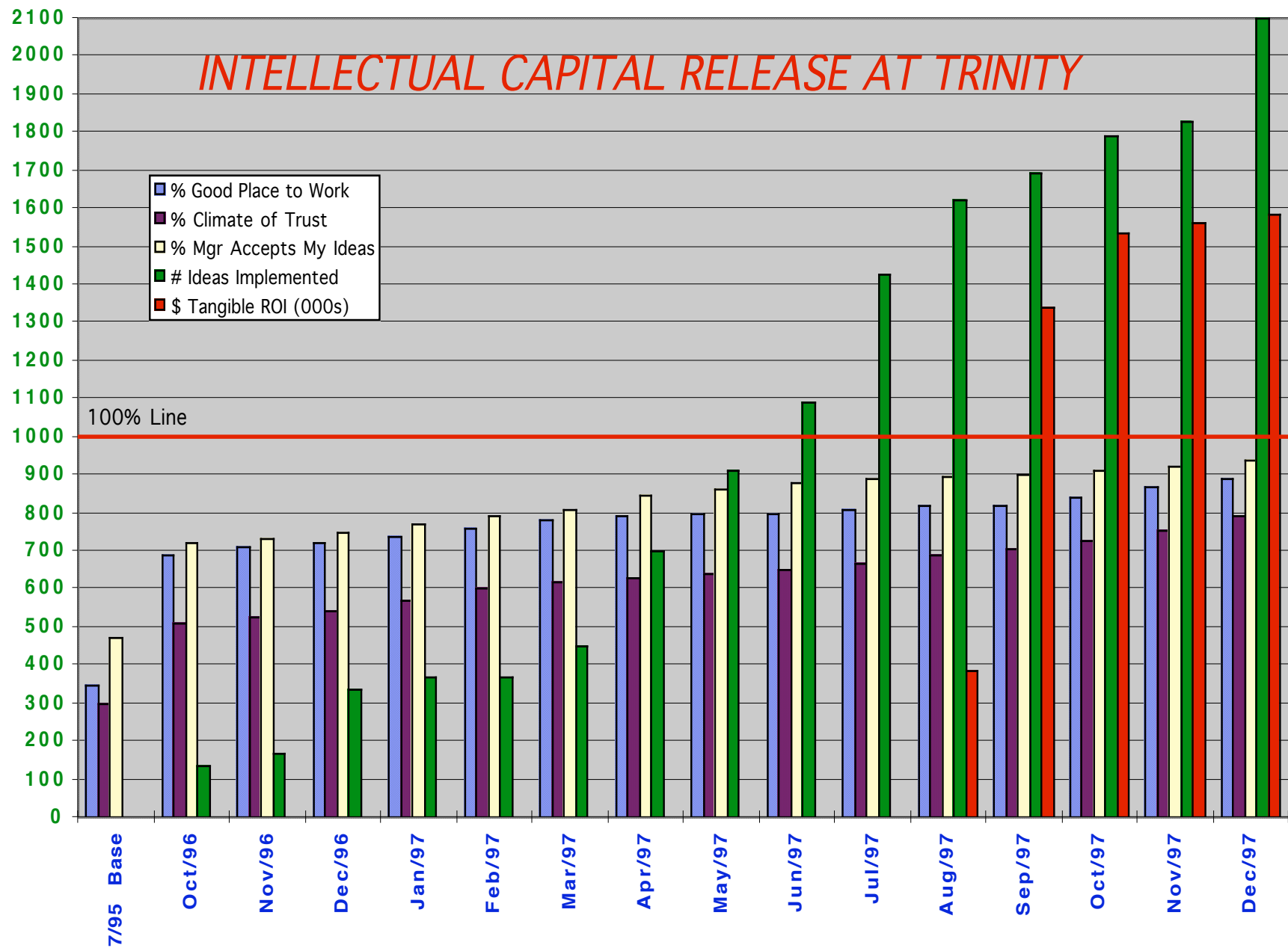
To improve financial management skills and ensure that Trinity remains financially healthy, Leaders will:

- ★ Obtain financial education sessions as needed
- ★ Meet or exceed their department flexible budget
- ★ Implement cost containment or revenue growth tactics and ideas.



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INTELLECTUAL CAPITAL RELEASE AT TRINITY



FANTASTIC MEMORIAL HOSPITAL

WHO ARE WE? WE'RE NEEDED & IMPORTANT

We are an army of 3000 highly skilled health professionals who intend to make a greater impact on the health of the communities we serve. We are the oldest and best hospital in the State.

WHAT'S OUR MISSION? WHAT WE'RE HERE TO DO

To aggressively care for the health needs of our communities, to move rapidly and comprehensively forward in implementing new treatment and prevention approaches, and to improve the quality of life for our Customers.

WHAT'S OUR VISION? HOW WE WILL CHANGE THE WORLD

We intend to become the premiere hospital in our region and to materially change and improve how health care is delivered. We will become one of the nation's top 100 hospitals, and a recognized leader and example to others.

