



How to transform a healthcare system in 1,000 days

By James Furbush | November 8, 2016

On paper, it's hard to imagine a more challenging environment for a CEO than the one Michael Covert faced when he took over the helm of CHI St. Luke's Health in Texas two years ago. Recently purchased by Catholic Health Initiatives (CHI), a national faith-based system based in Denver, St. Luke's was a regional conglomerate of six hospitals, each with its own culture, and an academic medical center.

Performance at most of these hospitals – everything from patient satisfaction to safety to EBIDA – was below the high benchmarks expected of CHI's institutions. This left Covert with the task of undertaking post-merger integration *and* a performance turnaround simultaneously, all while adjusting to the transformation roiling healthcare.

To tackle these challenges, Covert launched an all-hands-on-deck effort to achieve what business guru Jim Collins terms a "big hairy audacious goal." In a recent interview with athenaInsight, he shared how he has used an ambitious "vision statement" to stimulate progress and rally his troops.

Q What gave you the idea of setting a big hairy audacious goal?

A When I came here two years ago, we needed to "systematize" and grow – and do both quickly. We couldn't wait five years working on integration and culture and quality improvement and then pivot to focus on growth. We needed to do everything at once.

So, how do we tackle all this simultaneously? I decided to challenge our organization. I laid out a big hairy audacious goal: We need to cover at least a million more lives than what we have today. We need to add 1,000 primary care doctors to our network, launch 100 ambulatory sites, procure 100 direct-to-employer contracts and attain an EBIDA of 10 percent. And we need to get it all done in 1,000 days.

The way I see it, the vision has two benefits. The first is that it is taking us in the strategic direction we need to be headed anyway; it's setting the right goals for us to succeed. The second benefit is more subtle. Setting ambitious goals helps us with things like post-

merger integration, change management and culture. We have something to unify around; we are all climbing the same mountain. That, of course, helps us head in the right direction in terms of building an integrated network and system. So it's a reinforcing cycle.

Q That's quite a burning platform. Do you keep a countdown clock?

A No, but it was important that we framed the goal and provided a sense of urgency. I used big, round numbers. I could have said "three and a half years," but I wanted them to understand that every day counts on this journey.

Often when I run into people they say, "Well, Michael, what day are we on? How are we doing?" Those questions come up in hallways and cafeterias and in the suites of CHI's national office.

Q "Big hairy audacious goal" is a term coined by the management guru Jim Collins. Was he your inspiration?

A In part. But I was also inspired by Jane Howard, a sociologist who wrote about what makes families successful across cultures. She found that successful families have traditions that bring them together. Families can have a lot of differences and even disagreements and still be successful, still be united – that's a good model for what we are trying to achieve.

I should mention one other influence: a former mentor of mine, who was an administrator at a faith-based system where I worked as a young man. She was a nun who had come out of the army and was an OR nurse, so she was a triple threat. She carried a pink ruler and it wasn't for measuring, it was for striking fear in you. She was the one who hammered home to me the importance of margin – of doing well in order to do good. So when I set a goal of 10 percent EBIDA, she was smiling over my shoulder, I'm sure.

Q How do you rate your progress thus far?

A We are in the middle of a transformation in which we will become a true health system. That's not easy. We are starting to take advantage of economies of size and scale. Our parent organization, CHI, has 105 hospitals and 95,000 employees; scale is just part of its DNA. But before we can fully tap into that, we have to really become a coherent regional health system ourselves. And like many hospital systems, we face a lot of inertia.

When I started, for example, I had over 43 boards of directors to deal with. I could have spent my whole life going to board meetings. So governance and management needed to be streamlined. But more than that, the organization just doesn't think in terms of synergies. I'll give you a small example. We discovered that all our hospitals buy lab products from different suppliers, so we are missing the opportunity to use our market power to negotiate better prices. Our doctors don't care about the name of the vendor – they only care about the quality. But how do you get people to seek out such efficiencies? How do you make that part of how they just naturally think and operate?

The vision can help here, by keeping people focused on the change that needs to occur. My hope is that our staff is always asking themselves, "what can I do today to get us closer to our goal?"

Q You're focused on more than attacking the cost side, however. You're also readying your organization for a totally new way of making money. Does the vision influence that?

A Absolutely. We look at the strongest health systems in the U.S. What do they do differently? They have a closed, coherent and connected system. They create many front doors for people to come into their system and they make it easy and "sticky" for people to stay in the system. They have partnership relationships with

physicians and pay them based on growth and value and not just piecework. They've oriented toward ambulatory care because they know that most of their revenue will come from ambulatory rather than quaternary work, though of course that will always be a part of healthcare. They stamp out needless variation in care to achieve better outcomes.

Intellectually, our people understand that's where we need to go, but we have basic work to be done to embed it in our culture. Keeping our eye on where we want to go helps.

Q You can't achieve audacious goals without the engagement of your people. What have you done to keep everyone motivated?

A I'm a big believer that an organization feels only as good as its first-line leaders feel. They need to know what's going on, where we are headed. So I spend a lot of time communicating with our leaders about where we are operationally, strategically, and also what are the best practices emerging in our system. I do virtual town halls and I encourage people to ask tough questions. Seeing the CEO squirm reassures people. They know that I'm trying to be transparent and open with them.

Are you going to have pockets that aren't following, aren't committed? Of course. We just completed our recent employee engagement survey and you can see where people feel the message hasn't resonated. We've seen significant turnover at a leadership level in the organization. If you don't want to opt in, you have the opportunity to opt out. I want people to feel something about our organization. I don't want them to just be walking through the paces every day because it's just a job, because for us it needs to be more than that if we are going to fulfill our mission.

Q What role does data play in your transformation effort?

A Physicians and medical staff are scientifically minded. They want data. "Don't tell me, show me" is their thinking. But one of the challenges I face is that I do not have one IT platform. I have three IT platforms. And so how are we going to connect the dots? How can I give physicians comparable data about their practice performance on a daily basis?

In a way, our lack of connected data has helped because it has united the medical staff – they all want it, they are all calling for the same thing. And it's also clear to leaders in our corporate office that we need better data, because without it, we won't know for sure if we are heading in the right direction. We are in the throes of the journey as I speak.

Q What will be the next big hairy audacious goal for CHI St. Luke's?

A I think about that a lot. I think about population health, and about how our success as a health system in the future won't depend to the same extent on all the stuff we traditionally have done to care for people. We need to figure out how we can motivate people to do a better job of caring for themselves. So I'm looking for a similar way to galvanize and engage our patients in the way that our current vision and goals have galvanized our physicians and staff.

That's a much tougher nut to crack, but it's something I think a lot about. Maybe part of the answer involves sharing genetic testing and actuarial statistics with patients to help them understand their risk profile, to show them how their actions can make a difference to the length and quality of their life. I'm not sure. I'm working on it, but there's no doubt that successful healthcare leaders will need to figure out not only how to motivate physicians and staff and keep them engaged, but also patients, too.



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