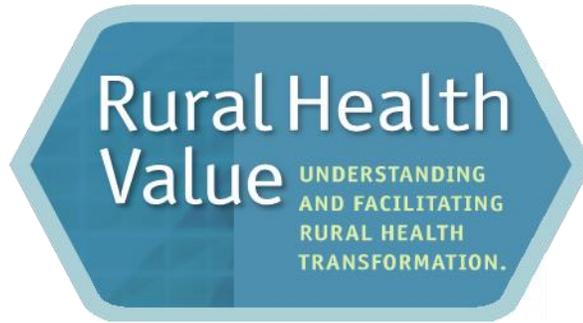




Center for Rural Health Policy Analysis



## MANAGEMENT METHODOLOGIES AND VALUE-BASED STRATEGIES: AN OVERVIEW FOR RURAL HEALTH CARE LEADERS

### Introduction

As rural health care leaders are working in a rapidly changing care delivery and payment environment, effective management is more important than ever to support the path toward value-based care. Rural leaders are being called upon to balance strategies for success in current volume-based environments with innovations necessary to succeed in a value-based future. Management of people, resources, and strategies in this complex and rapidly changing environment may require new or enhanced organization development and management skills and focus. As a result, rural health care leaders may have a renewed interest in and need for frameworks, methods, and tools to help them manage change.

Concepts and tools from proven management methodologies can be a resource to help rural health care leaders steer their organizations through change. As the scientist and management author W. Edwards Deming said, “All models are wrong; some models are useful.” The intent of this paper is to help rural health care leaders understand which management models might be useful to them.

This resource provides an overview of eight commonly used management methodologies, describes the area of focus for each, and shares resources and other references. The brief introductory information can be used as a guide for rural health care leaders to identify potentially useful approaches that are well matched to the needs and opportunities of their organization. With this guide in hand, next steps for rural leaders may include the following:

- Matching organizational needs to the management methodologies based on data or needs assessments
- Exploring more thoroughly one or two of these management methodologies that seem well aligned with organizational priorities
- Consulting with peers or experts to gain insight from others who have used the methodologies of interest
- Gauging organizational readiness and capacity to adopt or implement the methodology

Ultimately, rural leaders can plan and implement their use of a management methodology based on organizational need and opportunity and integrated with organizational strategy and operations.

## Management Methodologies

The Rural Health Value team identified eight management methodologies currently used in health care organizations that may be useful in supporting rural leaders in managing change as they are on the path toward value-based care. The methodologies, along with their primary focus area, include the following:

- Baldrige Excellence Framework – Performance
- High Reliability Organization (HRO) – Safety
- IHI Framework for Improving Joy in Work – Staff Engagement
- Leading a Culture of Safety: Blueprint for Success – Safety
- Lean – Efficiency
- Planetree Model – Patient-centeredness
- Studer Group’s Pillars of Excellence – Performance
- Totally Responsible Person – Staff Engagement

Note: we are using “methodologies” as the overall descriptor, although some may be better labeled as frameworks, strategies, or programs. The table on the following pages provides brief descriptions and links to resources for each.

We opted not to include certain management methodologies that can be reasonably considered in alignment with one of the eight above (e.g., Six Sigma is often integrated with Lean) or that are more narrow in focus (e.g., Balanced Scorecard, as an organizational measurement strategy, or CQI, a process improvement approach). While not included in the table, these are important tools and strategies and should be part of a rural health care leader’s consideration.

## Management Methodologies in the Rural Context and Aligned with Value

While none of the methodologies was developed specifically for the rural health context, all of the methodologies highlighted in this paper are relevant and are technically feasible in rural health care organizations. The level of investment, the intensity of implementation, and the costs and timelines vary greatly, depending on which methodology is selected and how fully it is implemented. In many cases, tools or approaches can be lifted and selectively used on their own or as an incremental step toward more complete implementation of the methodology. However, the Rural Health Value team cautions that the research about effectiveness of each methodology is based on full and complete adoption of it, so partial or incremental implementation results are more difficult to anticipate.

Rural leaders will want to consider methodologies that most directly align with the needs in their organization. For example,

- Those who identify a need for an intensified focus on operational efficiency and tightening processes may want to consider High Reliability Organization or Lean.
- Leaders whose organizations are seeking culture change may be interested in the Leading a Culture of Safety Blueprint; the IHI Framework for Improving Joy at Work; the Totally Responsible Person program; or the Planetree Model, which focuses on patient-centeredness.

