Diagnosing Disruption from the Clinical to Consumer

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The "Never Normal"

The last few years have seen unprecedented levels of disruption. Starting with the Australian wildfires in late 2019 and the first case of COVID-19 in Wuhan a few months later, disruption has seemingly become the "new normal" for the world. When COVID-19 hit, streets around the world suddenly emptied overnight as human activity and the world economy ground to a halt. In March 2021, a boat got stuck in the Suez Canal, the ramifications of which are still being felt today in supply chain issues around the world. By early 2022, the pandemic finally seemed to be under control, but then Russia attacked Ukraine and suddenly people are considering the threat of nuclear war.

This level of disruption will likely continue for the foreseeable future. In fact, the coming decade could bring the biggest period of change that most people have seen in their lifetimes. The term "new normal" is a misnomer, as it implies that the world will settle into a new and different state that will remain stable over time. "Never normal" may be a more accurate description, as it acknowledges that the world will keep changing.

Like gravity, change continually presses down on the healthcare industry, including changes related to technology, consumer expectations, and political/regulatory pressures. As Newton's laws suggest, surviving against—let alone thriving with—these pressures requires healthcare organizations to push back with greater force and hence continue the uphill climb.

The consequences of not pushing back and falling down the hill—or even of pushing back with equal force and hence standing still—can be devastating. To understand these risks, one need only look at what has happened to other industries. A single phone application providing navigation services wiped out the entire GPS industry virtually overnight, making use of GPS devices

unnecessary and irrelevant. Ride-sharing apps such as Uber and Lyft have done the same to the taxi industry. Uber has its sights set next on roadside assistance. With Uber Fix, existing drivers are being trained and equipped to handle flat tires, dead batteries, and lack of fuel, which collectively account for 85 percent of the business. Through a simple extension of an existing app, Uber Fix could easily wipe out the roadside assistance business.

The Need for Agility

All organizations find themselves in a race for relevance. The temptation in such an environment is to go into survival mode. Just as someone drowning in an ocean tries to swim back to shore, organizations try to get back to where they were and what they know. Counterintuitively, however, avoiding death by drowning requires swimming in a new direction. Similarly, for organizations, survival requires agility—the courage to go off in new directions and take new risks.

Successful organizations have displayed remarkable agility during the pandemic. For example, zoos throughout the world were devastated by the pandemic. They uniformly had to close their doors, yet still had all the costs associated with taking care of their animals. With little or no revenues, most suffered tremendously and have had to rely on philanthropy to survive. One organization, Sweet Farm, took a different approach. Home to over 125 rescued animals, Sweet Farm started allowing individuals and companies to pay money (from $65 to $200) to have live animals "pop up" during the middle of virtual meetings and chats. This line of business has proven so successful that it has remained in place even after the business reopened to in-person visits. Similarly, restaurants have learned to be agile over time. To encourage social distancing, one restaurant abandoned the off-putting barriers that many others erected (e.g., tape to cordon off tables) and decided instead to place large stuffed teddy bears in the seats of tables that were not to be used. The teddy bears make customers smile and want to eat at the restaurant, leading to a booming business. Similarly, concert organizers have held "vertical" concerts in hotels, allowing groups of six to watch safely from room balconies, and a Toronto movie theater organized "sail-in" cinemas that make it safe and fun to watch a movie.

In short, successful businesses change products and services to adapt as the world changes. They must be creative, innovative, and agile, able to pivot assets quickly. Historically, however, healthcare has been like an oil tanker, slow and difficult to turn around. To avoid the fate of Nokia (once the largest phone

company in the world) and Kodak (whose CEO dismissed the idea that digital photography could replace film), healthcare leaders must act more like a flotilla of speedboats and less like an oil tanker.

> "Smaller and faster wins the race; big and slow does not…if you think we aren't going to change in the next decade, then you're arrogant. Thinking 'it'll all be fine' simply won't cut it."
> —Ken Hughes

The Values of Today's Consumers

Like all industries, healthcare organizations must meet the distinct needs of six different generations of consumers (traditionalists, baby boomers, gen X, millennials, gen Z, and gen alpha). As evident from the music industry, each successive generation finds a new way to consume goods and services. Traditionalists and baby boomers grew up with vinyl records, while gen X transitioned to a Walkman, millennials to digital devices (iPod), and gen Z to streaming apps. Yet when millennials and gen Z customers walk into a hospital or clinic today, they see an industry stuck in the 1980s. And it is not just younger consumers who feel that way. Societal values have fundamentally changed across all consumers, as evidenced by the fact that baby boomers and gen X consumers have now firmly embraced the digital society. Success, therefore, requires understanding and meeting nine distinct values of today's consumers, as described below.

