Pulling it all together

How a lean management system and leader standard work can align daily activity with the strategic priorities of a healthcare organization.
The lean management system

Pure elation. That’s how many participants feel following their first kaizen event or workshop. Over the course of several days they have been part of a team that has mapped out the targeted process, timed the delays, and counted the handoffs. Then they’ve worked together to design a new and dramatically improved workflow, and even begun to implement the changes.

At the end of the final day, the team typically presents the process changes and early stage results to executives. For many it’s their first taste of a disciplined, bottom-up approach to problem solving, and it’s exhilarating.

Over the past decade lean thinking and process improvement techniques have been applied in just this way to make dramatic improvements in treatment and patient flow through the emergency department, in operating rooms, and in many other clinical areas from the pharmacy to the receiving dock. Such changes have contributed to measurable improvements in both the quality and safety of care and the patient experience.

If such projects are managed well, if all homework is completed and progress is reviewed after 30, 60 and 90 days, odds are good that the process changes the team has implemented will stick, and the improvements will be sustained. Unfortunately, such management follow up often doesn’t occur.

Relying on discrete workshops to drive organization-wide improvement can create isolated areas of excellence and results that, while impressive on paper, don’t align with strategic priorities or yield clear financial benefits. The problem is, while staff members get a taste for the dramatic improvements that can be made and an understanding of the tools, such efforts remain separate from their everyday responsibilities. This is one reason why lean has become an erratic project-driven war against waste in many healthcare organizations — a war that depends entirely on the efforts of a few organizational development or continuous improvement specialists.

Your organization’s opportunities for improvement are endless. Your top-down capacity to execute, internalize and sustain changes is limited. Because of this, leaders of healthcare organizations have to empower and train everyone to be effective problem solvers, and then focus their efforts on solving the problems that matter most to the organization. As described in this management briefing, this is the core benefit of implementing a lean management system and pursuing what RCG refers to as a “full transformation.”

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What is a management system?

Whether it’s tacitly understood or explicitly defined, every organization has a management system. The management system determines how work is assigned and executed. It guides how performance is measured and reported. It prompts manager and supervisor reactions to daily issues. It determines how executives budget their time, when they schedule meetings, how they manage those meetings and how they communicate with staff. On a cultural level, it shapes expectations and guides how people interact with one another.

A healthcare organization that adopts a lean management system performs better by aligning daily management activities with strategic objectives. A lean management system quickly identifies where organizational performance is failing to meet expectations and brings actual performance in line with expectations by:

- Establishing and maintaining a baseline performance level as a springboard for improvement
- Monitoring daily performance and identifying shortfalls at a granular level, dramatically shortening the response/solution cycle when issues arise
- Maintaining process changes and sustaining performance gains
- Connecting special projects and everyday improvement efforts with the organizational strategy
- Executing strategic projects better, thereby enhancing the organization’s ability to meet and exceed performance targets (time and budget)
- Developing the problem-solving mentality and skills of all employees
- Instilling a coaching mindset in managers

The returns from implementing a lean management system will depend on the strategic goals of the organization. But in general, a healthcare organization that more fully realizes its strategic goals will:

- Achieve better quality care (outcomes), provide a better patient experience, and improve patient and worker safety
- Respond faster and more effectively to regulatory and reimbursement changes
- Perform better financially (lower costs, higher margins, faster than average growth)
- Reap the many benefits when clinicians and staff develop their problem-solving abilities and think about continuous improvement every day
- Maintain forward momentum when leadership changes and after consultants leave
- Cultivate deeper employee engagement and satisfaction, and attract and retain the most talented people.

“The role of a leader in a lean management system becomes less like a firefighter and more akin to a teacher or coach.”

What does a lean management system look like?

Almost every hospital manager and administrator is promoted based on his or her ability to fight fires and get things done. How they’ve accomplished that is usually a function of their personality and innate leadership abilities. In many cases they’ve been rewarded based on individual incentives that optimized performance in their departments with minimal consideration for the broader organization.