- The most comprehensive methodologies organizationally, addressing all aspects of an organization, are the Studer Group’s Pillars of Excellence and the Baldrige Excellence Framework.

## Key Themes across Methodologies

Regardless of methodology, key themes emerge. These themes may help rural health care leaders consider how use of these methodologies may support broader organizational efforts, and align with the need to develop skills and capacity for value-driven approaches.

1. **Visible Leadership Commitment:** Leadership emphasizes a commitment to the methodology by engaging management and staff across the organization to buy into the new model and actively engaging them in the implementation process.
2. **Staff Engagement Leading to Culture Change:** A change in the culture or mind-set of members of the organization is required for successful model implementation. In some instances, the new model itself is essentially designed to help shift to a new organizational culture.
3. **Ongoing Measurement and Evaluation of Progress:** Nearly all the models start with self-assessment of where the organization currently stands in achieving its mission, or the goals of the model, and then includes continuous evaluation of progress toward achieving those goals.

These key themes are also pertinent to health care leaders who are in the process of leading their organizations toward value-based strategies. Utilization of one or more of these tools, or a combination of strategies and resources from the tools, can support overall strategy development and implementation. However, the leadership team should exercise caution in their approach to rolling out new tools and concepts to staff to avoid the impression that the information being implemented is simply the “flavor of the month” rather than integrated into an ongoing overall leadership strategy.

The Rural Health Value project team, supported by the Federal Office of Rural Health Policy, convened a meeting of eight rural innovators in September 2013 and co-convened with the National Center for Frontier Communities a meeting of eight frontier innovators in July 2015. During these two meetings, the team learned about specific rural and frontier programs designed to transform the community health system. The key strategies these innovators identified align with common themes across management methodologies. The strategies include the following:

- Reflect necessity
- Identify resources and funds to test change
- Find and use the innovators in your community
- Encourage creativity while focusing on patient needs

Source: [Innovation in Rural Health Care: Contemporary Efforts to Transform into High Performance Systems](#)

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## Health Care Management Methodologies

Methodology	Brief Background and Use in Health Care	Focus	Resources (Click Links)
Baldrige Excellence Framework	<p>The framework specifies criteria (questions) that allow organizations to assess their progress toward accomplishing their mission and goals while also identifying their strengths and opportunities for improvement. The questions also serve as a guide for leaders on managing their organizations based on the following seven categories:</p> <ul style="list-style-type: none"> <li>• Leadership</li> <li>• Strategic planning</li> <li>• Customers (patients)</li> <li>• Measurement, analysis, and knowledge management</li> <li>• Workforce</li> <li>• Operations</li> <li>• Results</li> </ul> <p>The questions are centered around the core beliefs and behaviors seen in high-performing organizations, including the following:</p> <ul style="list-style-type: none"> <li>• Systems perspective</li> <li>• Visionary leadership</li> <li>• Patient-focused excellence</li> <li>• Valuing people</li> <li>• Organizational learning and agility</li> <li>• Focus on success</li> <li>• Managing for innovation</li> <li>• Management by fact</li> <li>• Societal responsibility and community health</li> <li>• Ethics and transparency</li> <li>• Delivering value and results</li> </ul> <p>The Baldrige framework does not prescribe what an organization's goals or mission should be but rather provides the tools to achieve those goals.</p>	Performance (achieving the organization's mission/goals)	<p><a href="#">Baldrige Excellence Framework Health Care Overview</a> (Note: complete criteria booklet is available for download for a small fee.)</p> <p><a href="#">CAH Performance Excellence Framework (based on Baldrige criteria)</a></p> <p><a href="#">State/Regional Baldrige Programs and Resources</a></p>

