Lean Leadership Development Program
at
Carolinas Healthcare System

Dr. Michael E Johnston
Jamie Hartz, MS, PT, MBA
Carolinas HealthCare System
June 6, 2017

Agenda
I. Introductions
II. Carolinas HealthCare System
III. LLDP Creation
IV. LLDP Structure
V. LLDP Results
VI. Research Questions
Michael E Johnston, DM
Vice President, Corporate Operations

Michael E Johnston is a Vice President within Corporate Operations for Carolinas Healthcare System. Michael’s varied career includes health care and manufacturing to include running an eight-hospital network, leadership development; coaching; recruiting; business development; training program development and delivery; the leadership of multi-functional work teams; lean facilitation; and customer service.

Michael has been instrumental in positioning previous healthcare systems as leaders in developing and implementing a lean management system for their hospital networks. Under Michael’s leadership, these hospitals have achieved consistent improvement in patient quality metrics and unit cost expense reduction. Michael is a frequent speaker on leadership and lean topics to include trends, issues, and success strategies. Michael has spoken at both industry and health care conferences in the U.S. and Europe for organizations such as PLAN, APICS, Rural Health Care Conference, HVN, Rieter International Leadership Conference, BAMA and TEAM (Toyota Europe Automotive Manufacturers).

For almost 25 years Michael has guided the careers of mid-level and senior executives in implementing a lean management system that fosters leadership success and facility growth. Michael has been recognized for his leadership accomplishments, winning an “International Leadership” award from Camfil Farr in 2006. Prior to joining Mercy Medical Center North Iowa, Michael was a Plant Manager for Camfil Farr and an ex-patriate for UGN, Inc. advancing leadership and lean management systems in multiple facilities while working abroad in Europe.

Michael has a Bachelor of Science Degree from Purdue University in Organizational Leadership and Supervision, his Masters in Business Administration from Thomas More College as well as his Doctorate of Management in Organizational Leadership.

Jamie Hartz, MS,PT, MBA
Administrative Director, Carolinas Medical Center

Jamie joined Carolinas Medical Center a Level I Trauma Center with Carolinas HealthCare System in December 2009. In 2015 she was a participant in the Lean Leadership Development Program and prior to served as Director of Physical and Occupational Therapy at Carolinas Medical Center. Currently, Jamie is an Administrative Director for Carolinas Medical Center with administrative oversight of the critical care units encompassing 121 beds representing five Intensive Care Units. Other responsibilities include strategy development and execution for Lean engagements in coordination with the Performance Excellence Center and development of teammates in leading within a lean management system.

Prior to joining Carolinas HealthCare System she was involved in leadership positions and clinical practice in outpatient rehabilitation facilities in Michigan and Minnesota.

Jamie has a Masters of Science in Physical Therapy and a Masters in Business Administration both from Grand Valley State University in Grand Rapids, MI.
Carolinas Healthcare System

• BY THE NUMBERS:
  • $10 Billion in Revenue
  • 39 Hospital Locations
  • Over 940 Care Locations
  • 62,000+ Employees
  • 3,100 Doctors and Advanced Clinical Practitioners
  • 15,000+ Nurses
  • 7,400 Licensed Patient Beds
  • 12.5 Million Patient Encounters Each Year
  • 1 Million Patients in our Primary Care Network
  • Invested $1.65 Billion in Community Benefit in 2015

Mission and Vision

MISSION
To improve Health
Elevate Hope
Advance Healing - for all

VISION
To be the first and best choice for care.
Lean Drives Organizational Improvement…

Lean is a powerful driver of performance. Much more than a set of quality improvement tools. Lean is a philosophy, a culture, a management system – it is how a business is run.

- Apply industry-leading practices to drive dramatic improvements in quality
- Establish a culture of operational excellence – make operations a strategic advantage
- Develop a winning spirit!

…But, Successful Lean Transformations are Rare

The challenges involved in implementing a Lean system are well-documented. Most sources report that fewer than one in ten companies attempting to adopt Lean as an organizational strategy are successful.