1. Flexible (the "Blue-Dot" Consumer)

Consumers expect everything to come to them and demand flexibility from the companies they patronize. The "old days" of going to a store to rent a movie (and risking that it may not be available) have given way to streaming apps where everything is instantly available in the home or wherever one may be. Similarly, going to bars to meet prospective love interests has given way to online dating apps available anytime and anywhere. In essence, consumers are demanding to be the "blue dot" (i.e., the "you are here" notation on a map). They expect to have everything come to and revolve around them.

The world is full of examples of companies that have successfully tapped into the blue-dot mentality, even for products and services that seem like poor candidates for this approach. Zappos and Warby Parker have revolutionized the buying of shoes and glasses, products that few thought amenable to online shopping. Yet they make buying these products much easier than their in-person competitors, usually for less money. Smile Direct Club has done the same for orthodontia care, while the e-scooter business has revolutionized in-city transportation for consumers who used to rely on buses. Looking ahead, blue-dot companies will likely revolutionize other industries as well. Booster, for example, brings gasoline to consumers, filling up tanks on demand without the need to go to the gas station. With no real estate, Booster can offer cheaper prices than the local station. Similarly, Robomart brings convenience store items to consumers in a mobile truck that travels to where they work and live.

> "Everything should be now, with no waiting and no queues."
> —*Ken Hughes*

2. Instant

Consumers want things right away, certainly not in two weeks and in some cases not even tomorrow. Amazon, which initially revolutionized online shopping by offering two-day or next-day shipping, is now transitioning to same-day delivery and, in some cases, availability just a few minutes after ordering. Yet healthcare organizations still make customers wait weeks for test results. Consumers also expect complete transparency on the status of their orders, allowing them to check any time when an item or service will arrive. Better yet, they like predictive analytics that alert them when they might need something, such as reminders to schedule a car service or medical appointment.

3. Expectant

Consumers have very high expectations and are not happy when a product or service falls short. As shown in **Exhibit 1**, organizations must do more than satisfy customers (i.e., to give them what they expect). Rather, the goal should be to delight them (by giving them more than what they expect), engage them (by giving them a tribal sense of belonging), or empower them (by affecting their everyday life).

Exhibit 1: The Consumer Empowerment Ladder

Source: Adapted from Marty Neumeier Brand Ladder.

Healthcare organizations should strive to go beyond expectations by turning an even mundane part of the customer journey into something engaging and exciting. The aim is to make customers feel they are part of the organization, that they belong to it. Companies like Harley Davidson have excelled in this area, as evidenced by their many customers who have the company's logo tattooed on a body part.

> "When was the last time you made a customer cry (in a good way) or made them applaud you?"
> —Ken Hughes

Healthcare organizations have significant work to do in this area, as too often patients feel they are treated like a number rather than a human. To turn this around, leaders need to offer the seamless, frictionless service that consumers take for granted in other industries. Success may require the appointment of a "delight director" who looks for places in the healthcare journey to engage consumers by going above and beyond.

4. Personal

Most consumers expect personalization today. As the blue dot at the center of everything, they expect to "own" the journey. To meet this need, many organizations go the extra mile to make people feel special. For example, through the Hilton hotel app, guests can choose the room that best fits their needs, giving them psychological ownership of the space even before they arrive. Some hotels have personalized water bottles in the room when guests arrive, and others have done away with keys, letting customers use the hotel app to open their room with their phones. Similarly, consumer goods companies now let customers design their own products, such as shoes.

Healthcare consumers seldom feel ownership over their care journeys. Rather, they feel like small parts of a complex process and can only hope to feel better at the end of it. Creating a personalized journey requires knowing the healthcare customer, understanding his or her journey, and then personalizing it. Simple things like greeting someone by their name (information easily known through data systems) can make a huge difference. High-end hotels do this regularly, yet hospitals and clinics seem incapable of it.

> "What have you done lately to get a consumer to tell your story? How can you be real and genuine in serving patients?"
> —Ken Hughes

5. Authentic

People value authenticity. They want to feel connected to the products and services they consume. They want to talk about them with others. This desire explains the popularity of the street food movement, which allows consumers

to see the food being made and connect with the person making and serving it. By contrast, fast-food restaurants like McDonald's feel like cold, sterile production processes that lack authenticity.

