

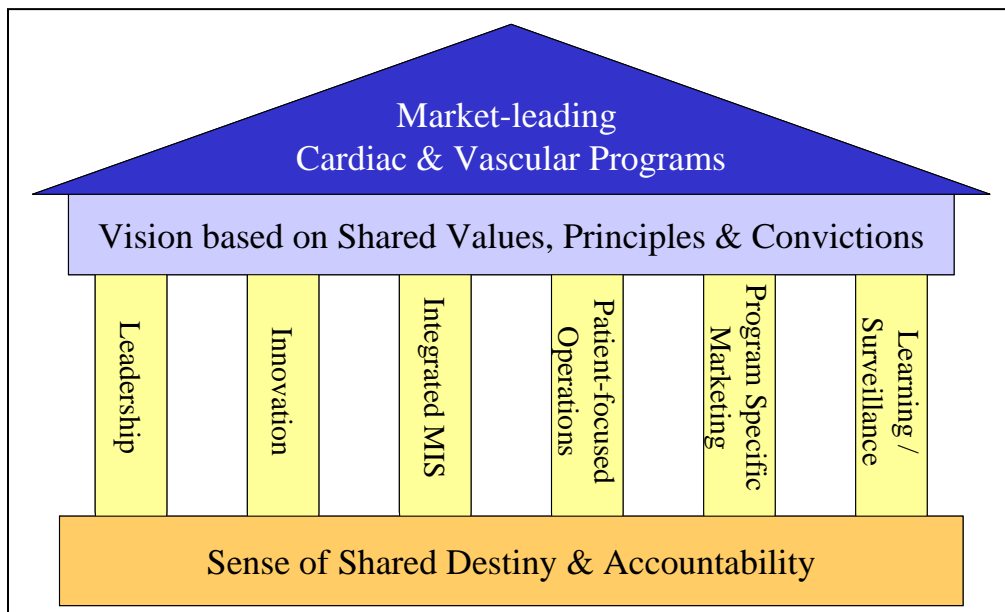
Pillars of Excellence: Foundations of Market-leading Cardiac & Vascular Programs

By Richard N. Beveridge

Competition in the cardiac & vascular healthcare arena is heating up at an increasing pace in most markets. Shifts in market position and strength among competing cardiac & vascular providers have occurred in many markets. Newer, smaller and more agile competitors that may not have been in the market just a few years ago have dethroned many former market-leading programs across the country. Many of these former market-leading programs believed that their positions were secure due to their reputations and customer loyalty, including among patients and physicians. Many of these programs, due to their success, became complacent, conservative, fearful of risks and suspicious of innovation.

In addition, with the advent of the Internet and the near instant availability of the latest information on healthcare issues, many programs that rested on their laurels are now in a position of playing catch up, as patients perceive less entrenched providers as viable options. Many of the former market leaders believed they were doing everything right and, therefore, became complacent in scrutinizing how they truly performed from the patients' perspective, and became vulnerable to new competitors.

Many new programs have been able to upstage their more mature and supposedly more entrenched competition by changing the rules of the game, as result, they have been more able to quickly assimilate and create necessary changes to patient care processes, create enhanced access to the services, and through dedicated marketing efforts. These new comers have assimilated the principle that today's competitive healthcare market is not an endgame where one provider will dominate over all others; they recognize that market niches exist that will allow non-traditional competitors to garner market share and power away from the more entrenched but sluggish competitors.



Market leading cardiac & vascular programs have a shared vision for the future that is rooted in the shared values, principles and convictions of the major stakeholders. This

vision is a clear, articulated picture of how the program will look, behave and perform in the future and grows out of the possibilities for the future for the specific program based on technological advances, stakeholder goals, and future demands and needs of the market. Achieving the vision and succeeding in today's highly competitive and rapidly changing cardiac and vascular health care environment requires that cardiac & vascular providers develop their services that incorporate six Pillars of Excellence. These Pillars include the following:

