Excellence in Healthcare:
The Identification of Characteristics of Organizational Excellence

By

Nicholas G. Dose

A PROJECT

submitted to

Oregon State University

University Honors College

in partial fulfillment of
the requirements for the
degree of

Honors Baccalaureate of Science in Health & Human Sciences (Honors Scholar)

Presented March 7, 2008
Commencement June 2008 for a degree awarded Winter term 2008
AN ABSTRACT OF THE THESIS OF

Abstract Approved:

__________________________________________
Leonard H. Friedman

There are an alarmingly low number of hospitals and healthcare systems that have been identified as excellent, leaving the impression that the majority of hospitals are performing below this expectation. Performance excellence should be the standard of all health systems. The objective of this paper is to identify key criteria/characteristics of performance excellence in health systems in order to develop a measurement of excellence that may be used by similar health organizations. This will be achieved by examining current rating systems to determine what criteria of organizational excellence is measured, as well as researching key attributes of examples of healthcare and non-healthcare organizations identified as excellent, to find any similarities. From the research, the identified key characteristics for performance excellence were placed into seven pillars: Planning and Management, Leadership, Patient Satisfaction and Quality of Care, Service, Employee Satisfaction and Empowerment of Employees, Growth, and Financial Performance. Once the identified attributes are determined, they can be utilized by healthcare systems to achieve and sustain excellence.

Key Words: Organizational Excellence, Performance Excellence, Health Systems

Corresponding e-mail address: dosen@onid.orst.edu
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APPROVED:

___________________________________________________ _____________________
Mentor, representing Health Management

___________________________________________________ _____________________
Committee Member, representing Business Management

___________________________________________________ _____________________
Committee Member, representing Health Care

___________________________________________________ _____________________
Dean, University Honors College

I understand that my project will become part of the permanent collection of Oregon State University, University Honors College. My signature below authorizes release of my project to any reader upon request.

___________________________________________________ _____________________
Nicholas G. Dose, Author
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I would like to thank my mentor, Dr. Leonard Friedman, for bringing this idea to my attention and allowing me to perform research under him. His guidance and knowledge has been irreplaceable in helping me complete this challenge.

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Lastly, I would like to thank my family and friends for their encouragement and advice.
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DEDICATION

This thesis is dedicated to my family and girlfriend.

Thanks for making me do it.
PREFACE

The rationale behind my research was being part of a grander scale project devised by Dr. Leonard Friedman. There are three steps to the project. The first is to determine the characteristics of excellent health systems and make them available to all healthcare organizations. It is then the aim to perform a study of the hospitals and health systems to measure the level of excellence based on the identified characteristics. The last aim, is to compare the hospitals to determine what attributes were responsible for the transformation to excellence. A measure of excellence can be determined and used by hospitals and healthcare to make improvements and transform themselves towards higher levels of excellence.

My involvement in the research was to determine the attributes of organizational excellence in healthcare and non-healthcare examples, how organizational excellence has been measured, and uncover the commonalities and differences. Through my research I was able to identify key attributes and develop domains in accordance with my findings.
Excellence in Healthcare: The Identification of Characteristics of Organizational Excellence

INTRODUCTION

There are an alarmingly low number of hospitals and healthcare systems that have been identified as excellent, leaving the impression that the majority of hospitals are below this expectation. While many hospitals may have been identified as very good, this is simply not good enough when dealing with human lives. Patients want and deserve the best possible care, so why are so many hospitals not achieving this standard? The discrepancies in hospitals are due to the wide range in quality, service, financial performance, and care.

Saying this, there is a need for an excellence standard. There are current rating systems that have attempted to rate hospitals and meant to improve the hospital’s quality, but they differ widely in their criteria. There needs to be a universal rating system that will allow hospitals to rate themselves and make necessary changes to reach organizational excellence. In order to do so, methodologies and criteria of the current rating systems, along with the key attributes that differentiate top-tiered healthcare systems from the lower ones, must be identified. Once classified, these characteristics can be made accessible to all healthcare systems, and used as a tool, to allow organizational change.

This paper will review current rating systems for hospitals and healthcare systems, as well as examine hospitals that have been identified as excellent in their field. It is the goal to use this information, along with literature review, to identify
criteria/characteristics of performance excellence in health systems in order to develop a measurement of excellence that may be used by similar health organizations. Identification of excellence characteristics will allow health systems to apply the knowledge to become increasingly, and remain, excellent.
CURRENT RATING SYSTEMS

In order to develop a measurement of excellence that encompasses all areas of health systems, it is first necessary to review the current rating systems and identify similarities in criteria and areas that are failed to be mentioned. Using the criteria that is already available, the characteristics can be grouped together to develop a more uniform rating system.

RATING SYSTEMS

One of the most well-known and relied upon rating systems is the Baldridge National Quality Program. It rates healthcare organizations on seven criteria of performance excellence and rewards organizations that demonstrate excellence with the prestigious Malcolm Baldridge National Quality Award. The Baldridge criteria of performance excellence are based upon the following characteristics: leadership; strategic planning; customer and market focus; measurement, analysis, and knowledge management; workforce focus; process management; and results (Baldridge, 2007). The previous criteria will be examined in more detail as described from the 2007 Criteria for Performance Excellence (Baldridge, 2007).

**Leadership:** The Leadership category is focused on senior leadership, specifically how well the senior leaders “guide and sustain” the organization and how well the leaders communicate with the workforce in accordance with high performance (Baldridge, 2007). The category is also based upon governance/social responsibilities. It is concerned with how the organization
“addresses its responsibilities to the public, ensures ethical behavior, and practices good citizenship” (Baldridge, 2007).

**Strategic Planning:** The category for Strategic Planning is concerned with the development and deployment of strategic objectives and action plans. Strategic challenges and advantages are identified and strategic objectives are evaluated to address the identified challenges. The organization is then measured on how well the strategic objectives are converted into action plans in agreement with the organization’s performance measurements.

