Culture: How to drive innovation in healthcare

By Amy Edmondson | December 12, 2016

At a time of uncertainty in healthcare and civic life, leadership is deeply in demand. That's why athenaInsight is running a three-part series on the "Leader's triangle:" How vision, culture, and operations work in tandem to define an organization and provide a framework for change.

Here, Harvard Business School professor Amy Edmondson shares her take on how culture can drive innovation — and why a culture of "psychological safety" is key to healthcare performance.

The healthcare industry is at a critical juncture. In this time of profound change, when regulatory uncertainty is high, leaders must steer their organizations and people in new directions — often without a precise understanding of the ultimate destination. If an organization is to be responsive to course corrections and remain buoyant through unforeseen challenges, it must have a strong and resilient culture. Shaping culture is one of the leader's most important responsibilities.

In order to build a strong culture, leaders must first understand how it relates to the other dimensions of leadership. Peter Drucker, perhaps the most quoted management thinker of all time, reportedly quipped,

"culture eats strategy for lunch." No strategy will succeed if the organization's culture is operating against it.

Yet it's more accurate to say that culture is inextricably linked with strategy. Culture must support strategic execution, and a great strategy can help reinforce elements of a strong culture. As my Harvard Business School colleague Len Schlesinger points out, what drives organizational performance is not strategy but the alignment of strategy with operations.

And in my research in and outside of healthcare, I find that culture is what drives operational

excellence. Culture, operations, and strategic vision are thus linked in a reinforcing cycle.

Consider, for example, how strategy relies on culture: A strategy built on being a preferred service provider, through extraordinary attention to detail and customer caring, will fail unless it is supported by a culture that exudes warm, friendly interactions, and a relentless pursuit of accuracy.

On the other hand, a strategy built on being the low-cost player in a competitive market will only work if cost containment and efficiencies are pursued with zeal in a manner that becomes second nature to employees.

Defining culture, for good

So what exactly is "culture?" This popular buzzword has a firm rooting in academic research. In general, culture is comprised of beliefs and behaviors that people come to take for granted. Culturally reinforced behaviors can become second nature in one organization — but stand out as odd in another.

Edgar Schein, a Professor Emeritus at MIT Sloan, offered a framework that presents culture as consisting of three layers, each more subtle than the prior. The first is artifacts and symbols, such as logos, uniforms, office design, and the like. The second is espoused values. The third is basic underlying assumptions.

Importantly, culture is a property of a group. Organizations have cultures; individuals do not. A work team has a culture of its own, and its culture is powerfully shaped by the culture of its organization. Departments and functional groups typically exhibit slight variations on an organizational culture; these variations stem from shared occupational beliefs and behaviors. Even so, the dominant organizational culture typically sets the parameters for such variations.

> **"The bottom line is that an organization's culture is a powerful, often unconscious set of forces that shapes behavior, thought patterns, and values."**

Using this understanding of what culture is, what does it take to build the kind of culture necessary to succeed? Today's healthcare organizations face an apparent conundrum: They need a culture that supports innovation and change while simultaneously enabling flawless execution and quality. "Move fast and break things," a characteristic motto of Silicon Valley entrepreneurs and innovators, isn't an advisable cultural ethos for the life-and-death setting of healthcare. Nor is another cultural rallying cry for innovators, "fail early, to succeed sooner."

Healthcare is complex, and complex systems are, by their nature, risk-prone. And yet safety is paramount. Can a single organizational culture support innovation and safety?

I believe the answer is yes.

Hierarchy vs. psychological safety

In my research, I have discovered that organizations can be innovative and able to minimize risk at the same time. They achieve this seeming contradiction through building a culture I call "psychological safety." In a psychologically safe culture, people recognize their ability and responsibility to speak up with potentially controversial ideas and questions — in the service of both finding new and better ways of doing things (innovation) and catching and correcting error (safety). They don't fear stigmatization or retribution and, as a result, they feel free to think creatively and to point out process failures in a timely manner.

What happens in organizations that don't foster psychological safety? The first casualty is quality. Research has shown that reluctance to offer ideas and expertise undermines many decisions and harms the execution of work that requires judgment or collaboration. When it comes to improving safety, psychological safety spurs error reporting — a necessary first step if providers are to learn from its mistakes and improve quality over time.

Some hospitals have promoted psychological safety through a policy of "blameless reporting," in which people are asked to communicate confidentially

or openly about errors, near misses, and other risk factors, without fear of sanction, so as to bring problems to light, determine underlying causes, correct these risk factors, and to keep caring professionals in their positions.

"Psychological safety is also a vital part of an innovation culture."

Psychological safety is also a vital part of an innovation culture. When people fear social isolation or stigmatization from being different or wrong, it makes it difficult to collaborate, offer out-of-the-box ideas, or experiment — all of which are essential for innovating. Innovation is difficult in cultures that are overly formal, risk averse, or hierarchical.

Unfortunately, healthcare has a long, entrenched history of professional hierarchy that can repress dissenting views and opinion sharing. Those lower in the status hierarchy often do not feel safe speaking up to superiors with questions or suggestions. And the freedom to question assumptions is a driving force behind innovation.

Therefore, when leaders successfully build a culture of psychological safety, ideas start to bubble up, and new possibilities start to take hold and spread. To a manager seeking to "get the job done," this way of working might at first seem chaotic or slow. But engaging people as active thinkers and learners is truly how (learning) organizations achieve their goals in uncertain or fast-changing environments.

The freedom to speak out

Take, for example, the renowned product design consultancy IDEO. To say that employees at IDEO speak up freely would be a gross understatement. Designers act on their ideas with little concern about what others, including bosses, might say. A sense of humor is paramount in the IDEO culture. People love to offer outlandish ideas (and then to build on them to uncover more realistic ideas that can be implemented).

But everyone at IDEO adheres to strict process guidelines, such as expressly forbidding criticism

during brainstorming sessions. These rules are not just widely understood in the culture, they are codified. They become artifacts, posted on the conference room walls —including classic IDEO brainstorming slogans such as: "Be visual. Defer judgment. Encourage wild ideas. Build on the ideas of others. Go for quantity. One conversation at a time. Stay focused on the topic." It helps that IDEO's culture is one of self-proclaimed "focused chaos," where taking interpersonal risks like offering crazy ideas is welcomed.

In organizations in which learning, quality, or innovation are essential to good performance, how leaders respond when others offer input, ask questions, or raise concerns is critical. These responses can have an oversized influence on the culture. For example, a single instance of a team leader critiquing, talking over, or dismissing a concern raised by someone else can set a precedent. Once a norm of "not rocking the boat" becomes entrenched in an organization, it is difficult to reverse.

For instance, it took literally dozens of airplane crashes for the aviation industry to accept that a strict hierarchy between a captain and first officer was detrimental to safety — and that co-pilots, no matter their tenure, had to feel safe speaking up when they saw the captain overlooking a problem.

It is worth noting that culture has only recently been elevated to an exalted status in leadership studies. In the factory age, management — with its attendant systems and controls — was seen to be more important than human relations and culture.

The factory model of management emphasized monitoring workers and measuring their output.

Today's knowledge workers must identify issues, analyze problems, and create new solutions — usually in collaboration with others. Individual productivity is difficult if not impossible to assess accurately. A crucial implication is that today's successful leaders are those who have the ability to develop the talents of others.

My research suggests that the best way healthcare leaders can draw the best out of people is by building a culture of psychological safety. Increased innovation, higher quality, and fewer errors will be the reward.

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