1. Learning and Surveillance of Market Conditions and Trends
2. Patient-Focused Operational Efficiency and Effectiveness
3. Innovation in Strategy Development
4. Program Leadership and Stewardship
5. Integrated MIS Data Storage and Warehousing for Outcomes Reporting and Benchmarking
6. Program/ Service Specific Marketing

Strategic Foundation

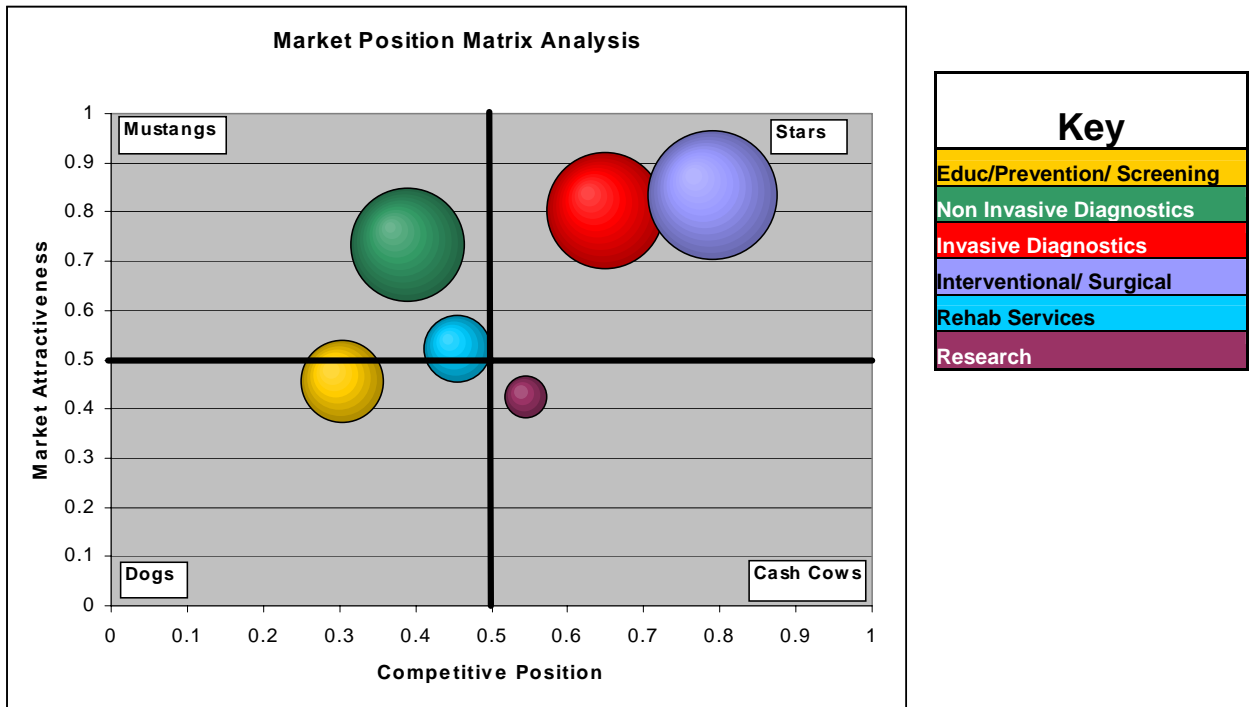
As shown above in the diagram, the foundation upon which the pillars rest is the sense of shared destiny and accountability among the program's stakeholders. Without a sense of shared destiny and accountability, cardiac & vascular programs will never reach their full potential. Successful programs have champions who commit their time, energy, and resources to program development. Shared destiny involves commitment to pursue the program's objectives in the face of increasing uncertainty and willingness to "what's best for the program?" versus "what's best for me?" Shared destiny means working together with all of the program's stakeholders to achieve the vision. Accountability involves doing what's right for the program and working to achieve the optimal results for the program. Developing a sense of shared destiny and accountability involves trust, integrity, flexibility, respect, and communication, among others.

