



Driving Strategic Transformation & Embedding Accountability at TriHealth, Inc.

A Case Study | 2007

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Executive Summary

TriHealth, Inc. is a \$1.2 billion healthcare organization in Cincinnati, Ohio. In 2005, TriHealth executives made a strategic decision to transform their collection of hospitals and other locations into a true, integrated “health system.” To do so, they needed to resolve challenges including:



- Strong growth including acquisitions, but needing enhanced integration and alignment of multiple business units
- Rigorous focus on financial performance, but less on other key areas
- Lack of consistent ways to measure success in their new strategic growth paradigm
- Fractured focus on organizational problems due to lack of insight into leading causes
- Too many organizational initiatives (greater than 200)
- Challenges with data integrity, reporting frequency, and accessibility, especially in non-financial areas such as HR, Quality, and internal processes
- Large matrixed organization creating overlapping responsibilities, leading to unclear accountability

To help the organization examine and report on progress toward addressing these issues, while striving to achieve their system strategy, TriHealth’s President and Chief Executive Officer, John Prout sought a “Balanced Scorecard” that would be a succinct and easy-to-understand report for management and especially for his Board of Trustees.

“We looked at multiple options for implementing a Balanced Scorecard at TriHealth. We needed software that addressed our technology needs and – just as importantly – strategic consulting expertise to help our organization embrace the management system,” explained Kathye Habig, Director of Performance Improvement and Consulting for TriHealth.

TriHealth selected ActiveStrategy strategic consultants to help develop a new management system based upon the Balanced Scorecard methodology and also chose ActiveStrategy Enterprise (ASE) software to automate and deploy it. Since implementing this new management system, which TriHealth dubbed their “Compass Management System,” TriHealth has seen:

- Greater focus on key strategic issues linked to the health system’s strategy
- Accountability for performance results through the Scorecard owners
- Greater data transparency and clarity, which has resulted in improved performance of key measures, as well as better organizational readiness for public reporting and regulatory audits
- More focused business reviews, using cascaded Balanced Scorecards in operational and functional areas
- Improved ability to solve high-level problems by resolving lower-level causes
- Progress toward achieving their strategic Vision of becoming a premier integrated health system

Background

TriHealth, Inc. is an 1,100-bed Cincinnati-based healthcare system comprised of two major tertiary-care hospitals, more than 9,000 employees, 2,000 physicians, and 1,600 volunteers, all dedicated to delivering personalized, compassionate care at more than 50 locations, including two hospitals, two inpatient Hospice locations, physician offices, plus fitness, rehabilitation, occupational health, and outpatient centers.

Founded in 1995 as a joint operating agreement between two hospital systems that included three leading acute-care hospitals, the organization spent its early years undergoing a significant financial turnaround, which included closing one of the hospitals.

By 2003, TriHealth experienced positive operating margins and was being recognized for its success, repeatedly being named a Solucient Top 100 Hospital, one of Cincinnati's "Best Places to Work," a top employer nationally by *Working Mothers* magazine, one of the top 100 "Most Wired," as well as one of the top 25 "Most Wireless" hospitals.



The "Burning Platform" That Drove the Change

Despite these achievements, TriHealth executives saw an opportunity to accelerate their success by transforming the organization into a true "health system." Part of this transformation included growth. TriHealth completed a \$150 million expansion at one of its hospitals, which increased inpatient capacity by 45% and took it from what was once a small community hospital to a 400-bed tertiary care facility and the area's second busiest adult trauma center. Simultaneously, the other hospital underwent a \$122 million modernization and expansion that included a new 10-story tower and a new national training site for robotic-assisted surgery. In addition, a new \$31 million state-of-the-art ambulatory center opened in the rapidly expanding northern region.

But to complete the transformation into a premier health system, TriHealth needed to do more than just get bigger. It needed to develop a more performance-based, strategy-driven, quality-focused culture.

This was no small feat to achieve within the complex operations of a large, multi-facility, and rapidly growing healthcare organization. The system's business units are very inter-dependent, yet often lacked good ways to coordinate efforts. The larger the system, the more complex these problems can become.

Aligning the business units with TriHealth's strategy required that executives first clarify the strategic objectives and then deploy them in such a way that the complex workforce would understand the objectives. To reach this end, employees would need to clearly see how their individual efforts aligned to the system goals and the goals of inter-dependent departments. They would also need to feel "bought in" to the way they would be measured and ultimately feel personally accountable for their portion of the organization's success.

The Solution - Build Balanced Scorecards & Automate Them

The TriHealth executive team determined that a Balanced Scorecard management system – using web-based software – would help them drive the changes they sought, because it would enable the organization to:

- Communicate strategy to all organizational levels using a consistent framework and tool
- Ensure resources are applied to highest priority improvement initiatives
- Align efforts to the strategic needs, both across the six business units and down the hierarchy
- Have “drill-down” visibility into related strategic objectives, metrics, problem areas, and status of organizational initiatives
- Conduct more productive Business Reviews, which in turn would drive accountability and results
- Link the work demanded by the organization’s initiatives with the HR performance system

Starting early in the process, TriHealth partnered with ActiveStrategy management consultants to build the content for TriHealth’s Balanced Scorecards. First, a top-level Scorecard was developed that reflected the system’s strategic plan and focused on the most pressing objectives. Next, Scorecards were created that began to link the six business units to the top-level objectives and system goals. Then, key improvement initiatives were identified and prioritized, based upon performance improvement opportunities.