The goal for companies is to get customers to talk about them and tell their "brand story." Going above and beyond in serving customers can often achieve this goal. For example, a Virgin Atlantic airline representative was checking in a British family who was moving to the U.S. A young boy wanted to take his fish with him on the plane, something that was not allowed. Rather than telling the boy about the rule and simply taking the fish away, the employee told the boy that the fish would fly separately in the VIP section of the plane (which obviously was not true). She took a picture of the fish and sent it to her colleague in the U.S., asking her to buy an identical fish and have it waiting for the boy when he got off the plane. Not surprisingly, the boy and his parents were thrilled when they arrived, and they shared this story widely, leading to tremendous consumer goodwill for the airline.

> "It's their health and your care. Healthcare by nature should be collaborative between patient and provider."
> —Ken Hughes

6. Collaborative

Consumers today are naturally collaborative, often sharing every part of their lives through social media. They are no longer passive recipients of good or services, but rather active participants, sometimes even in the production of the service in question. Rather than just sending viral videos around the world via email or social media, consumers now participate in these videos through social media challenges and apps like TikTok that let one person's video be merged with another's to create new content. For example, music artists routinely post videos on TikTok and then fans make themselves part of these videos and share the results with others (who then do the same).

In healthcare, however, patients too often remain passive recipients of care rather than collaborators in the experience. The word "patient" comes from the Latin "patiens", which in turn comes from the root "patior"—to suffer or bear. The expectation, therefore, is that the patient bears whatever suffering is necessary

and tolerates the interventions of an outside expert. Going forward, healthcare leaders need to deconstruct this "us-and-them" mentality, making the patient the blue dot in the center, in control of the entire care journey and experience.

> "Physical assets are only a part of the modern consumer equation. You must digitize the physical."
> —Ken Hughes

7. "Phygital"

The physical and digital worlds have merged into a single thing. People tend to react digitally to almost any event, even a traumatic healthcare experience. The first inclination is to share the event and hence notify the people who matter most in one's world. Outside of healthcare, people are routinely buried in their phones. It is no surprise, therefore, that they expect to interact with the healthcare industry in the same way. To that end, they want to use their phones to get regular updates on their health, be it through wearable devices or the ability to communicate with a provider.

8. Experiential

The mantra "you are what you own" is giving way to "you are what you experience and share." Experiential equity has become primary in terms of social currency. Be it running through mud, catching one's own fish to be turned into sushi at a restaurant, or eating a sandwich delivered by parachute in an alley, the goal is to create and share a unique experience. For companies, the goal should be for these experiences to be positive and shared widely, like the goldfish story. In healthcare, the key is to make the product experiential by creating an emotional connection, helping consumers feel connected to the brand and business.

9. Emotive

As noted earlier, consumers want to be more than just satisfied. They want to be engaged and have a sense of belonging, to be empowered through an experience that affects their everyday life. Having this sort of impact requires going beyond the traditional transactional nature of healthcare. It requires the development long-term, genuine relationships through emotional connections.

→ Key Action Steps for Boards and CEOs

- **Create a "shadow" board made up of diverse consumers:** Diversity is a huge issue for boards both inside and outside healthcare. People typically end up on boards because of their experience, which generally means little or no representation from younger consumers and often too little diversity. To address this issue, some organizations create "shadow" boards made up of younger, more diverse consumers. While they have no formal power, these boards provide invaluable guidance on consumer-related issues. To work effectively, two members of the main board should sit on the shadow board, primarily to listen and bring back ideas. The shadow board can also serve as a training program for individuals who might one day sit on the primary board.

- **Think like a consumer, not a provider:** For decades, healthcare systems have been set up to serve providers, not consumers. Waiting rooms, for example, are designed to make patients sit nearby in a queue until a provider is ready to see them in person. Having patients lined up enhances the provider's productivity. Even digital applications are often set up to help providers extract information from consumers, not to help consumers navigate the system. This provider-first mindset needs to end. Providers need to think of consumers as real people who pay their wages. Consumers want to be active participants in—and have control over—their care and recovery. They certainly do not want to wait six weeks for an appointment, an hour in the waiting room to see the doctor, or two weeks to get their results.

- **Plot the entire healthcare journey and look for opportunities to improve:** With this consumer-first mindset in place, healthcare organizations should plot the journey from the patient's perspective, starting with their initial research and query through to the end of the recovery process and paying the final bill. The goal should be to meet the nine values every step of the way.

See Consumerism 3.0: Healthcare in a World of Post-COVID Expectations: Insights from the 2022 System Forum to read all the presentation summaries from The Governance Institute's 2022 System Forum.