By establishing common practices and behavior, a lean management system standardizes more proactive leadership practices that help maintain alignment with the organization’s goals and mission. The role of a leader in such a system becomes less like a firefighter and more akin to a teacher or coach who is primarily focused on developing the critical thinking and problem-solving skills of employees.

The five core elements of a lean management system, which we will explore in more detail below, directly support this redefinition of leadership roles and responsibilities. These elements are:

1. Standard work for front-line clinicians and staff members
2. Visual management practices
3. A daily leadership process for frontline leaders
4. Standard work for sponsors and leaders to keep improvement efforts on track
5. Strategy deployment to align work around the mission, vision and strategy.
Lean management requires systems thinking

By Mike Kaupa
Principal, Rona Consulting Group

When you ask what they do for a living, people in most industries start with the organization they work for and then talk about the product or service that organization provides. By contrast, in healthcare people tend to start with their technical discipline or profession: “I’m a radiation technician.” “I’m a surgical nurse.” “I’m an ER physician.”

That’s also how many healthcare leaders view and try to manage their organizations. If each function and specialty is managed well, their thinking goes, then the organization as a whole will be effective. Such an approach to optimization fails to consider the basic tenets of systems thinking. Like negative drug interactions, what works best in isolation doesn’t always work well—and can be deadly—in combination.

The systems thinking embedded in a lean management system starts from an entirely different perspective: the customer or patient value stream. Value streams follow the patient journey across multiple departments, with all of the suboptimal handoffs and local optimization efforts. A value stream mapping exercise makes it possible for people to see the whole value stream.

Implementing a lean management system introduces a value stream perspective and a time-sensitive culture that revolves around the needs of patients and families. Such a culture is deeply intolerant of mistakes and defects. When a failure happens, such as a patient injury, management does not schedule a meeting for sometime next week. What happens, even if it’s 4:00 a.m. on a Sunday, is that everyone immediately goes to the point of failure in the value stream. This vastly increases the likelihood of identifying the root cause and preventing any recurrence.

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Standard work establishes the basic requirements for acceptable quality. “Without standards, there can be no improvement,” said Taiichi Ohno, one of the originators of the Toyota Production System, the historical foundation of lean thinking. The degree to which healthcare processes can be standardized varies by area. Standard work will be more fluid in the emergency department, for example, than in a specialized surgical center.

Visual management tools show when the work is in control or out of control, displaying up-to-the-minute performance much like a scoreboard at a sporting event. This is especially useful in healthcare settings where, unlike a factory, indications that work has been done aren’t visible. Visual cues can also be used to indicate when standard practices and quality controls are followed.

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For lean management purposes, performance boards or “visibility walls” provide a focal point for employee discussions around current issues, responsibilities and corrective actions. In addition to showing the status of work-in-progress, these walls display audit results, improvement ideas and implementation plans, and quality failures and responses.

**Frontline leader visibility wall**

As part of their daily leadership process, frontline leaders use these displays during brief daily staff meetings, or huddles, to review current performance and how problems are being resolved. In keeping with standard work, these meetings should follow a set agenda. They may start with a patient experience safety review, followed by the day’s workload and staffing, improvement project review, and conclude with a summary of learnings from the previous day. The purpose of the visibility wall is to understand whether or not processes are running as designed (following standard work), that problems are being solved by employees, and that the targeted results are being achieved.

When leading the discussion around any problems or performance issues—rather than immediately offering his or her own solutions—the frontline leader follows a standard set of questions. The five problem-solving questions are:

1. What is the target condition?
2. What is the current condition?
3. What is in the way?
4. What are the planned countermeasures?
5. When can we go and see how it’s working?

Practiced daily by managers at all levels, this cycle of questions will eventually become ingrained in the culture of the organization.