As this work was being done, the Scorecards were being loaded into ActiveStrategy’s ASE software, which automates and links the multiple layers of “cascaded” Balanced Scorecards. At this point, ActiveStrategy consultants began coaching the TriHealth executives and their management teams on the underlying business management methodologies that support TriHealth’s Compass Management System, as well as on how to effectively use the software as a true business management tool.

Habig explained that “the software goes beyond simply reporting performance; instead it actually drives the performance-based management system. It establishes visible links between the corporate strategy and the work within our system’s six major business units, allows a transparency into performance that we’ve never had before, and creates accountability throughout the organization in a non-threatening manner.”

More Productive Performance Discussions

TriHealth’s Compass Management System, automated within ASE software, has led to an enhanced way for the organization to discuss performance. Rather than reviewing static reports of sometimes older data, executives and managers can now log in to the online system and quickly see how well the organization is currently performing in the defined strategic objectives. They may then click to “drill down” and see how contributing measures are performing, view progress of aligned performance improvement initiatives, and even see individual employees’ names associated with every objective, measure, and project.

Prior to working with ActiveStrategy, TriHealth had various “dashboards” in existence, but they were basically stand-alone pieces of paper and spreadsheets. They were not necessarily aligned to the strategy, they were disconnected and thus not able to reveal cause-and-effect relationships, and there was no way to interact with them in real time.

The cascaded Balanced Scorecard system in ASE software has replaced all of these disparate tools with one, comprehensive communication framework, which articulates the organizational strategy and allows everyone to see progress toward its achievement. "The CEO uses the software to review his Scorecard both with the Board and within our organization, ensuring that we are all on the 'same page' in terms of what TriHealth needs to accomplish," explained Habig.

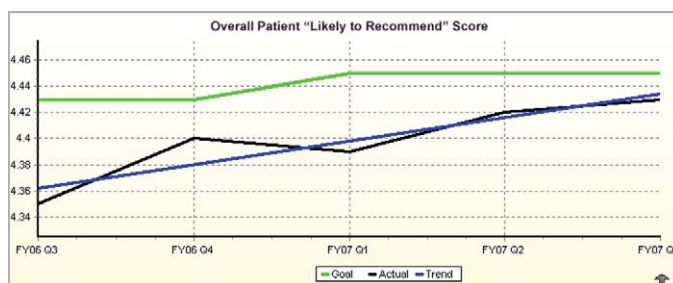
Successfully Steering the Culture toward Accountability

TriHealth dedicated a small team to implementing the Compass Management System. This team developed a robust communications plan to roll out the framework, plus a very personalized approach to train Scorecard teams on the methodology, the software, how to map key processes and track their outcomes on Scorecards, and how to improve cross-functional communication and coordination.

In addition to solid change communication, another key to the rapid success at TriHealth has been the implementation of Scorecard-based Business Reviews. These reviews, conducted within the ASE software, allow for a much more productive discussion of performance than ever before, as well as a higher degree of accountability at all levels of the organization.

For example, the COO of one of TriHealth's hospitals found – while reviewing his Scorecard during a Business Review – that though his area had been consistently below target in a strategic measure for Patient Satisfaction, he had no projects or initiatives to improve the measure. His staff knew this was a strategic focus area, but nobody truly owned it. By implementing Scorecards and reviewing them regularly within ASE software, this gap became quickly apparent. Improvement initiatives were soon put in place and progress was monitored at subsequent Business Reviews. The hospital is now on-track to meet targeted levels in this strategic measure. By focusing on the Scorecards and utilizing the knowledge gained during the consulting phases of the project, similar results have been achieved in other operational and clinical measures.

Tracking Progress of Strategic Measures (Examples from TriHealth's ASE System)



Since focusing on Service Excellence in Scorecard-based reviews, the patient satisfaction trend line has risen steadily.



Clinical quality measures have also benefited from the new focus and aligned improvement efforts.

The Scorecard-based Business Reviews began at the very top, with the CEO setting expectations by reviewing the corporate Balanced Scorecard within ASE software at quarterly leadership meetings, as well as to the TriHealth Board. The CEO also attends other monthly business reviews to participate, and to reinforce the importance to the organization.

The Business Reviews occur at all levels of the cascaded Scorecard framework and focus on the cause-and-effect relationship between the strategic objectives and their drivers, allowing the organization to start tracking leading indicators instead of lagging outcomes so they can fix problems earlier and more effectively.

To further support the change to the new management system, monthly Scorecard User Group meetings were established, which provide a venue to share best practices, to increase understanding of the Balanced Scorecard and related methodologies, and to learn how to optimize all the features within the software. The ASE System Administrator actively participates and encourages Scorecard owners and “power-users” of the software to discuss concerns so they can be quickly researched and resolved.

New Levels of Clarity & Focus

In addition to the system-wide improved accountability for strategic performance, data integrity and accessibility have improved since connecting TriHealth’s existing data warehouse and other data sources. The ASE System Administrator, based within the Decision Support group, tracks the input of measures and initiatives to ensure that data is up-to-date in the system, utilizing the management reports available within ASE.



Habig explained that “performance results have never been as transparent as today; the Scorecards are accessible to leaders and we are well-prepared for public reporting.”

The focus of the entire TriHealth organization has shifted to become more strategic, narrowing down the number of measures and initiatives on the Scorecards to the ones that will have the biggest impact on ‘moving the measures’ to achieve the organization’s strategy, and ultimately the Vision.

Habig went on to acknowledge that “this is a two- to three-year journey; it has taken a lot of effort and created some organizational ‘tension’ as we transform, but we already know that the Scorecard software, coupled with the knowledge we have gained through this process, is enabling TriHealth to be a best-in-class health system.”

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