Learning and Surveillance

All management decisions should be linked to the market to include the local, regional and national markets. Successful cardiac & vascular programs have thorough understandings of the service area demographics and emerging trends. These programs have identified specific market segments that comprise their target markets. These programs understand that market segmentation in accordance to market-specific demographics and conditions must occur to facilitate strategy formation for business planning and marketing purposes. Local, regional and national trends are constantly monitored and surveyed with successful programs adjusting their strategies and tactics to maintain or enhance their position within the market. Successful programs understand how their services are positioned in the market vis-à-vis the competition. These programs have numerous tools in their arsenal to understand their current situation and how they will position their services to meet future demand. Successful programs involve their major stakeholders in assessing current situations and developing strategies for the future.

An example of a tool some of these programs have at their disposal is the Market Position Matrix that utilizes the Analytic Hierarchy Process (AHP) to identify how their services are positioned within their market in accordance with program specific criteria

defined by program stakeholders. The AHP utilizes pair wise comparisons of program specific criteria to weight the criterion and rank alternatives. An example of a Market Position Matrix is shown below:



In the above chart, the position of the bubble represents the program’s ranking based on the competitive position of the service in relationship to the attractiveness of the market for those services. The size of the bubble represents the market size for the specific service as represented by potential revenue.

The chart is segmented into four quadrants. Each of these quadrants has specific and unique characteristics associated with them. For example, “stars” are services where there is high market share and high potential for growth. “Dogs” represent services that have lower market share and the potential for profitable growth is low. In healthcare, particularly with cardiac & vascular services, these service offerings may lead to higher utilization of other services and therefore cannot be divested. “Cash cows” represent services that have high market share but may not provide a high return. “Mustangs” represent those services that have a low competitive position but are high in market attractiveness. Services in this quadrant are typically in transition and may deteriorate to “Dogs” status or may elevate to “Star” status depending on the amount and type of investment in the services. The Market Position Matrix is useful in developing strategy for program development, marketing and investment. As presented above, the matrix is useful in service portfolio management.

Patient-Focused Operational Efficiency and Effectiveness

Market-leading cardiac & vascular programs understand that today’s patient demands more than just great outcomes; they want and demand a total healthcare experience. The total healthcare experience, i.e., the total value proposition, for patients is all encompassing involving both the service provided and the process with which the service is provided. Today’s patients don’t want the sterile and sparse environment that

most hospitals built before and in the early 1980's provide. Successful programs understand the impact facilities and service adjacencies have on patient perceptions of quality. In many markets, facilities are being renovated or abandoned with new facilities being built that provide more of "homelike" feel for patients. This trend started with the Women's Health Services in the 1980's and is now demanded by all patients and being expanded to all patient care areas of hospitals. There are numerous examples across the country where major renovation of existing facilities and/or construction of new facilities are occurring to better meet the patients' expectations and provide high quality services. RB&A consultants are familiar with a market, servicing approximately 1.2 million persons, in which nearly \$700 million will be spent by 2003 by three hospitals to construct or renovate facilities to become more patient focused. These hospitals have come to realize the role that overall environment, including facilities and décor, play in facilitating patient recovering.

In addition, to provide a total healthcare experience, successful cardiac & vascular programs have redesigned and reengineered patient-care processes to be more patient friendly, efficient and effective. Service offerings and patient care logistics are constantly being evaluated to identify areas for improvement. These programs recognize the importance of enhancing the patient care experience by having all specialty related services available within the same geographical location of the hospital. These programs also recognize the importance of including the patient in the decision-making process and have designed facilities, patient care and treatment processes from a patient-focus perspective. Successful programs consistently seek input and feedback from patients and their family members in an effort to identify and target areas for improvement but don't allow customers to drive all strategic initiatives and stifle innovation. These programs recognize that their most important assets are its employees who have sincere desires to serve the patient and critically seek new ways to better deliver the services. Insight from employees, the market, other businesses and/or services are also utilized in developing strategies for these programs.