Methodology	Brief Background and Use in Health Care	Focus	Resources (Click Links)
High Reliability Organization (HRO)	<p>HROs can function in complex, high-risk environments for long periods of time without a major accident or failure. High reliability is often interpreted as merely referring to standardization of organizational processes. However, high reliability goes beyond process standardization: rather, it is an organizational culture that consistently prioritizes safety over other performance goals. The mind-set in an HRO is characterized by the following:</p> <ul style="list-style-type: none"> <li>• Preoccupation with failure – constantly thinking about what could go wrong and staying alert for early signs of problems</li> <li>• A reluctance to simplify explanations for operations, successes, and failures – appreciation of complexity and variability</li> <li>• Sensitivity to operations – maintaining a high level of situational awareness</li> <li>• Deference to frontline expertise – recognition that those closest to the work are the most knowledgeable about the work</li> <li>• Commitment to resilience – assume the system, rather than the individual, is at fault; regular assessment and monitoring; cross-training and support</li> </ul> <p>The HRO model is relevant to health care due to the complex processes involved in health care delivery and the potential for catastrophic events when failures or accidents occur. As a first step in transitioning to HROs, health care organizations are advised to establish a culture of safety and process improvement and develop a leadership team that is committed to ensuring zero harm.</p>	Safety	<p><a href="#">HRO Overview</a></p> <p><a href="#">Practical Strategies for Transitioning into an HRO</a></p> <p><a href="#">Metrics to Assess Progress toward Becoming an HRO</a></p> <p><a href="#">Creating Highly Reliable Accountable Care Organizations</a> (subscription required for full access)</p>

Methodology	Brief Background and Use in Health Care	Focus	Resources (Click Links)
<p>Institute for Healthcare Improvement (IHI) Framework for Improving Joy in Work</p>	<p>This framework is focused on improving the workplace experience of a health care organization’s workforce. Improving joy in work is expected to reduce incidence of burnout, which will in turn increase staff engagement and productivity, reduce workplace accidents, and ultimately improve the quality of patient care (including patient safety).</p> <p>The framework specifies nine areas (components) that are essential to ensuring a happy and engaged workforce:</p> <ul style="list-style-type: none"> <li>• Physical and psychological safety</li> <li>• Meaning and purpose</li> <li>• Choice and autonomy</li> <li>• Recognition and rewards</li> <li>• Participative management</li> <li>• Camaraderie and teamwork</li> <li>• Daily improvement</li> <li>• Wellness and resilience</li> <li>• Real-time measurement</li> </ul> <p>In its white paper “IHI Framework for Improving Joy in Work,” the IHI provides a guide for leaders seeking to establish a joyful and engaged health workforce. The white paper outlines steps for leaders to take in achieving a joyful workforce, along with examples from organizations that have implemented these steps. It also provides tools for assessing progress in improving joy at work.</p>	<p>Staff Engagement</p>	<p><a href="#">White Paper: IHI Framework for Improving Joy in Work</a></p> <p><a href="#">What Matters to You: Joy in Work Conversation Guide</a></p> <p><a href="#">WIHI: How to Beat Burnout and Create Joy in Work (Audio overview of IHI Joy in Work Framework)</a></p> <p><a href="#">Why Focusing on Professional Burnout Is Not Enough</a></p> <p>Note: Some IHI Resources required a free log-in to access materials.</p>

Methodology	Brief Background and Use in Health Care	Focus	Resources (Click Links)
<p>Leading a Culture of Safety: Blueprint for Success</p>	<p>This blueprint guides health care leaders on developing a culture of safety in their organizations. It specifies six steps (domains) that leaders should take to create a culture of safety:</p> <ul style="list-style-type: none"> <li>• Establish a compelling vision for safety</li> <li>• Build trust, respect, and inclusion</li> <li>• Select, develop, and engage the board</li> <li>• Prioritize safety in the selection and development of leaders</li> <li>• Lead and reward a just culture</li> <li>• Establish organizational behavior expectations</li> </ul> <p>Developed by the American College of Healthcare Executives, and the Institute for Healthcare Improvement/National Patient Safety Foundation Lucian Leape Institute, this blueprint provides health care leaders with clear strategies for implementing each domain and sustaining a culture of zero harm once it has been established. It also provides leaders with a means to assess their organizations' progress toward a culture of safety.</p>	<p>Safety</p>	<p><a href="#">Leading a Culture of Safety: A Blueprint for Success</a></p>

