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System Focus

Navigating Chaotic Innovation: A Strategic Mandate for Health Systems

By Nicholas J. Webb, Strategic Advisor and CEO, *Leader Logic, LLC*

The healthcare ecosystem is undergoing a monumental transformation, marked by a shift from historical incremental innovation to disruptive innovation and now to our current state of chaotic innovation.

This transition has ushered in rapid and profound changes, leading to hyper-complexity within the industry. To excel in this dynamic environment, health system leaders must embrace new management paradigms, such as lucid leadership,¹ and enterprise innovation that prioritize clarity amidst complexity. This article explores key strategic opportunities that health system boards and senior leaders need to harness for strategic optimization, innovation, and scalability in 2024 and beyond.

Enterprise Innovation: Unlocking Strategic Success

In an era of chaotic innovation, health systems must turn to enterprise innovation to drive strategic success. Enterprise innovation encompasses a wide array of best practices, including:

- **Innovation pipeline management:** Effective management of innovation pipelines enables health systems to prioritize and allocate resources strategically. It ensures that innovation efforts align with broader strategic goals.
- **Stakeholder and patient collaboration:** Collaborative engagement with stakeholders and patients fosters a culture of inclusivity and generates valuable insights. This collaboration leads to the co-creation of solutions that address real healthcare challenges.
- **Ideation and beyond:** Ideation processes serve as the wellspring of innovation. By encouraging creative thinking and idea generation, health systems can tap into the collective intelligence of their workforce and stakeholders.

1 Lucid leaders understand the rapidly evolving healthcare trends, gain greater clarity on the cultural temperature of their enterprise, and have a sense of self-awareness in order to understand their own personal limitations, and the impact on enterprise success. For more information, see Nicholas Webb and Chase Webb, *Lucid Leadership: The Leadership Power of Clarity*, LeaderLogic, LLC: Scottsdale, Arizona, 2023.

- **Real-world impact:** Cisco’s experience serves as a compelling outside-industry case study for healthcare organizations. Through the application of innovation tools and best practices, they realized an impressive \$60 million return on investment.² Similarly, BT Group achieved a staggering \$250 million return on their innovation investment.³ As an innovation management consultant, I have consistently witnessed a 60 percent improvement in return on strategic initiatives when enterprise innovation is embraced. Neglecting this aspect may result in suboptimal returns on strategic priorities.

Enterprise innovation provides a structured and proven process to optimize strategy—a critical need in a healthcare landscape marked by escalating costs, stagnant reimbursement rates, staffing challenges, patient consumerism, and enterprise complexity.

Happiness as a Strategy: Elevating Work-Life Quality

Attracting and retaining top-tier staff and providers is pivotal for healthcare organizations. Implementing “happiness as a strategy” can serve as a powerful approach. While the term “happiness” might seem abstract, organizations that have implemented happiness and quality of work life initiatives have seen tangible results. These programs leverage human experience innovation methods to gain deeper insights into stakeholder and provider preferences, thereby enhancing work-life quality while mitigating stress and job dissatisfaction.

Steps to enhance work-life happiness include:

- **Go beyond surveys:** Employee satisfaction surveys, while useful, have limitations. They often yield incomplete or non-actionable data. Employees may hesitate to provide candid feedback due to concerns about repercussions. To overcome these challenges, health systems should explore more comprehensive methods of gathering insights. For example, this could include leveraging a formal innovation initiative or a “stakeholder hackathon” to gain actionable insights targeted to specific innovation challenges and strategic goals, and to evaluate and move ideas forward.
- **Connect happiness to innovation:** Happiness and innovation are intricately linked. By fostering happiness among staff and stakeholders, health systems can unlock creativity and generate innovative solutions. Initiatives like happiness challenges can elicit ideas and insights that directly contribute to enterprise innovation.
- **Replacing PX with HX:** Patient experience (PX) approaches, while valuable, often fall short of benchmarking against superior consumer experiences from other

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2 See www.brightidea.com.

3 *Ibid.*

industries. Replacing PX with a human experience (HX) model can elevate expectations of experiential value and expose healthcare organizations to best practices in delighting consumers. This holistic approach also balances the importance of provider and staff happiness with patient experience, recognizing that unhappy patients can create unhappy workplaces, and vice versa.