Innovation That Leads To Customized Proprietary Strategy Built On Core Competencies and Linked To Consensus Developed Mission and Vision Statements

An important pillar of excellence for market leading cardiac & vascular programs is innovation. Innovation requires creativity and commitment. Innovative programs almost always have leaders who "think outside of the box". They recognize that "cookie cutter" approaches to strategy development does not lead to sustainable competitive advantage as these strategies are easily duplicated. Successful programs are innovative in developing competitive advantage through creating strategic initiatives. These programs have developed customized, proprietary strategies for addressing market needs. These programs recognize that crafting strategy is often difficult and time consuming and must be realistic and congruent with the program's resources and competitive environment.

The strategies are built on the program's core competencies and are linked to the program's mission and vision statements that are consensus-developed among the major stakeholders. Successful programs have identified and developed core competencies that differentiate the programs from the competition. The implementation of these core competencies is unique to the specific programs, is not easily duplicated, and achieves sustainable and competitive differentiation for the program. The implementation and continual refinement of the core competencies is what gives market-

leading programs their competitive edge. These programs recognize that core competencies founded on technological advantages or the latest business fads are often short-lived as competitors can readily acquire the technology and adopt the fad.

Successful cardiac & vascular programs develop mission and vision statements that are founded on the shared values and convictions of the program stakeholders. These statements provide the necessary principles, guidance and direction for the program amid the rapid changes occurring in the market. Market-leading programs recognize that success is dependent on the degree to which the stakeholders' goals are aligned with the program's goals. Developing mission and vision statements that are consensus developed among all major program stakeholders is a major step towards this much-needed alignment.

Strategy development by market-leading programs involves all major program stakeholders. These programs recognize that successful strategy implementation is dependent on program stakeholder alignment. They intuitively understand that stakeholders will not follow strategies with which they disagree; they will either hamper the strategy implementation or leave. In addition, successful programs recognize that in a rapidly changing environment, yesterday's strategies will not work. Strategy guides the program's scope, orientation and defines how services will be positioned. Successful programs are constantly surveying the horizon for changes, assessing their own services and capabilities and are developing strategies and tactics that will maintain or enhance their position within the market by taking advantage of emerging opportunities. They understand that tactics implement strategies in pursuit of goals and objectives.

Successful programs have developed the mentality that strategy is a way of life in pursuit of strategic objectives. They recognize that a strategy that works one day may lead to disaster on another day. They also recognize the danger in relying on the latest business fad. They realize that even if the latest business fad works, it's just a matter of time before the competition has embraced the fad. They understand, as Clauswitz¹ postulates, that theory has its place in developing strategy but that "clinging to theory is counterproductive" and results in programs changing strategies as theory changes from one year to the next. They understand that theories are used as a tools or aids to judgment; however, theories should never dictate a course of action. Market leading programs develop strategies that are specific to their current situation - ever mindful that changes will occur in the market place that will necessitate strategic refocusing.

Program Leadership and Stewardship

Market-leading programs have demonstrated hospital personnel and physician leadership. Without strong leadership, the diffusion of power throughout the program can stifle and derail decision-making and undermine necessary alignment among the program's stakeholders. Cardiac & vascular programs bring together a wide array of stakeholders, i.e., specialists, each have their own agendas and goals. Aligning the interests of these stakeholders with the interest of the program is facilitated through strong, but not overbearing, leadership.

¹ Carl von Clauswitz; General In the Prussian Military; Author of On War. Considered to be one of the greatest Strategists of all time. His works are still read and taught in military schools today

Successful programs have program leaders and champions with demonstrated leadership traits such as character, integrity, judgment, intuition and a stewardship mentality. Program leaders lead by example and strive to build other leaders. They are not threatened by the strengths of others but see the big picture and how the strengths of all program stakeholders combine to create excellence across the entire cardiac & vascular service line. They have a stewardship mentality that enhances their abilities to develop consensus and alignment among the participating stakeholders. They help build other leaders, recognizing that they may serve as the program champion for a period of time before others will replace them in this role. They desire to develop a legacy through the program and recognize the power of participation in developing a program that is recognized for excellence. These leaders cultivate and develop a sense of shared destiny among the program stakeholders.