- Many companies engaged in lean transformations have shown only modest levels of improvement in only select portions of their businesses
- Less than 10% of companies implementing lean do so successfully
- Few companies outside of Toyota and its suppliers are successful in adopting a lean management system, with success rates as low as 2% of those trying to implement such a system.

Sources: Emiliani & Ster, 2005; Womak & Jones, 1996; Keenigascher, 2005; Meyer & Waddell, 2007; Bhasin & Burcher, 2006; Mora, 1999; Badurdeen & Gregory, 2012
Reasons for Failure

• Tools and events focused – very little effort focused on continuous daily improvement
• Not embracing a waste elimination mentality
• Lack of a “gemba” focus
• Leadership skills and behaviors do not match the competencies required to succeed in a Lean Environment
• Incorrect organizational structure to support a Lean System

Lean Management System

What it is

What it is important

Characteristics of Successful Lean Transformations

Characteristics of Failed Lean Transformations

Leadership Practices, Behaviors
(What we do: What we believe)

Structure
LLDP (Lean Leadership Development Program)

WHY WAS LLDP STARTED?
WHY WAS LLDP STARTED?
(Lean Leadership Development Program)

- 86% of companies with strategic leadership development programs are able to respond rapidly when faced with changes;
- 65% of organizations with mature succession management programs are effective at driving improved results through leadership skills;
- Most critical leadership skills “gaps” are critical thinking/strategic planning, innovative thinking/creativity, and transformational change/change management;
- 79% of healthcare organizations are designing in-house, customized programs.
- Investment in leadership development programs;
  - Improves financial performance
  - Attracts and retains the best talent
  - Drives a performance culture.

Sources: American Hospital Association Leadership Survey (2013); Center for Creative Leadership (2009).

The Current Lean Paradigm

- People often equate “Lean” with the tools that are used to create efficiencies and standardize processes
- Implementing tools represents at most 20% of the effort in Lean transformations
- The other 80% of the effort is expended changing leaders’ practices and behaviors, and ultimately their mindset
  - Too often the response is……
  - “Give me the tool for the quick fix”
Leadership Behaviors

• Behavior – i.e. the customary way of doing things – both creates and reflects the actual culture regardless of the official definitions of what is to be done or how
• Behavioral science shows that reinforced behaviors persist, which helps explain how cultures develop
• In an organization, the most important source of reinforcement is leadership
  — “The way we do things…” reflects leaders' reinforcements, conscious or not
• The failure of most Lean initiatives can be pinned on a failure to change leadership practices and behaviors

Lean Leadership Gap

• Too often attempt to directly solve problems themselves from the office or the “top”
• Don’t understand the nature of value-creating processes (or waste) and work
• Fail to create and build a management system required to sustain improvement after they are gone
  Result: Culture does not stick and any improvements realized leave with the leaders departure
Leadership Transformation

• Eliminate the need for “silver bullet” leadership or the heroic leader
• Establish a lean management system that constantly looks for and identifies waste (teaches us to see)
• Establish a lean management system that constantly improves every value-creating process by engaging all staff (teaching to solve)

Sid Duck
LLDP Program Structure

WHAT DOES IT LOOK LIKE?

What is the Lean Leadership Development Program?

- A “job rotation” program allowing CHS leaders to transition from their current position into the Performance Excellence Center full-time for a 12-month period
- Leaders will learn and demonstrate Lean skills, competencies, and behaviors by:
  - On-the-job application of continuous improvement and leadership skills necessary to engage and lead a skilled workforce to support the delivery of excellent patient care and operational efficiencies in a continuous improvement system
- Intent:
  - Develop internal leaders with the knowledge, skills, behaviors, and competencies to apply and spread the CHS Lean Management System across the organization
  - Focus on career development, skill optimization, and modeling the leadership expectations needed to support a Lean transformation at CHS
Program Phases

1. Selection
   - Operation leader level (Supervisor to AVP is nominated by EVP, SVP, or VP
   - Completes interview process beginning in next phase
   - Leader exhibits strong leadership skills and willing to develop teammates after completing the program – mentorship
   - Upcoming engaged areas placement recommended