**Standard work for sponsors and leaders** also revolves around a visibility wall, only this time it’s focused on improvement efforts at the value stream or department level. These reviews, which typically take place on a

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**The lean leadership model**

By Sam Carlson MD, FACP
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Many leaders of healthcare organizations are trapped in traditional management models that they learn getting their MHAs and MBAs. They believe they can understand their operations by looking at spreadsheets. Their work days are full of activities that don’t add value, especially long meetings when little gets done far away from the places that are actually creating value.

They are seldom involved in identifying root causes, and then wonder why the same problems keep coming up. It’s a pretty frustrating job, which is why the longevity of many healthcare leadership careers is pretty short.

To drive improvement you have to go and see. Much of a leader’s time should be focused on understanding the work and demonstrating the behavior that supports continuous improvement and respect for people. They must teach people how to be critical thinkers and problem solvers by asking a series of questions.

The cycle starts with: Why are we not at our target condition? Why are we not achieving what we’ve expected? Next, instead of identifying the reason and telling people what to do, leaders have to ask the people who are directly responsible: How do we reach the target condition? What are your recommendations and ideas? Why do you think that will work? Are you sure it will be sufficient? And finally, after they’ve decided on the countermeasure: When can we go and check to see if it’s working?

One element of this approach that is frequently overlooked is that managers have to provide the time for the people who know the most about the work, who are doing the work every day, to think about improving the work.

It’s not just the manager or process owner who goes and sees. It’s the executive too. You can’t do that sitting in your office. You can’t do that looking at reports. We call this “genchi gembutsu.” It’s a critical element of lean leadership.

As chief medical officer and executive vice president of Park Nicollet Health Services from 2002 to 2009, Sam Carlson, MD, helped lead one of the early major implementations of the Toyota Production System in the healthcare industry.
weekly basis, include the status of past kaizen projects, improvement activity for the current week, and addressing any challenges that require executive attention.

At whatever level these performance reviews occur, managers must assign responsibility for finding solutions, document those assignments, and then follow through to make sure assignments are completed. If it’s everyone’s job to fix something, it’s no one’s job. The leader’s job is to ask the questions, set priorities and assign accountability. Then they need to remove any barriers and keep track of what work needs to be completed by when.

The final element of a lean management system is ideally the first because it revolves around strategy. Strategy deployment, also known as hoshin kanri, connects long-term strategic goals that emerge from executive strategy sessions with specific annual goals, projects and individual manager assignments.

Strategy deployment forces leadership teams to set priorities and assign resources in order to meet competitive challenges. It also forces the organization to discontinue projects that do not support strategic goals. Long-term initiatives tend to be systemic, crossing multiple value streams and support functions, including external suppliers. To be realized they require regular status reviews that follow the five problem-solving questions at other levels of a lean management system, starting with the current and target conditions, identification of barriers, and the timely pursuit of countermeasures.

True respect for your people

This management briefing has provided an overview of the benefits of a lean management system and its primary elements. The principles and practices presented here are derived from the Toyota Business System, which evolved from the factory-oriented Toyota Production System. At a high level this approach emphasizes the two principal management value streams within any organization: 1) improving processes, and 2) developing people.

Every executive says publicly that its people are an organization’s most valuable asset. As everyone has felt at some point in their careers, how most organizations are managed fails to reflect this value.

A lean management system demonstrates respect for people doing the work by aligning their daily work and improvement efforts with the strategic direction of the organization. It ensures that the changes they work so hard to make are sustained. The end results benefit all stakeholders: patients, physicians, support staff and administrators alike.
About Rona Consulting Group

Rona Consulting Group (RCG) is a management consultancy serving integrated healthcare systems, hospitals and clinics, medical suppliers, and government organizations. RCG develops lean leaders and assists in transforming organizations through educating, training and coaching executives, managers, clinicians and frontline staff.

RCG improvement work ranges from the strategic planning process at the top of the organization to complex clinical processes within care delivery and the supporting administrative processes. Since 2007, RCG has designed and led groundbreaking applications of lean management to operations in the ER, OR, lab, inpatient flow, and clinics, and to processes in administrative support, revenue cycle, supply chain, human resources, medical records, group practice management, credentialing and clinical research.