

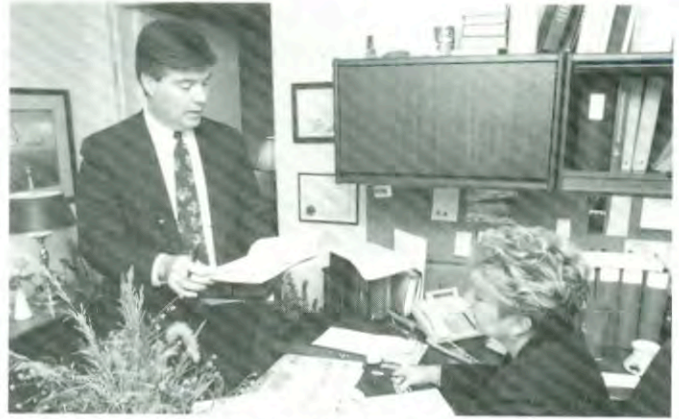
# New Leadership Style "Pays Off"

*"We were not number one going into this change process— now we're sitting at the top of the heap," explains Doug French, President of St. Mary's Hospital, Evansville, Indiana. How does a mid-sized hospital, in an over-bedded healthcare market, come to dominate market share, build Customer service and profitability levels to all-time highs, and hold patient charges steady for two years, while competitors raise their rates?*

## **Driving Cost Down— Driving Quality & Profitability Up**

"Our competitors are raising costs 6-9% this year while our rate increase is zero. We didn't raise a single charge," reports St. Mary's CEO, Doug French. "Typically, we would have had a sizeable increase, but our management team said that if we were truly going to hold down costs of healthcare, we should start now. Beginning 18 months ago, everyone came together to figure out how to hold rates steady and still accomplish other objectives, including providing merit raises for employees."

French explains, "Through our efforts at systematic organization change, huge opportunities to improve quality and reduce costs were identified. Using a structured small group process called HITS (Hot Idea Teams), people were able to get at new ways of doing things. We realized external healthcare reform had to be met by an internal reformation of how we did



*Doug French, President, St. Mary's Hospital*

things. A change in our mentality occurred. We realized that success would have to come from greater volume and lower expenses, not just raising rates. It was a dramatic change in thinking for us. This new way of thinking was developed in the management training component of our overall change process. It taught us how to approach things in a radical, more unique way, in order to accomplish our objectives."

## **What Made It Work?**

"I knew we had to change. We weren't competitive, and our management team was status-quo oriented. We reacted to competitors' initiatives rather than following our own course. The team was adverse to change. Managers were largely promoted from within with little or no management training to do the job."

"Through **The Uncommon Leader** process, we learned to anticipate change and use it to our positive advantage. Expectations and demands of our management team went to higher levels. We proceeded from management development to systematic organization changing, following a step-by-step action plan. Key to

## **Recap of Change Results**

- Patient charges held steady for two years while competitors raised their rates.
- Market share, Customer satisfaction, & profit levels are at an all-time high.
- Local business leaders voice approval of cost management efforts that benefit their businesses.
- 3,300+ employee ideas for improvements generated \$1 million + in hard savings & \$5 million + in intangible savings.
- Medical staff participate in initiatives for improved patient care, quality, and hospital operations.

our success was the rapidity of our change effort, massive communication, and wide-scale involvement of our people. We learned to properly use the people power around us to effect the changes needed. It is the only way a hospital can be successful in an era of managed care. The hospital CEO that wants to bring about radical change wouldn't find a better program to do it with," explains Doug French.

"We were comfortable working with Management House because we knew that Dr. Sherman had looked at our hospital as carefully as we had looked at Management House. He made it clear that he wouldn't undertake a client that did not have every potential for success. In our eyes, that added credibility to the program. Our risk paid off."

### **Return On Investment**

"Financially," French reports, "we saved far more than we spent. We've just come off of two of the best years in our hospital's financial history, in a market that has too many hospitals. We were not number one going into this program. Now, we're sitting at the top of the heap. If I look at business success in terms of Customer service and profitability—we're at an all-time high, and we would not be here (at this level) if it were not for this process."

*"We saved more than we spent and that doesn't even scratch the surface of the true benefits to the organization."*

"I've been able to walk into my boardroom and justify the program cost. There is a definite ROI. You can justify it in terms of hard business results. But, more than the hard ROI dollars that we experienced, I feel the biggest savings are in the intangibles where it is hard to place a dollar value on results. For example, I believe I have the finest trained management team around."

"While I am committed to ROI, I look at my management team and believe they're saving me money daily because they have the tools to do their job, and I can't put a price on that. Without their combined efforts, we could not have held patient rates steady. Our

management operates like a team—everyone working for mutual goals. Before **The Uncommon Leader**, it seemed as if we were all working from a different set of instructions. Now, we're not only all singing out of the same hymn book, we're even on the same page and line of music."

### **Risking For Excellence**

"All hospitals are in need of effecting radical change quickly, and it doesn't come without risks. There will be times when, as the CEO, you feel challenged or questioned. But, you just have to keep coming back to the core, which is investing in your management team, your people, and thereby the future of your organization," explains French. "A key to our success was that this program is values-driven. We charted our course alongside of our organization's values. It's a tough program—hard work. It's not for everyone. The CEO must have a personal, full commitment to the process, and the organization must be ready and wanting to make the change."

*"I believe I have the finest management team around, and they're saving me money daily because they have the tools to do the job."*

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*Organization renewal is hard work, complicated by the nature of continuous change in hospital operations. Executive support and involvement are key requirements. **The Uncommon Leader** process, based on Dr. Sherman's book, **Creating The New American Hospital: A Time For Greatness**, is designed to help healthcare executives lead organization change and build a future based on increasing Customer satisfaction, delivery of high quality, cost-effective services, continuous improvement, and increasing profitability. Due to its demanding nature, the process is not for everyone.*

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[www.GoldStandardManagement.org](http://www.GoldStandardManagement.org)**

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