**Customer and Market Focus:** The Customer and Market Focus category examines how well the organization “determines requirements, needs, expectations, and preferences of customers and markets” to develop opportunities for innovation, and how the organization “builds relationships and grows customer satisfaction and loyalty” (Baldridge, 2007).

**Measurement, Analysis, and Knowledge Management:** The category for Measurement, Analysis, and Knowledge Management focuses on how the organization measures, and analyzes, data and information to improve its performance. The category also incorporates the management of information, information technology, and knowledge assets.

**Workforce Focus:** The Workforce Focus category measures the workforce engagement by how high performance is achieved and rewarded, as well as how the workforce is trained to reach higher performance. The category is also concerned with the ability to build an “effective and supportive workforce environment” (Baldridge, 2007).
**Process Management**: The Process Management criteria measures how core competencies (organization’s greatest expertise) and work systems (how work is accomplished) are designed to achieve organizational excellence and sustainability, and how these processes are improved.

**Results**: The final category, Results, examines the organization’s performance outcomes in an identified six key areas: product and service outcomes; customer-focused outcomes, such as customer satisfaction and loyalty; financial and market outcomes in terms of financial return, budgetary performance, market share, share growth, for example; workforce-focused outcomes measured by workforce engagement, capability, retention, workforce service/benefits, and health/safety; process effectiveness outcomes including work systems, processes, productivity, and cycle time; and leadership outcomes.

By using the Baldridge performance excellence criteria, healthcare systems have the capability to improve their organizational performance and learn more about their organization. This rating system is one of the most successful and useful systems because of its full range of identified characteristics critical to a hospital’s performance.

*US News & World Reports*’ “America’s Best Hospitals” is a ranking system that rates hospitals in accordance with patient care. Hospitals are ranked in 16 specialties that are considered the most complicated procedures and vital conditions. According to the 2007 *Methodology*, hospitals that exhibit high performance quality excel in three areas: structure, process, and outcomes (McFarlane, 2007). Structure is defined as resources that are available and related to patient care, process is defined as the care delivery, and outcomes are measured by risk adjustment mortality rates. This rating system is valuable
to patients because it is strictly concentrated on quality and service, but it fails to rate hospitals as a whole. The system lacks key characteristics of excellent hospitals such as leadership, employee satisfaction, finance, growth, etc. However, the system has identified the key characteristics of patient satisfaction: service and quality of care. In addition, the outcomes category suggests that hospitals with excellent adjusted mortality rates contain not only efficient and effective care, but a fully capable workforce as well.

In similar fashion to the *US News* rating system, the introduction of the concept of Hospital Consumer Assessment of Health Providers and Systems (HCAHPS) concentrates on patient satisfaction and quality of service. HCAHPS is an experience based survey given to patients and provides a way to compare hospital’s patient satisfaction (Appendix A). Developed by Centers for Medicare & Medicaid Services and the Agency for Healthcare Research and Quality, it is the inclination of the founders to publicly report the data in hope that the hospitals will enhance their care and learn from the patient’s answers to priority questions (Cunningham, 2007). It is another example of the importance of patient satisfaction and customer service as an indicator of excellence.

Another rating system for hospitals is provided by *Thomson 100 Top Hospitals*. “The study rates hospitals on eight factors: patient mortality, medical complications, patient safety, length of stay, expenses, profitability, cash-to-debt ratio, and growth in patient volume” (Wilkins, 2007). Unlike *US News*’ rating system, the *Thomson* system includes more than just patient satisfaction. The incorporation of growth and financial factors, in addition to service and quality, provide important characteristics for a well-rounded hospital. However, since the criteria are based on tangible numbers, the size of
the hospital and its demographics may severely affect the results of the ranking and may not accurately rate the hospital.

There have also been mathematical approaches to rate hospitals, or specifically certain characteristics of hospitals. One such approach was invented by Wei-Kuo Chang, Chiu-Chi Wei, and Nen-Ting Huang of School of Technology Management, Chung-Hua University, Taiwan. The method provides a way to quantify service quality of hospitals, and, in similar fashion to HCAHPS, may be used to compare hospitals. The mathematical formula is based on three quality elements (must-be elements, one-dimensional elements, and additional elements) and a curve is created. The higher the calculated position from the graph origin equals higher patient satisfaction (Chang, 2006). Must-be elements that are important for patient satisfaction include safety, building structure, ability of doctors, and confidentiality. These elements are what the patients initially expect. One-dimensional elements include characteristics such as professional appearance of staff, accommodations like food, parking, and transportation, financial options, communication with patients, willingness of staff, and reputation. One-dimensional elements increase patient satisfaction in their presence, but may increase patient dissatisfaction in their absence. Additional elements comprise of elements that customers do not expect and serve to increase patient satisfaction, never decreasing it in their absence (Chang, 2006). It is evident that there are many factors that attribute to patient satisfaction, and a method that can group everything together would be quite valuable in integrating into a rating system that measures more than patient satisfaction/quality.
Another mathematical model for measuring performance is the Kanji Business Excellence Measurement System (KBEMS), which is based upon Kanji’s Business Excellence Model (KBEM) and Kanji’s Business Scorecard (KBS) (Kanji, 2002). KBEMS focuses on critical success factors, which according to Gopal Kanji are “the areas that must perform well if an organization is to succeed” (Kanji, 2002). Kanji believes that “obtaining a comprehensive evaluation of organizational performance” is one of the keys to business excellence, so KBEMS serves as a necessary tool (Kanji, 2002). In addition to performance measurement, business excellence is achieved through the continuous satisfaction of customers, employees, and stakeholders. There are two parts of the system that are mathematically used to determine an organization’s performance. Part A consists of ten critical success factors, while Part B contains five critical success factors (Table 1).