Many market-leading programs are organized along service or product lines. These programs understand the role of program governance and management in creating excellence. Service lines often provide for the development of high performance teams that have accountability and flexibility to do what is in the best interest of the patients while keeping an eye on the success of the program. Service lines enhance decision making by breaking down the barriers and bureaucracy often associated with services that report across organizational departments and lines. Service lines also facilitate the development of a culture that fosters peer participation, provides for team development, instills accountability, allows for flexibility in decision-making, and creates esprit-de-corps among team members.

Reducing the decision-making bureaucracy often associated with the orthodox medical staff structure will demand that cardiac & vascular specialists come together in a forum that fosters participation in program governance, coordination of services, and enhanced flexibility and speed in decision-making. To improve clinical service quality, instill accountability and stewardship, and enhance flexibility and participation in program governance, successful cardiac & vascular programs will reorganize the medical staff departments to reflect the services provided through the service line. Cardiac & vascular departments within the medical staff comprised of representatives of all cardiovascular specialties to include cardiologists, cardiac surgeons, interventional radiologists, vascular surgeons, critical care, emergency medicine and neurology will be developed. Creating these medical staff departments will eliminate the “ping-ponging” of issues between various departments as often occurs with the current traditional medical staff structure that has its roots in the late 19th century.

Integrated Data Storage and Warehousing For Outcomes Reporting and Benchmarking

Marketing leading programs utilize integrated management information systems and PACS that allow for the collection, sorting, and storing of patient data and reporting of outcomes. These programs understand the principle that knowledge is power. They have invested in extensive database and warehousing capabilities. They are developing MIS networks that link participating providers and allow them remote access to patient data. Patient data collection is integrated across the system so that duplicate data entering is eliminated. Imaging is digitalized so that providers may have access to real time or near real time diagnostic images and procedure results. Data in these integrated MIS networks is collected directly from the equipment interfaces where available to reduce the chance for clerical error in data inputting.

Patient outcomes data is regularly and routinely collected and reported in various formats for analysis. The outcomes information is utilized in developing clinical care guidelines that are based on best practices. Developed clinical care guidelines are program specific and built on program and provider specific criteria and experience. Successful programs recognize the importance of achieving and implementing best practices for the services provided; however, they also recognize the importance of provider preference and experience in striving to exceed best practices by becoming the standard against which all other providers benchmark their services. Experience with the development of clinical care guidelines has repeatedly shown that unless the guidelines are developed by, and based upon the input of, the physicians participating in the program, adherence to the guidelines is hampered.

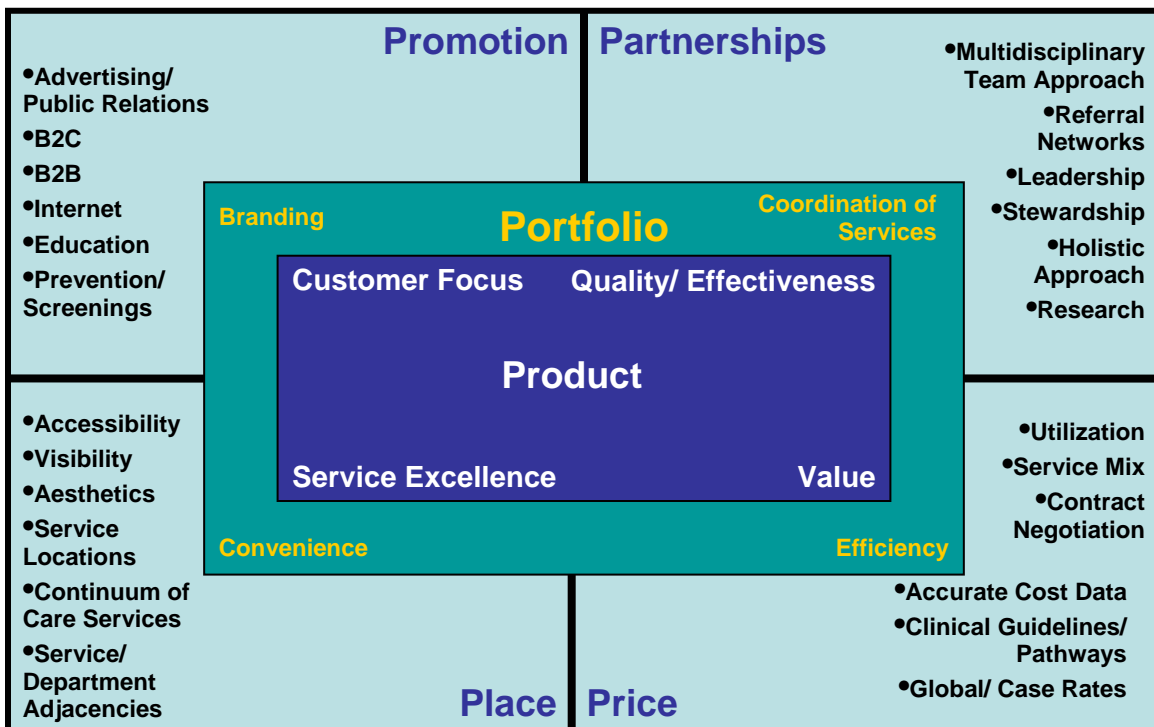
Market leading cardiac & vascular programs understand the importance of utilizing the outcomes information to improve clinical and operational performance. These programs have a regularly scheduled forum for the presentation of the data that allows for peer review, critique and instruction. These programs utilize the information to assist providers in providing better and higher quality services. If the Pillar of Leadership has been properly cultivated, these reporting and review forums become a positive and motivating force for service improvement.

