How Baptist Health System achieved a financial and cultural turnaround while staying true to its values

Fostering strong operational processes and greater individual accountability helps drive high performance

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Spees and his executive team took a three-pronged approach to leading a turnaround at BHS. With the help of the GE Healthcare Performance Solutions team, they worked to:

- Embed a system-driven organizational infrastructure that engages management in strategic planning, operating mechanisms, performance management, and human resource planning
- Instill a merit-based culture that rewards performance, invests in leadership development, promotes BHS values, and strategically aligns talent with areas important to BHS
- Adopt performance excellence methodologies to improve operational efficiencies

**THE ORGANIZATION**

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**RESULTS**

- 115% improvement in net revenue
- Improved staff retention from 67% to 86%
- More efficient Lean processes generated $1.87M in savings in 2010

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Just three years into the effort, results have been impressive. Annual net revenue over expenses is between $2 million and $4.5 million, a 115% improvement. Staff retention is more than 86%, and BHS was recently named one of Birmingham’s top places to work. In addition, the organization realized $1.87 million in annual savings through more efficient processes.

**ADDING RIGOR TO THE ORGANIZATION**

A key driver of the transformation, Spees says, was adopting elements of the GE management systems model, specifically the operating calendar process. BHS created a formal operating calendar, with one-, three- and five-year goals and action items tied to specific dates. This has enabled the executive team to work toward common goals, with clear expectations and accountability for each functioning unit. Spees meets with his executive team weekly to ensure adherence to the operating calendar and to review progress. “The operating calendar has been a great benefit,” says David Wilson, president and CEO of Shelby Baptist Medical Center, part of BHS. “It has given us discipline and structure around strategic planning and cascading goals throughout the organization. We call it the circle of life.”

Underlying the operating calendar are themes of inclusiveness, two-way communication, and multi-disciplinary approaches. “Before we had a very closed and top-down-driven organization,” says Greg Johnston, vice president of finance. “Now there is increased transparency. Instead of a silo mentality, we look at issues collaboratively and share information to solve problems.” Assessment surveys additionally demonstrated that overall employee confidence in strategic initiatives and metrics, strategy and operations, and the operating calendar improved by 14% to 20%.

**ENSURING ACCOUNTABILITY, REWARDING PERFORMANCE**

When Spees joined BHS, one of the first things he noted was that “every employee was treated virtually the same regardless of performance.” Spees wanted to establish a performance-driven culture that rewards employees who meet and exceed expectations. “That was a key reason we chose GE Healthcare,” he says. “We knew they had human resources management and leadership systems that could help us evaluate and differentiate people based on performance.”

BHS managers are now required to work with staff to set, achieve and evaluate annual goals, using standardized processes and metrics that are integrated with the strategic and operational plans for the fiscal year. Key to this effort was the addition of Alan Bradford, chief human resources officer, who enabled a culture of accountability through the leadership systems. Specifically, Bradford aligned performance with stretch goals and facilitated an evaluation process in which peer groups come together to evaluate their direct reports. This has driven a culture of accountability and service while fostering joint ownership of talent identification and growth.

To underscore the importance of accountability, Spees and his senior team created the SuccessShare* program. The program compensates all staff for improved operations and financial performance in year-over-year reviews. The program sets a standard for accountability and encourages personal responsibility for the organization’s success, a cultural change that has been critical to achieving the operational goals. “Our managers set expectations, employees understand the expectations, and people are held accountable,” Spees says.
DRIVING COST OUT

In the second year of the initiative, BHS began applying Lean methodologies to reach specific performance improvement goals. These included increasing efficiency to enable business growth with existing resources, and improving the patient experience and patient satisfaction. While the improvements were substantial, the culture of performance excellence was not pervasive enough throughout management. Pringle Ramsey, chief financial officer, was a leading voice in driving a second generation of Lean at BHS—one in which all managers would look for ways to drive excellence, efficiency, and cost reductions in their individual areas of responsibility.

Still in its early stages, the second Lean drive already has accounted for $1.87 million in savings in just 6 months of 2010. Future goals include $2.5 million savings and a significant increase in patient satisfaction levels. “Performance improvement is a challenge, but we’ve seen a real transformation in key individuals and in work groups that have engaged in Lean-based projects,” Spees says.

“The focus on operating efficiency and the tools we’ve utilized have helped us drive waste and cost out of the business, so we can thrive, not just survive,” says Bradford.

A FAST TRACK TO RESULTS

Early on, the BHS executive team determined that the way forward lies in reshaping the workplace culture. They also realized that it was a huge task to take on using only internal resources. “We knew it would be three to five years before we saw results,” Spees says. “I was confident that by engaging GE, with its established competencies and proven methodologies, we could cut that timeline in half. And we did. We had the major systems laid out in the first two years and began to see the benefits.”

“The GE partnership brought consistency to our efforts as well as speed to market,” Bradford says. “We could not have implemented the practices we did as quickly as we did, which was critical for the culture change we wanted.”

MISSION ACCOMPLISHED BUT ONGOING...

BHS was founded in 1922 by a group of Baptist congregations and the faith-based, not-for-profit organization has always been mindful of balancing its goals as a business with its mission to provide quality healthcare—physically, mentally, and spiritually—to the communities it serves. “Our work with GE enabled us to relate the operational changes we were making back to our values,” Spees says. “The community’s need for our services and programs is on the increase at a time when our resources are strained. I’m proud that in responding to the challenge, our mission and our values continue to be demonstrated.”

“GE planted the seed of culture change at Baptist, and we grew it within the organization,” says Donna Lawson, vice president of quality and case management. “We made it the Baptist process.”

For more information, email gehealthcaresolutions@ge.com or visit gehealthcare.com/solutions.
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