**Table 1:** Criteria for Kanji Business Excellence System as Explained in Kanji’s *Performance Measurement System* (Kanji, 2002).

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Part</th>
<th>Organization Measurement</th>
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<tr>
<td>Leadership</td>
<td>A</td>
<td>Long-term strategy, vision, responsibility for quality performance, defines organization’s quality goals, takes allocation, communication, reinforcement</td>
</tr>
<tr>
<td>Delight of Customer</td>
<td>A</td>
<td>Listens to external/internal customers, feedback from customers for improvements, determines customer requirements</td>
</tr>
<tr>
<td>Management by Fact</td>
<td>A</td>
<td>Contains a performance measurement system, performance excellence throughout the organization, uses system to make improvements</td>
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<tr>
<td>People Based</td>
<td>A</td>
<td>Training of employees, feedback to employees on performance, resources readily available to employees</td>
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<tr>
<td>Management</td>
<td></td>
<td></td>
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<tr>
<td>Continuous Improvement</td>
<td>A</td>
<td>Continually searches for improvements, reacts to customer satisfaction indicators, quality improvement methods, compares itself to its competitors</td>
</tr>
<tr>
<td>Customer Focus</td>
<td>A</td>
<td>Methods to determine customer and employee satisfaction, uses complaints for improvements,</td>
</tr>
<tr>
<td>As depicted in Table 1, there are numerous factors associated with performance excellence and KBEMS, many of which are common in the rating systems already described. Factors such as leadership, customer satisfaction, employee satisfaction, innovation, work environment, process management, strategies, and continuous measurement/improvements are all common themes. The measurement system also takes into account financial performance and growth, which is similar to the ranking system of <em>Thomson Top 100 Hospitals</em>.</td>
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In addition to ranking systems specifically aimed towards healthcare systems, other studies of businesses based on key areas of organizational excellence are valuable due to the existing overlap. One such study performed by McKinsey & Company, Inc. uses nine areas that are believed to underline organizational excellence to rank current businesses (De Smet, 2007). Not surprisingly, many of the characteristics of McKinsey are also found in the Baldridge ranking system such as leadership, work environment and employee interaction, coordination (measurement of performance and risk), innovation, direction (people aligned with the direction of the company), and external orientation (interaction with customers, suppliers, and partners). According to the rating system, there are criteria that also appear to be relevant to organizational excellence. Accountability of performance measurements to reinforce results, sufficient capabilities (skills and talents) of the company, and motivation to drive employee retention are additional keys to performance excellence (De Smet, 2007). Companies that demonstrated strong performance in the key areas also showed greater financial performance. It should be noted that, besides the external orientation criteria, customer satisfaction and quality is not mentioned unlike many of the hospital rating systems. These characteristics are more focused towards the business side of companies, but they are useful and necessary nonetheless for healthcare systems to achieve organizational excellence and not solely customer service.
RESULTS AND DISCUSSION

By comparing current rating systems for performance excellence in healthcare systems and businesses alike, several commonalities can be detected. First of all, there appears to be two types of rating systems. The first system rates excellence in terms of patient care and satisfaction, while the second system encompasses more characteristics in order to rate hospitals on a larger scale. However, all the rating systems mention the need for patient satisfaction. Thus, it is quite evident that excellence is highly driven on what the patients want and need. Using the information provided from the rating systems, measurements of excellence in patient satisfaction can be categorized into four core domains: planning, quality of care, service, and clinical results.

Planning is less commonly found in the rating systems, but is an important factor that excellent hospitals practice. Planning is rated on the ability of health systems to determine the needs and requirements of customers. By developing customer satisfaction indicators (which may involve the other three domains), hospitals have the ability to rate themselves and make continuous improvements. In addition, planning includes the availability of resources to employees, which in turn will allow for success in the other three domains.

The most obvious domain related to patient satisfaction is the quality of care. Hospitals are rated on subjects relating to their appearance, accommodations, and treatments. The appearance of the hospitals includes factors such as safety, cleanliness, quietness, the structure of the building, and the ease of trafficking. Most rating systems do not evaluate accommodations when determining quality, however, in Chang’s rating system, accommodations like food, parking, and transportation are figured into the
measurements. Lastly, the quality of treatment in terms of actual medicinal practice and confidentiality is measured.

The most agreed upon, and perhaps the most important, measurement of patient satisfaction is service. This domain is what puts excellent hospitals on the uppermost tier, because it involves direct interactions with the patients. As Studer Group states, “there is no higher responsibility than to ensure high quality and a caring environment for our patients” (Studer Group, *9 Principles*). Therefore, the interaction between the medical staff and employees plays an important role in patient satisfaction. The most common rating of service is the relationship with the patients, or more specifically the communication. The domain also includes the ability of the doctors, their professionalism, and willingness to serve. The delivery of care is also measured, which includes aspects like length of stay, timeliness or responses and treatments, and the amount of respect patients received.

Lastly, some of the rating systems include clinical results into their measurements of excellence. The most common results are the mortality rates and medical complications. The results are important, and a number that patients would be very curious to know them, but it must not be the only form of measurement. Some hospitals may be put at a disadvantage due to their demographics (patient mix), lack of resources (planning domain), and ability of staff (service domain) to name a few. It is important that a measurement of patient satisfaction includes all domains, because they are all intertwined and may provide a more accurate indication of excellence.

Although patient satisfaction is the most common similarity between the rating systems, there are other mentioned criteria that are important when measuring excellence.
The most frequently used measurements of excellence (in broad terms) are leadership, financial performance, workforce focus (including employee interactions and work environment), continuous improvements and innovation, process planning and management, customer focus, measurements, accountability, and growth. The importance and specifics of these criteria in reference to organizational excellence will be discussed in detail in a later section.
EXAMPLES OF EXCELLENCE

As it is important to review current rating systems to determine what characteristics are measured for performance excellence, it is equally important to review examples of excellence in healthcare and non-healthcare organizations in order to extract their similarities. This section will review literature on healthcare and non-healthcare organizations in order to identify exactly what makes these organizations excellent.