2. Development
   - Leader transitions full-time to Performance Excellence Center for 12-month period
   - Leader received a deep knowledge of Lean concepts and tools with practical application through blended approaches (activities, work projects, structured conversations)

3. Evaluation
   - Continuously monitor leader’s performance against a development assessment plan
   - Leader is provided individual coaching, training, and mentoring

4. Transition
   - PEC reviews leader’s performance and transition plan with their senior leadership
   - Strategic pilot area engagement
   - Senior leadership has first choice in accepting leader back in their area or they are placed in an interdepartmental pool until a position is assigned
Program’s Advantages

- CHS Strategic Goals and Objectives:
  - Optimize workforce skills
    - Lowers investment in recruitment of ‘external’ lean resources
    - Educates leaders in CHS lean standards “CHS Way” to complement their healthcare experience
    - Creates a seamless pipeline of skilled, transformational leaders and flexible career pathways
  - Reduce turnover and increase leader loyalty
    - Invest in leaders and they will invest in you
    - Better able to plan and meet future workforce needs, ensuring that CHS has a pool of Lean experienced leaders
    - Promotes high-performance and engaged culture

Program Advantages

- Senior Leadership
  - Highly skilled lean leader
    - Demonstrated application of lean skills, competencies, and behaviors to include concepts and tools creating a continuous improvement environment focused on excellent patient care
    - Provide coaching, education, and mentoring to their operational teammates – “Respect for People”
    - Ability to leverage their learning to initiate, implement, and sustain quantitative improvements in their workplace

- Operational Leader
  - Career Growth
    - Improved skills as a transformational leader, problem solver, coach/mentor and system thinker
    - Ready to lead and manage change from both the individual and system perspectives to support transformation of care delivery model
The American Council on Education's College Credit Recommendation Service (CREDIT®) connects workplace learning with colleges and universities by helping adults gain access to academic credit for formal courses and examinations taken outside traditional degree programs

- Awarded 33 academic credits
  - Lean Leadership Development
  - Lean Certification Program
- Faculty Reviewer Comments (select examples)
  - Capstone assignment is extremely well designed, allowing the emerging leader a rich and significant experience in a learning laboratory that emulates the context in which they will be leading.
  - The Capstone provides, in a controlled environment, the time and support for learning to be real and meaningful.
  - The model is worthy of replication in other organizations focused on quality of care and quality improvement.
  - This is a well-developed course which aligns with the upper-levels of Bloom's Taxonomy.
The International Association for Continued Education and Training is the premier standards-setting organization for continuing education and training. Our strategic mission is to promote IACET standards as a benchmark for quality program delivery.

The Performance Excellence was awarded Accredited Provider status for Continued Education Units (CEUs).

Comments from Head Reviewer
1. This organization is exceptional.
2. The policies, processes, and evidence provided more than satisfied the criteria for the IACET Standard. The team was extremely knowledgeable and responsive.
3. From the application process through the site visit execution, the organization has represented the epitome of an IACET Accredited Provider.
4. As the site reviewer, I was honored by the level of professionalism, sense of duty and commitment.
5. Job well done!

Summary of Credit Hours Awarded for Lean Leadership Development and Lean Certification Programs

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LLDP Outcomes

RESULTS ACHIEVED BY GRADS
LLDP Graduates Driving Results

- **A3 problem solving**
  - increased 3 day lab TAT from 10% to 90% and 5 day lab TAT from 75% to 96% compliance
  - decreased lab defects from 1000/day to 50/day
  - reduce patient falls by 50% on an inpatient medical unit
- **Kanban system**
  - decreased cost of supplies $30k in one month
- **Level load work flow**
  - decreased patient wait times from 30 minutes to 5 minutes
- **A3 strategy deployment**
  - Decrease ICU LOS O:E from 0.632 to 0.578
  - Decrease ICU Vent LOS O:E from 0.824 to 0.782
- **Visual Management System**
  - Reduced FTE vacancies from 16.2 to 1.94

Tammy Richardson
LLDP Qualitative Outcomes

CULTURE CREATED BY GRADS

Ashley Cunningham
Graduation Day!!!

The Future

RESEARCH QUESTIONS
Questions?

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