Market leading programs are preparing for tomorrow's market where patient data will be readily available and yet secure to maintain patient privacy. In the future, coding, billing and collection activities will change as data is collected in real time and as procedures and patient encounters occur. Equipment utilized in providing these services will be interfaced with the financial system. As the equipment is used, it will be able to record the type of procedure being performed. As multiple procedures are performed in the same setting, algorithms will be utilized to bundle the procedures into the appropriate procedure groupings. Physicians will be identified at the beginning and end of the procedure so that billing and assignment of charges can occur automatically and accurately. With emerging technology, retinal scanning or finger printing to accurately identify the physician performing the procedure will occur. At the conclusion of the procedure, electronic billing and submittal of the required forms for the services will occur automatically, with the physician and hospital portions being sent together. The timing of the billing will coincide with the patient status whether inpatient or outpatient. From patient information collected prior to the services, the patient's portion of the bill for which he/she is responsible will be emailed to the patient. Payment for services will occur electronically. Under this EDI system, little if any paper will be generated.

Program/ Service Specific Marketing

This Pillar of Excellence is often the one that is most misunderstood and, therefore, receives less investment than other pillars. Market leading cardiac & vascular programs recognize that marketing is more than promotion, which is what most physicians and program employees perceive when they hear marketing. As taught in business schools across the country, marketing involves more than just promotion. Marketing is typically presented in business schools as involving four Ps: Product, Price, Place, and Promotion.

To this readily recognized series of Ps, RB&A would add two additional Ps: Portfolio and Partnerships. A diagram of the six Ps is presented below:



Portfolio involves the management of the portfolio of cardiovascular services since cardiac & vascular programs are comprised of multi-specialty products or services that often build upon each other. For example, nuclear stress testing services often lead to other services such as diagnostic catheterization, which often leads to another service—PCI or CABG. In this regard, for cardiac & vascular services there truly is an interrelated portfolio of services that needs to be managed as separate services in some instances but as a service set in others. Successful cardiac & vascular programs utilize available management tools such as the Market Position Matrix, AHP, decision tree analysis; risk analysis, strategic planning, and feasibility studies, among others to effectively manage the portfolio of services.

Partnerships involve developing an atmosphere and culture within the program that understands the need to develop multidisciplinary teams that have a holistic focus in providing cardiac & vascular services. Hospitals and physicians must work together to provide the high quality services demanded by patients. Market leading programs will look to form partnerships in the delivery of cardiac & vascular services that provide benefit to all parties. These partnerships will evolve in structure over time to meet the needs of the participants and create the highest quality and cost effective services possible. Partnerships will be founded on principles of egalitarianism where those who have the best credentials, outcomes and lowest costs are included and those who don't meet the standards may be limited in their participation. An example would include the development of price competitive service packages. Only those with the proper certifications and the most cost effective, high quality outcomes would be invited to participate in such a pricing arrangement.