HEALTHCARE EXAMPLES

SSM Healthcare was the first health care organization to receive the Malcolm Baldridge National Quality Award. SSM first launched continuous quality improvement (CQI), which focused on leadership that would energize and empower employees to become effective leaders. In addition to CQI, SSM used the Baldridge criteria to fill the missing pieces. With Baldridge’s feedback for four years, SSM continued to transform its organization and eventually developed five core values: compassion, respect, excellence, stewardship, and community (Ryan, 2004). The addition of values and a unified mission, created with the aid of the employees, was one of the key characteristics that helped transform this healthcare system to excellence. The unveiling of the new mission statement was also effective in unifying the employees and provided “a deeper understanding about the greater meaning of their work” (Ryan, 2004). Mary Jean Ryan, CEO of SSM Healthcare, focused and attributed the hospital’s success to leadership stating the “spirit of leadership empowers its people to make the organization excellent” (Ryan, 2004). Ryan also included that accountability was critical to an organization’s
success. From SSM Healthcare, several characteristics can be identified as keys to their successful transformation to excellence. These characteristics include leadership, accountability, a focused vision/mission, and the empowerment of employees.

Another Baldridge award recipient is North Mississippi Medical Center (NMMC), which won the award in 2006. According to CEO John Herr, the main factor that helped transform the hospital was servant leadership, which is defined as “influencing people to work enthusiastically toward shared, ‘common good’ goals with a character that inspires confidence” (Ament, 2006). This in turn created a superior work environment where employees could collectively work together to improve the quality of care. One particular area that NMMC has seen drastic improvements has been the efficiency of patient recovery rates. The enhanced quality of patient recovery rates has resulted in increased financial performance. Herr also credits the hospital’s success to focusing on the right things: “employees, patients, continuous improvements, and clinical quality” (Ament, 2006).

Two additional hospitals that were recognized as excellent according to the Baldridge criteria are Baptist Hospital of Florida and Saint Luke’s Hospital of Missouri. Saint Luke’s Hospital had a focused goal of having the highest possible quality care, and, in similar fashion to SSM Healthcare, they adopted the Baldridge criteria for performance excellence (Thomson, 2004). In addition, Saint Luke’s focused on their employees. They paid close attention to employee evaluations, which in turn led to high employee retention. Baptist Hospital, on the other hand, implemented a Five Pillar model, which concentrated on operational excellence in service, quality, people, financial, and growth (Thomson, 2004). This is identical to a model developed by Quint Studer, who is named
one of the “Top 100 Most Powerful People in Healthcare” and will be discussed in later detail (Studer, 2008). Baptist has also seen results in patient satisfaction with rankings in the 99th percentile. The increase in patient satisfaction is attributed to the employees by the use of an improved employee training method, which allowed for new employees to quickly adjust to the hospital’s needs and expectations. The hospital also felt it was necessary to recognize employees who displayed service excellence by means “wow” awards, handwritten thank you notes, and their “champions” program (Thomson, 2004). From the two hospitals, it is evident that employees were the main reason for their success. Factors like employee training, evaluations, recognition/appreciation, and retention were recognized as characteristics for organizational excellence.

Sharp Healthcare is one of the most recent recipients of the Baldridge Award. From the Sharp website, several characteristics have been identified as key contributors to their success. Sharp used the Six Sigma method, which “uses data to make smart decisions to improve financial and operational performance” and identify problems, to improve their quality (Sharp Healthcare, 2007). Six Sigma uses tools that help achieve performance excellence. These tools are the following as written on the Sharp website (Sharp Healthcare, 2007):

- **DMAIC**: DMAIC stands for Define, Measure, Analyze, Improve, and Control. It is a systematic problem-solving approach to quality improvement.
- **Lean**: A set of tools that helps identify and eliminate waste in a process in order to achieve a high level of efficiency.
- **Change Acceleration Process (CAP)**: An organizational change method designed to accelerate progress of the human side of change.
• **Work-Out™**: An improvement method that uses a concentrated (six- to 16-hour) decision-making session involving the people who do the work to solve the problems.

These tools identified key characteristics such as measurement, continuous improvements, efficiency, and collective decision making. Sharp Healthcare has defined high quality care as “care that is safe, effective, patient-centered, timely, efficient and equitable,” which is linked to the Institute of Medicine system improvement goods (Sharp Healthcare, 2007).

Norman Regional Hospital (NRH) was suffering, so it called upon Quint Studer for advice. Using Studer’s suggestions, the hospital developed a “magnetic culture” that is a magnet to attract the best professionals and physicians, which in turn will attract patients and families and eventually improve employee, patient, and physician satisfaction (Shockey, 2006). NRH started with leadership by finding those dedicated to making a difference and driving for a better environment. It continued by developing nine management teams and several focus groups that developed standards and expectations. These included the following areas that NRH felt needed improvement: behavioral standards, communication, employee/physician satisfaction, patient satisfaction, rewards/recognition, measurement of success, and service recovery (Shockey, 2006). From the management teams, certain characteristics were identified and implemented. The first main characteristic that helped transform NRH was accountability to the behavior standards developed. The behavioral standards were implemented to emphasize a higher level of service and the standards were discussed in meetings so all employees knew the expectations. Employees were then asked to sign a
statement of commitment to the standards, and those who did not sign were asked to voluntarily resign. This also involved holding the leaders accountable to the same standards as the employees. In similar fashion to the employees, the leaders signed a commitment to leadership with the same behavioral standards and were to hold themselves responsible. In addition, the leaders were to work with the employees to achieve the required goals. It entailed management training, employee feedback and action taken on the suggestions/requests, and quarterly leadership retreats (Shockey, 2006). Another characteristic that was requiring improvement was employee satisfaction. As a result, the hospital (and leadership in particular) implemented and performed the following:

- increased communication with employees,
- provided employee’s input in decision making,
- involved them in interview process and hiring,
- provided recognition and thank you notes,
- held celebrations and social events,
- shared information about the success in quarterly forums,
- shared gains with monetary benefits.