Methodology	Brief Background and Use in Health Care	Focus	Resources (Click Links)
Lean	<p>Lean management is focused on reducing waste by redesigning work processes in an organization. Process redesign under Lean starts with distinguishing value-added from non-value-added steps then eliminating non-value-added steps. The focus of Lean is to ensure that all effort put in by members of an organization adds value to the customer and serves his or her needs. The successful implementation of Lean principles in an organization requires the establishment of an organizational culture that is amenable to Lean thinking. This requires a top-down approach, starting with a leadership that is committed to Lean principles and then ensuring staff commitment and engagement in process redesign. While Lean thinking has its roots in manufacturing, Lean can (and has) been applied to health care delivery given the similarities between both industries, i.e., several complex processes are needed to accomplish the goal of providing value to the customer (in health care, the patient).</p> <p>In health care, Lean principles are often discussed in tandem with another manufacturing-focused model, Six Sigma. Lean focuses on efficiency and reduction of waste, where Six Sigma focuses on reducing variation and error.</p>	Efficiency	<p><a href="#">Going Lean in Health Care White Paper (provides guidance on implementing Lean principles in health care along with examples of use in health care organizations)</a></p> <p><a href="#">Overview of Lean Guide (tailored for rural hospitals)</a></p> <p><a href="#">Lean Six Sigma Overview</a></p>

Methodology	Brief Background and Use in Health Care	Focus	Resources (Click Links)
Planetree Model	<p>The Planetree model of care provides a framework for implementing patient-centered care in health care organizations. The focus of this model is to “humanize,” “personalize,” and “demystify” the care experience for patients. By emphasizing patient-focused care, health care organizations are expected to witness improvement in quality outcomes, including patient satisfaction and readmission rates. The Planetree model provides guidance on implementing programs in 10 critical areas of patient-centered care (referred to as components of the model):</p> <ul style="list-style-type: none"> <li>• Human interaction</li> <li>• Architectural and interior design</li> <li>• Food and nutrition</li> <li>• Patient and family education</li> <li>• Family involvement; spirituality</li> <li>• Human touch</li> <li>• Healing arts</li> <li>• Complementary and alternative therapy</li> <li>• Healthy communities</li> </ul>	Patient-centeredness	<p><a href="#">Planetree Website</a></p> <p><a href="#">Overview and Hospital Story</a></p> <p><a href="#">Comprehensive Patient-Centered Care Guide from Planetree and Picker Institute</a></p> <p><a href="#">A Retrospective Evaluation of the Impact of the Planetree Patient-Centered Model of Care on Inpatient Quality Outcomes</a> (subscription required for full access)</p>

Methodology	Brief Background and Use in Health Care	Focus	Resources (Click Links)
<p>Studer Group's Pillars of Excellence and Nine Principles of Organizational Excellence</p>	<p>The Pillars of Excellence provide a framework for setting organizational goals as well as planning and evaluating progress toward achieving those goals. Organizations set goals to be met under each of the five core pillars:</p> <ol style="list-style-type: none"> <li>1. Service</li> <li>2. People</li> <li>3. Quality</li> <li>4. Finances</li> <li>5. Growth</li> </ol> <p>The pillars can be customized to match an organization's preferred language/terminology, and other pillars (e.g., community) can be added.</p> <p>The Nine Principles of Organizational Excellence include the following:</p> <ul style="list-style-type: none"> <li>• Commit to excellence</li> <li>• Measure the important things</li> <li>• Build a culture around service</li> <li>• Develop leaders to develop people</li> <li>• Focus on employee engagement</li> <li>• Build individual accountability</li> <li>• Align behaviors with goals and values</li> <li>• Communicate at all levels</li> <li>• Recognize and reward success</li> </ul>	<p>Performance (achieving the organization's mission/goals)</p>	<p><a href="#">Studer Group Website</a></p> <p><a href="#">Nine Principles of Organizational Excellence</a></p> <p>Examples of health care organizations' use of the Pillars of Excellence:</p> <p><a href="#">Self Regional Health Care</a></p> <p><a href="#">University of Florida Health: Five Pillars of Excellence</a></p> <p><a href="#">Sharp HealthCare Pillars of Excellence</a></p> <p><a href="#">Example of one organization's use of the Five Pillars of Excellence</a></p>

Methodology	Brief Background and Use in Health Care	Focus	Resources (Click Links)
Totally Responsible Person (TRP)	The TRP model seeks to change an organization's culture by changing the attitudes of members of the organization. With TRP, team members become highly collaborative, have mutual respect, take responsibility for their actions, and address adverse situations/challenges with optimism and a positive mentality. With these changes in the attitudes of team members, an organization is expected to experience an improvement in communication and teamwork; a decrease in stress and conflict among team members; and an increase in workplace performance, productivity, and innovation.	Staff engagement	<a href="#">Nine Foundational Principles</a> <a href="#">TRP Competencies</a> <a href="#">Training Resources</a>

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