Successful programs understand that the product involves not just the clinical service but also the entire experience as described previously. The effect of excellent clinical outcomes can easily be offset in the perception of patients by rundown facilities, rudeness or lack of attentiveness on the part of employees, unappetizing food, etc. The product encompasses all patient care processes, surroundings to include facilities, equipment and landscaping, and employee attitudes. Market leaders routinely assess the product/ service through examining the processes and surroundings to ensure that all elements that contribute to the patient's experience achieve established standards of excellence for the program.

Pricing and place of the services is determined in large part by payers such as Medicare and third party payers through contracting. However, there are opportunities for cardiac & vascular providers to price their services competitively in the market place and to develop new places or channels through which the services are provided. To do so, successful programs understand the true costs of providing the specific services. These programs don't rely on cost-to-charge ratios; they have accurate cost data. They have invested in the necessary information systems to be able to accurately and in real time know the costs of providing the specific services to a patient. These programs work in a collaborative manner with the physician program stakeholders and vendors to reduce costs, where feasible and appropriate. They have developed relationships with major program stakeholders and vendors built on trust and mutual benefit where one party won't benefit at the expense of the other. In these relationships there is open dialogue and sharing of data among the participants.

Market leading programs understand the importance of promotion of the services throughout the service area and utilize the most effective means of reaching the targeted market segment. From the understanding of the market demographics and trends occurring in the market from Pillar 1, these programs understand what each market segment needs and demands and will tailor marketing efforts to include all Ps to service these needs. Market leading programs have established promotional budgets that are consistently replenished to develop a brand identity for the services. These programs view the development and marketing of the brand as encompassing all of the Ps and realize the importance of consistent, well designed, and targeted promotional materials. These programs also recognize the importance of creating a consistent message that accurately reflects the services and its capabilities.

Conclusion

Cardiac & vascular programs, in today's healthcare environment, are faced with changes occurring at an ever-increasing pace. These changes are paradoxical and will dramatically shifting the terrain and climate of many healthcare markets. Cardiac & vascular programs and providers that will succeed in the future are those that build upon a foundation that provides stability yet flexibility in the face of uncertainty and rapid change. RB&A believes that those programs that are successful today and will be successful in the future will be founded on six Pillars of Excellence as presented in this article. Successful and market leading programs will constantly survey the horizon to identify shifts in the demographics and externalities to include legislative, regulatory, payer, etc., trends occurring in their markets. They will have a thorough understanding of each market segment's needs in their service area. They understand that patients demand a total value experience and will design patient care processes and surroundings that are patient focused and meet the patients' needs.

Successful programs understand that strategy must be built on Core Competencies of the program and linked to mission and vision statements that have been developed in a consensus process among all major program stakeholders. These programs understand that strong physicians and administrative leadership is a crucial element in developing a culture of shared destiny among the program's participants. They foster team development and recognize that they have a stewardship to the program and its future to help develop future leaders. They are not threatened by others skills and talents and seek opportunities to learn from others so that the program may achieve excellence in all areas of clinical and operational processes.

As we live in a very data driven society, successful programs regularly invest in integrated MIS capabilities and networks. Data is routinely collected and reported to improve clinical excellence and enhance operational process. Benchmarking occurs to develop best practices. Improvement beyond current best practices is a major objective of the successful program.

Market leading cardiac & vascular programs invest in program specific marketing. They recognize that marketing is more than promotion; it involves not only all of the Ps frequently taught in business schools (product, price, place and promotion) but the RB&A presented Ps of Portfolio and Partnering. These programs understand the interrelation of the services and how the entire portfolio of cardiac & vascular services across the continuum must be appropriately managed to achieve excellence all areas of service delivery.