As a result of the efforts to improve employee satisfaction, morale and employee satisfaction dramatically increased as demonstrated from NRH’s “Employee Satisfaction Survey.” The employee satisfaction then led to increased employee involvement and patient satisfaction. Patient satisfaction was increased by post-visit calls, patient feedback that was shared with employees, accompanying patients through the hospital, and support services (Shockey, 2006).
A New York City private hospital was in a similar situation to Norman Regional Hospital in that it was struggling, but implemented a system that helped alleviate the stress and began to show improvements towards excellent organizational performance. The hospital employed a system that encompassed five main concepts: Goals, Measurement, Feedback, Accountability, and Consequences (GMFAC) (Kopelman, 2003). Like SSM Healthcare, the hospital developed specific goals to describe excellent performance, and the measurement aligned with the goals. The last three concepts are closely related. Specific feedback was provided to the employees based on their performance, and the employees were held accountable of their performance by the use of consequences (Kopelman, 2003). The GMFAC system appeared to be a rather harsh system. It used consequences and a form of fear to drive the organization. The concepts of feedback and accountability were seen other healthcare systems, but the idea of consequences to enforce the performance has not been mentioned. Yes, the concept seems relevant in that it holds people accountable, but it may harm employee satisfaction, which has been demonstrated as an extremely important characteristic for organizational excellence. If there are to be consequences for poor performance, then there should be rewards and recognition for the opposite.

Memorial Healthcare System was identified and recognized as a system that displayed “outstanding efforts to deliver extraordinary healthcare” by Studer Group, and Memorial credits its excellence to the development of the “Seven Pillars of Excellence” (Studer Group, Memorial Healthcare System). Using the Seven Pillars, Memorial concentrated on service and generated a nurturing work environment. The first pillar, safety, is self explanatory. It allows employees to intervene with patient’s treatment if
they feel it necessary, and there is a no-blame policy that allows employees to report problems without consequences. Safety also included rounds by chiefs of staff and providing physicians with the best technology possible. The second pillar is a combination of two of the pillars the Baptist used; quality care and service. In addition, the satisfaction pillar is closely linked to the quality care and service. These two pillars are mainly focused on Memorial’s “Standards of Behavior,” and also involve the use of a feedback system for employees. The people pillar focuses on obtaining dedicated, skilled individuals that are held accountable. Benefits, awards, and recognition help encourage a positive work environment and, as a result, Memorial has one of the best employee retention rates. Similar to Baptist, financial performance is a pillar of excellence. Memorial was able to be cost-effective and efficient without damaging patient satisfaction. Lastly, the growth and community pillars are very similar. It allows for growth in terms of expansion and focuses on the communities it serves (Studer Group, Memorial Healthcare System). The pillar method appears to be a useful model for healthcare systems that works to achieve excellence. The development of uniform pillars will be investigated in the next section.

The Alliance for Health Care Research performed a study of seven healthcare systems, including Memorial Healthcare System, to determine characteristics that attributed to their success in the performing areas and becoming a “high performing organization” (Meade, 2005). The measurable criteria were based on increased patient satisfaction ratings, increased employee satisfaction ratings, reductions in employee turnover, increased in financial returns or growth factors, and improvements on quality indicators, which all were sustained over a three year period. From their research, a
laundry list of commonalities that were influential to the organizations’ success were identified and described by *Organizational Change Processes in High Performing Organizations: In-Depth Case Studies with Health Care Facilities* (Meade, 2005):

- Leadership
- Leadership evaluation and accountability
- Development and training of leaders
- Communication with employees
- Putting patient care first
- Accountability
- Rewards and recognition
- Friendly and helpful work environment
- Collaboration and teamwork between employees
- Rounding
- Vision and measurement of success

These common characteristics are consistent with the factors that have already been identified through the examples of excellence and current rating systems.

**NON-HEALTHCARE EXAMPLES**

It is also worthwhile to look at non-healthcare systems that have been identified as excellent in the respective fields to verify if their keys to excellence are consistent with the characteristics of healthcare systems. Likewise, if there are keys that have not been mentioned, then it should be determined if the keys to excellence can be applied to the healthcare systems. One company, a non-profit organization based in Iowa that serves
low income families, went through a transformation in order to better serve their customers and attempted to apply their success to other organizations. They identified eight organizations as excellent and uncovered “Seven Keys to Organizational Excellence,” which are the following: commitment to a focused vision, innovation, customer service, nurturing work environment, high standards for outcomes, leadership, and collaboration (Carl, Edition 4). A commitment to a focused vision involved having a dedication to a clear mission statement, and it comprised of having the proper leadership and staff to carry out the mission. A nurturing work environment also appeared to be a key ingredient to success. The employees are the ones that carry out the focused mission and interact with the customers, so it is important to meet their needs and give them the opportunities for success. The research found several characteristics that encourage a high-quality work environment. It was important to train and develop the staff to help align them with the organization’s goals and to provide, and receive, feedback on the processes and actions. High levels of teamwork were also witnessed, along with a work environment that allows employees to be creative and take risks without repercussions. Lastly, rewards and recognitions, a very common theme in excellent organizations, helped enable a nurturing work environment. Another key of excellence, high standards for outcomes, must contain a measurable goal and is achieved through accountability (Carl, Edition 6). From this company’s keys to excellence, there a many similarities to those of healthcare systems. The focus on leadership, customer service, and the employee’s satisfaction appears to be the most important factors, and characteristics such as innovation (or continuous improvements), accountability, and a focused mission are also present in both systems.
RESULTS AND DISCUSSION

Many of the keys to excellence supported by examples of healthcare and non-healthcare systems are shared with the criteria of excellence depicted by the current rating systems. However, while the current rating systems focuses primarily on patient satisfaction, the characteristics that support excellence in the examples centers on employee satisfaction and leadership. There is no doubt that leadership and employee satisfaction are vital to an organization’s success, and they indirectly lead to patient/customer satisfaction. Like the current rating systems, the keys to excellence uncovered in the examples section can be grouped into three main categories: employee satisfaction/empowerment of employees, leadership, and hospital focus.