WHAT ARE OUR BELIEFS? HOW WE WILL ALWAYS ACT

CUSTOMER—Always First
ACTIONS—Speak Louder Than Words
RESPECT = The Golden Rule
EXCELLENCE—In All That We Do

WHAT ARE OUR GOALS? HOW WE WILL SUCCEED

We must achieve four essential goals: High Satisfaction, High Quality, Low Cost, and Best People.
We will boldly pursue specific objectives and project initiatives, measure how we're doing, and create our future.
Each team is empowered to decide what work must be done to contribute to these goals and win.

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ORGANIZATION GOALS

HIGH SATISFACTION

OBJECTIVES	MEASURES	ACTUAL		TARGETS			INITIATIVES
<i>KRA: Customer Satisfaction</i>		MO	YTD	1997	1998	1999	
"Wow" Service	Overall % "Excellent" Rating			84%	86%	88%	
	Percentile Rating Against Other Hospitals			95%	97%	98%	
Zero Defections	% of Repeat Customers						

HI QUALITY

OBJECTIVES	MEASURES	ACTUAL		TARGETS			INITIATIVES
<i>KRA: Quality</i>		MO	YTD	1997	1998	1999	
Zero Defects	Mortality, Risk Adjusted* (Top 100)						
	Complications, Risk Adjusted* (Top 100)						
Comparative Performance	Progress Toward Top 100 Status (%tile)			60%	80%	95%	

LOW COST

OBJECTIVES	MEASURES	ACTUAL		TARGETS			INITIATIVES
<i>KRAs: Productivity, Economics</i>		MO	YTD	1997	1998	1999	
High Output/Input Ratios	Average Length of Stay* (Top 100)						
	Index Outpatient Revenues* (Top 100)						
Expense Control	Expense per Adjusted Discharge* (Top 100)						

BEST PEOPLE

OBJECTIVES	MEASURES	ACTUAL		TARGETS			INITIATIVES
<i>KRAs: People Growth, Org Climate, Innovation</i>		MO	YTD	1997	1998	1999	
Optimize People Growth	# Hours Training/Associate			20	40	45	
"Best Place to Work"	% Excellent Overall on Attitude Survey			80	90	95	
High Innovation	# of Implemented DIGs & JDIs			1500	1800	2000	

* Denotes a Top 100 Hospitals Measurement

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TEAM/INDIVIDUAL GOALS

HIGH SATISFACTION

OBJECTIVES	MEASURES	ACTUAL		TARGETS			INITIATIVES
		QTR	YTD	1996	1997	1999	

HI QUALITY

OBJECTIVES	MEASURES	ACTUAL		TARGETS			INITIATIVES
		QTR	YTD	1996	1997	1999	

LOW COST

OBJECTIVES	MEASURES	ACTUAL		TARGETS			INITIATIVES
		QTR	YTD	1996	1997	1999	

BEST PEOPLE

OBJECTIVES	MEASURES	ACTUAL		TARGETS			INITIATIVES
		QTR	YTD	1996	1997	1999	

HOME, HOME ON THE RANGE

*WHERE THE DEER AND THE ANTELOPE PLAY
WHERE SELDOM IS HEARD
A DISCOURAGING WORD
AND SKIES ARE NOT CLOUDY ALL DAY*



THE
NO NEGATIVE ENERGY
RULE

ATTITUDE

TALK HAPPINESS. THE WORLD IS SAD ENOUGH
WITHOUT YOUR WOES. NO PATH IS WHOLLY ROUGH;
LOOK FOR THE PLACES THAT ARE SMOOTH AND CLEAR,
AND SPEAK OF THOSE, TO REST THE WEARY EAR
OF EARTH, SO HURT BY ONE CONTINUOUS STRAIN
OF HUMAN DISCONTENT AND GRIEF AND PAIN.

TALK FAITH. THE WORLD IS BETTER OFF WITHOUT
YOUR UTTERED IGNORANCE AND MORBID DOUBT.
IF YOU HAVE FAITH IN GOD, OR MAN, OR SELF,
SAY SO. IF NOT, PUSH BACK UPON THE SHELF
OF SILENCE ALL YOUR THOUGHTS, TILL FAITH SHALL COME;
NO ONE WILL GRIEVE BECAUSE YOUR LIPS ARE DUMB.

TALK HEALTH. THE DREARY, NEVER CHANGING TALE
OF MORTAL MALADIES IS WORN AND STALE.
YOU CANNOT CHARM, OR INTEREST, OR PLEASE
BY HARPING ON THAT MINOR CHORD, DISEASE.
SAY YOU ARE WELL, OR ALL IS WELL WITH YOU,
AND GOD SHALL HEAR YOUR WORDS AND MAKE THEM TRUE.

—Ella Wheeler Wilcox