Future Readiness and Technology Adoption

Forward-thinking healthcare organizations are establishing technology readiness teams comprising internal and external experts to identify and adopt the best technologies aligned with strategic priorities. Collaborative ideation plays a pivotal role in this process, significantly enhancing returns on strategic results. The diverse range of technological solutions that support enterprise strategy and innovation include:

- **Robotic process automation (RPA):** Technologies like RPA can significantly reduce human tasks. This not only offers cost-reduction opportunities but also improves quality and predictability in healthcare processes. In fact, The McKinsey Global Institute estimates that, using demonstrated technologies, more than 81 percent of predictable physical work, 69 percent of data processing, and 64 percent of data-collection activities could feasibly be automated.⁴
- **AI-powered technologies:** The proliferation of AI-powered technologies presents immense potential for enhancing patient care delivery. From diagnosis to treatment, AI can revolutionize healthcare practices.

Consumer-Centric Patient Care: Adapting to the Changing Landscape

Over the next five years, health systems will face increased competition from major technology organizations and non-healthcare enterprises. To thrive, they must adopt a truly consumer-centric approach across the five touchpoints of the patient's journey—1) the digital research pre-touch moment, 2) the first-touch moment when they engage with us, 3) the core-touch moment that includes all the aspects of clinical and non-clinical engagement, 4) the last-touch moment where we discharge them or disengage with them during any given visit, and 5) the in-touch moment where we leverage connected technologies to maintain a continuous stream of value to patients through targeted information and other value programs. This shift in focus will be instrumental in meeting evolving consumer expectations.

The best healthcare organizations are architecting patient experiences leveraging patient journey mapping. Additionally, they are going beyond outdated, demographic-based patient personification, and transitioning into identifying patients based on the various

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4 Ian Didion, et al., "Operations Management, Reshaped by Robotic Automation," McKinsey & Company, December 6, 2019.

categories of the things that they hate and love. In a time of hyper-consumerization, patients are expecting friction freedom, personalization, value, and transparency. For example, One Medical typically books a patient for a visit the same day—there is no waiting and providers are given a thoughtful patient flow that allows them to spend the time they need with each patient. Patients now see their healthcare as a consumer product and their focus is squarely on their own human experience. To succeed, hospitals and health systems will need to leverage formal consumer experience strategies that go beyond patient experience methods to deliver experiences that are above the patient baseline level of expectation, throughout all personas and across all five touchpoints.

New Patient Experience Strategies and Training

To address the rapid increase in patient experiential expectations, healthcare organizations need to adopt a three-tiered training program. This program should encompass:

- **Master-level training:** The first tier involves training the owners of consumer experience at a master level. This ensures they gain comprehensive insights into how the world's leading brands deliver exceptional consumer experiences that surpass traditional patient experience concepts.
- **Advocacy-level training:** The second tier focuses on developing an advocacy level of training for department and nurse managers. This tier provides specific insights and skills necessary for effectively leading patient-facing stakeholders.
- **Customer champion certification:** The third tier involves certifying patient-facing stakeholders as customer champions. They receive a new level of training that addresses both clinical quality and human experience. This training program is designed to create well-rounded professionals who can deliver excellence in both areas.

All training should be underpinned by a true consumer-centric approach, emphasizing the delivery of exceptional clinical quality alongside an outstanding human experience.

Conclusion: Navigating the Complexity

While many healthcare leaders view the future of healthcare as uncertain, the reality is that most key factors within healthcare are known. The challenge lies in complexity rather than uncertainty. Health systems that prioritize clarity as a core competency and harness the five opportunities outlined in this article will be better positioned to not only survive but thrive in this rapidly evolving landscape. The strategic mandate for health systems is clear: adapt, innovate, and excel in the era of chaotic innovation.

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Key Board Takeaways

Questions boards should ask management include:

- In a time of chaotic change, is our current strategic planning cycle adequate? Best practice would be an annual strategic planning cycle with a six-month plan review.
- Are we leveraging enterprise innovation to maximize our return on strategy? Enterprise innovation can result in 60 percent better returns on stated strategic priorities.
- Should we consider the development of a “future readiness” board committee that provides quarterly updates on pressing trends that should be considered for enterprise adoption?
- Given the current staffing crisis and the state of healthcare provider burnout, should we create a formal human experience innovation strategy to drive stakeholder, provider, and patient happiness, given the significant enterprise benefits?
- In a time of stagnant reimbursement and increasing costs, do we have a formal strategy for the implementation of cost control that leverages robotic process automation and other AI-driven solutions?

The Governance Institute thanks Nicholas Webb, Strategic Advisor and CEO of Leader Logic, LLC, for contributing this article. He can be reached at nick@goleaderlogic.com.