Focusing on employees, such as employee satisfaction and the empowerment of employees, appeared to be the most common factor in organizational excellence. Focusing on the employees meant sufficient training to inform the staff and aligning behaviors with goals, as well as hiring highly skilled employees. It also entailed giving employee evaluations and two-way feedback to help make improvements. Part of employee satisfaction was creating a nurturing work environment via communication and collaboration, a reward/recognition program, social events, and shared benefits.

Empowering the employees was also part of employee satisfaction. It included involving them in decision making and interviews, and providing them with the freedom to take risks without repercussions. All this led to employee retention, which was identified as a key characteristic to excellence.
The second category, leadership, was identified as a characteristic attributed to organizational excellence in many of the examples. The first step was training the leaders and holding frequent retreats to help standardize the leadership so employees received consistency. Leadership went hand-in-hand with the employee satisfaction. Leaders were to make rounds, provide feedback (as well as take it in) to the employees, and provide great communication with the staff. Perhaps most importantly, the leaders were to hold the employees accountable to maintain results and show improvements. Leadership not only applied to the heads of departments, but at the employee level as well. The attitude of servant leadership, where the patients are the priority, is a great example of leadership.

The last category, hospital focus, contains a wide range of keys to excellence. One of the most common keys was the development of a unified mission statement and measurable goals. These keys, along with the addition of behavioral standards, helped focus the employees and held them accountable. Patient satisfaction is another focus that excellent healthcare systems exemplified. This was achieved through clinical quality, efficiency, post-visit calls, and the accompaniment of patients through the hospitals to name a few. Other keys, which were demonstrated in the pillar systems, included safety, growth/community, and financial performance. Lastly, it was important for healthcare systems to continually improve to meet the needs of the patients and employees, and to furthermore sustain excellence.
CONCLUSION

The previous two sections examined current rating systems and examples of healthcare and non-healthcare organizations to determine key criteria/characteristics of performance excellence. As a result, the identified keys to organizational excellence can be put into seven pillars. The purpose of the pillars, as explained by Studer Group, is to “provide the foundation for setting organizational goals and direction for service and operational excellence” (Studer Group, The Pillars). Since the characteristics uncovered represent keys to organizational excellence, the pillars developed from the research are meant to provide a measurement for healthcare systems to rate themselves on, provide criteria that may help transform a system towards excellence, and keep themselves balanced. The seven pillars that will be discussed are: Planning and Management, Leadership, Patient Satisfaction and Quality of Care, Service, Employee Satisfaction and Empowerment of Employees, Growth, and Financial Performance.

PLANNING AND MANAGEMENT

In order to transform an organization to excellence, it is necessary to first define “excellence” in its own marketplace and set measurable goals to attain results (Studer, 2008). This will help focus the organization and determine the direction to be followed. The organization should contain a “unique and far-reaching vision with a long-term commitment and a desire to have a truly transformational effect on an organization” (Zuckerman, 2006). As shown in SSM Healthcare, developing a mission statement was a key ingredient to their transformation. SSM’s mission was drafted by as many people of
the organization as possible to make the mission statement the heart of the organization. It presented the system’s values, and the goals provided employees with better understanding of their work and that the organization has the right purpose (Ryan, 2004).

Measurement is another identified key to organizational excellence. It requires measuring the important things and attacking critical issues. This involves “prioritization of the most important issues and a commitment to direct organizational energy and resources to address them” (Zuckerman, 2006). Once critical issues are identified, implementing and managing by fact will help sustain performance and allow for continuous improvements. Two such issues that are of great importance are patient and employee satisfaction. Obtaining satisfaction indicators and eventually determining the “whats” of both groups are tools that may enhance performance.

Lastly, a key characteristic is the alignment of behavior/service standards with the measurable goals. The purpose of a behavior/service standard is to hold leaders and employees accountable (see “Leadership” pillar) and provide a set of goals under each pillar (Studer, 2008). In addition, the standards allow for evaluations and can be used to make improvements.
LEADERSHIP

An organization is only as good as its leaders. It was discovered that excellent organizations contained level-5 leaders, who contain superb leadership skills and do things for the good of the company rather than for their own gain (Collins, 2001). Communication, whether by regular rounding or two-way feedback with the staff, was the key denominator performed by the leaders. It demonstrated that they cared about their employees and “reinforce[d] positive, profitable behaviors” (Studer, 2008).

It is also the responsibility of the leaders to “guide and sustain” organizational excellence in accordance with the vision and goals of the organization (Baldrige, 2007). The most common key uncovered is for the leaders to build accountability with the employees. In addition to empowering the employees (see “Employee Satisfaction and Empowerment of Employees” pillar), accountability will help self-motivate the workforce and sustain results (Studer Group, 9 Principles). In the research performed by The Alliance for Health Care Research, it was found that the lack of accountability was the number one cause of why organizations are not high performers (Meade, 2005). It should also be noted that leaders should “manage up,” meaning they should focus and recognize positive work in order to increase employee satisfaction, which in turn will increase customer service (Studer, 2008).

In order to have successful leaders it is necessary to standardize the leadership to provide a consistent message to the employees. This involves leadership via leadership training and frequent retreats to discuss and inform the leaders how the organization is to be run. Standardizing the leadership will allow for consistency in answering employee questions, performance measurement, and recognition (Studer, 2008).
PATIENT SATISFACTION AND QUALITY OF CARE

Patient satisfaction is what all healthcare systems are attempting to achieve, and the quality of care (along with the “Service” pillar) is the ultimate basis for their satisfaction. In order to determine the patient’s satisfaction, it is first most necessary to identify quality indicators to use as measurements (Meade, 2005). In addition, the use of patient evaluations and feedback is a useful tool to gauge the hospital’s quality performance rating.

General aspects of the hospital should not be overlooked when considering patient satisfaction. The appearance of the hospital, such as safety, cleanliness, coordination between departments, and ease of trafficking, in cooperation with special accommodations (transportation, food, etc.) are aspects that a patient will consider. However, the bottom line is the quality of the care the patients receive is most likely to determine the outcome of the patient’s contentment. It is therefore important to provide care/treatment that is efficient and effective. This may involve continually improving the processes and technology in a cost-effective manner.

Clinical results like mortality rates and patient complications were commonly found in current rating systems, so it is critical, and common sense, for hospitals to make improvements to save lives and reduce the harm to patients. This is the belief and mission of The Institute for Healthcare Improvement (IHI). IHI has started the 5 Million Lives Campaign, which is attempting to protect patients from harm and reduce incidents of medical harm over a two year period (Institute for Healthcare Improvement, 2006). Over 4,000 hospitals participating are adopting 12 improvements in healthcare to save lives and reduce patient injury (Appendix B).
SERVICES

As stated earlier, “there is no higher responsibility than to ensure high quality and a caring environment for our patients” (Studer Group, 9 Principles). It is therefore necessary to focus on service to accomplish high patient satisfaction and customer loyalty. It is important to acquire and train employees that not only have outstanding abilities to treat patients, but who display elements of professionalism and a willingness to help. After selecting highly qualified employees, providing the employees with the proper tools and technology will set them up for success.

The delivery of care is often a key to service excellence, which includes factors such as timeliness in responses and treatments, the length of stay, and respect to the patients. Most of all, it is the communication between patient and staff, just like the communication between leadership and employees, that is critical to organizational excellence. Keeping patients informed, explaining procedures, treatments, answering any questions/concerns the patient may have, and pre-/post- call visits are all keys to customer service.

EMPLOYEE SATISFACTION AND EMPOWERMENT OF EMPLOYEES

In many cases, such as the case of Norman Regional Hospital, patient satisfaction is directly linked to customer service. It is therefore necessary to identify customer focused employees with high-quality interpersonal skills, since the employees will be in direct contact with the patients. As Jim Collins, author of Good to Great, explains, companies must begin with the “who” not the “what.” Hiring the proper people will
allow everyone to be on the same page, build character and unity, and provide the best opportunities for success (Collins, 2001). Saying this, it is important to focus not only on clinical employees (i.e. nurses, physicians), but non-clinical employees as well, because all of the employees play a role in the patient’s experience (Brond, 2006). In order for everyone to be on the same page, employee training must take place. Customer service training allows the alignment of behaviors with the goals of the company (Studer, 2008).

As it is important to hire the correct people, it is also necessary to deal with low performers. As Quint Studer explains, low performers neglect customers and other members of the staff are forced to pick up the slack. In addition, it is more difficult to sustain long term goals (Studer, 2008). To deal with the low performers, Studer suggests the DESK method: describe to the low performer what has been observed, evaluate how you (the leader) feels, show what needs to be done for acceptable work, and know the consequences of continued low performance (Studer, 2008).

Satisfied employees are more likely to perform better and are more likely to go above and beyond to please customers. One of the best ways to satisfy employees is to create a nurturing work environment. This involves creating an atmosphere of stellar communication and collaboration between all members of the healthcare system. It is also necessary to provide the tools and technology that are essential for success (Studer, 2008). The environment should also represent a “culture of discipline,” which is one of freedom and responsibility where leaders should trust their employees to make good decisions and allow them to be creative and take risks without the fear of repercussions (Collins, 2001). The empowerment of employees is another factor that leads to satisfied employees, such as the involvement of employees in decision making and interview
processes, for example. Lastly, it is important to demonstrate appreciation and reward/recognize excellent performance because the actions are likely to be repeated.

After obtaining the “who,” it is important to know what the employees want, which will make it easier to improve employee satisfaction. The core of employee satisfaction, as described by Quint Studer, is the employee feeling their job is worthwhile, the organization has the right purpose, and they want to make a difference (Studer, 2008). Saying this, the satisfaction is most easily achieved via surveys, evaluations, rounding, and two-way feedback. Not only will leaders be presented with information that they can use for improvements, but the leaders have the opportunity to communicate their observations on employee performance, as well.

All this can lead to employee retention, which will pay dividends to the other pillars. Retaining employees will result in decreased transition costs of new employees, which will increase financial performance. Employees will also be more familiar with the hospital’s system and procedures, so the service will be more efficient and the medical complications will decrease. Finally, patients are more likely to continue seeing a doctor they are accustomed to, so there will be increased patient volume growth (Studer, 2004).
GROWTH

Growth can be measured on several different levels. It can be measured on larger market share, greater share value, increased sales or patient growth, or increased volume (Studer, 2008). These are more measurable goals of growth, but growth can also include aspects of community growth and outreach. This would be similar to increased patient growth, but also involves having programs targeting schools and neighborhoods of the uninsured and impoverished that provide quality care to those demographics (Studer Group, Memorial Healthcare System).

Another aspect of growth is continuous improvements and innovation. Innovation allows the organization to develop new ideas to deal with change, which will eventually make the organization respond to community needs (De Smet, 2007). By making continuous improvements, in accordance with feedback, evaluations, and measurement indicators, it is likely that patients will respond positively to the change and patient growth will increase.

FINANCIAL PERFORMANCE

The last pillar, financial performance, is more of a result of the other pillars. A strong financial situation can be measured by profit margins, controlled costs, budgetary performance, increased market share, or increased financial return. It boils down to being cost-effective without compromising the quality of care.
RECOMMENDATIONS

Because healthcare deals with millions of human lives on a daily basis, it is critical to transform our hospitals to the highest performance possible. Good is simply not enough. Patients deserve excellence, and we must therefore identify the keys to excellence and make them available to all healthcare systems. Hopefully with the development of the seven pillars that focus on key characteristics for organizational excellence, the identified attributes can be utilized by others to generate a more uniform measurement of hospitals that can then be used to help healthcare systems achieve, and sustain, excellence.
BIBLIOGRAPHY


APPENDIX A

HCAHPS Questions as of 2005 as shown in *Infinite Excellence* (Cunningham).

**Your care from nurses, please answer with never, sometimes, usually, or always:**
1. During this hospital stay, how often did nurses treat you with courtesy and respect?
2. During this hospital stay, how often did nurses listen carefully to you?
3. During this hospital stay, how often did nurses explain things in a way you could understand?
4. During this hospital stay, if you pressed the call button, how often did you get help as soon as you wanted it?

**Your care from doctors, please answer with never, sometimes, usually, or always:**
5. During this hospital stay, how often did doctors treat you with courtesy and respect?
6. During this hospital stay, how often did doctors listen carefully to you?
7. During this hospital stay, how often did doctors explain things in a way you could understand?

**The hospital environment, please answer with never, sometimes, usually, or always:**
8. During this hospital stay, how often were your room and bathroom kept clean?
9. During this hospital stay, how often was the area around your room quiet at night?

**Your experiences in this hospital:**
10. During this hospital stay, did you need help from nurses or other hospital staff in getting to the bathroom or in using a bedpan?
   1. Yes
   2. No (If No, go to Question 12.)

11. **How often did you get help in getting to the bathroom or in using a bedpan as soon as you wanted?**
   1. Never
   2. Sometimes
   3. Usually
   4. Always

12. **During this hospital stay, did you need medicine for pain?**
   1. Yes
   2. No (If No, go to Question 15.)

13. **During this hospital stay, how often was your pain well-controlled?**
   1. Never
   2. Sometimes
   3. Usually
   4. Always

14. **During this hospital stay, how often did the hospital staff do everything they could to help you with your pain?**
   1. Never
   2. Sometimes
   3. Usually
   4. Always

15. **During this hospital stay, were you given any medicine that you had not taken before?**
   1. Yes
   2. No (If No, go to Question 18.)
16. Before giving you any new medicine, how often did hospital staff tell you what the medicine was for?
1. Never
2. Sometimes
3. Usually
4. Always

17. Before giving you any new medicine, how often did hospital staff describe possible side effects in a way you could understand?
1. Never
2. Sometimes
3. Usually
4. Always

When you left the hospital:
18. After you left the hospital, did you go directly to your own home, to someone else’s home, or to another health facility?
1. Own home
2. Someone else’s home
3. Another health facility (If Another, go to Question 21.)

19. During this hospital stay, did doctors, nurses, or other hospital staff talk with you about whether you would have the help you needed when you left the hospital?
1. Yes
2. No

20. During this hospital stay, did you get information in writing about what symptoms or health problems to look out for after you left the hospital?
1. Yes
2. No

Overall rating of hospital:
Please answer the following questions about your stay at the hospital named on the cover. Do not include any other hospital stays in your answer.
21. Using any number from 0 to 10, where 0 is the worst hospital possible and 10 is the best hospital possible, what number would you use to rate this hospital during your stay?

22. Would you recommend this hospital to your friends and family?
1. Definitely no
2. Probably no
3. Probably yes
4. Definitely yes

About you: There are only a few remaining items.
23. In general, how would you rate your overall health?
1. Excellent
2. Very good
3. Good
4. Fair
5. Poor

24. What is the highest grade or level of school that you have completed?
1. Eighth grade or less
2. Some high school, but did not graduate
3. High school graduate or GED
4. Some college or two-year degree
5. Four-year college graduate
6. More than four-year college degree

25. Are you of Spanish, Hispanic, or Latino origin or descent?
   1. No, not Spanish/Hispanic/Latino
   2. Yes, Puerto Rican
   3. Yes, Mexican, Mexican-American, Chicano
   4. Yes, Cuban
   5. Yes, other Spanish/Hispanic/Latino

26. What is your race? Please choose one or more.
   1. White
   2. Black or African-American
   3. Asian
   4. Native Hawaiian or other Pacific Islander
   5. American Indian or Alaska Native

27. What language do you mainly speak at home?
   1. English
   2. Spanish
   3. Some other language (please print): _____________________
APPENDIX B

The 12 improvements in healthcare designed to save lives and reduce patient injury as suggested by The Institute for Healthcare Improvement’s “5 Million Lives Campaign” (Institute of Healthcare Improvement).

1. Deploy Rapid Response Teams
2. Deliver Reliable, Evidence-Based Care for Acute Myocardial Infarction
3. Prevent Adverse Drug Events
4. Prevent Central Line Infections
5. Prevent Surgical Site Infections
6. Prevent Ventilator-Associated Pneumonia
7. Prevent Harm from High-Alert Medications
8. Reduce Surgical Complications
9. Prevent Pressure Ulcers
10. Reduce Methicillin-Resistant *Staphylococcus aureus* infection
11. Deliver Reliable, Evidence-Based Care for Congestive Heart Failure
12. Get Boards on Board