Huron Hospital: Leading With Sustainability To Create A High Performing System

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Major Focus Of The Case

Gus Kious arrived at Huron Hospital and set out to turn this struggling inner-city hospital into a high-performance system. Starting in the late 1950's, participative management has been documented as leading to higher organizational effectiveness and outcomes, as people "are motivated by a sense of involvement and commitment" (Lawler, 1986, p. x). The presence or absence of the following key characteristics at lower levels in the organization reveals how participative a workplace actually is: 1) power/decision making, 2) information flowing both downwards and up, 3) rewards, 4) knowledge of the organization and skills/training. A fifth characteristic is how much of the organization is actually involved. Kious explicitly had the development of a high-performing organization in mind as he took the reins at his hospital in 2004.

In a twist on earlier high-performance transitions, Kious used a focus on sustainability as a lever to change the mindset of people and stimulate a focus on high performance. A commonly cited definition of sustainability comes from the UN Brundtland Commission's 1987 report, which called for "meeting the needs of the present without compromising the needs of future generations" (UN General Assembly, 1987). Current thinking fleshes out this definition by specifying the so-called triple bottom line of sustainable ecological, economic, and social outcomes. Although there is no standardized "recipe" for a sustainable organization, there is a core realization that sustainability requires a complex and systemic approach, since "all boundaries are permeable" (Mohrman & Worley, 2010).

What do high-performance systems and sustainability initiatives mean to a leader's role? In this case, we introduce a leader, Gus Kious, who took the reins of a poorly performing hospital and describe his actions and successes. We also touch upon the issue of the shifting strategies of the larger health care system in which Kious operates, which may eventually lead to Kious' hospital being repurposed or shut down – a casualty, ironically, of the national search for sustainable health care delivery approaches. This leads us to a recognition that in today's world of rapid and dynamic change, globalization, and resource shortages, effective leadership may look far different than it did in the past.

Gus Kious, Huron Hospital, and the Cleveland Clinic

The man was drowning, and he didn't know if he was going to make it. He had been swimming off the coast of South Africa when a riptide suddenly dragged him away from shore. Terrified, he frantically fought against the current without much success. The man understood that he was indeed beginning to drown and felt a myriad of things at the same time: he was aware that his energy was almost used up, and he was pessimistic about getting out alive. As a physician, the man had seen death and was accepting of it. But at the same time, he somehow knew that it wasn't yet his time, and in his mind he saw what he had to do. With the last bit of energy he had, he reoriented the direction of his movement and made it to shore.

Gus Kious had cause to remember that day in his past when he took on the role of president and medical director of Huron Hospital in 2004. Huron is a 211-bed acute care teaching hospital located in East Cleveland, Ohio and is one of the regional hospitals in the Cleveland Clinic system.

The non-profit Cleveland Clinic is an internationally recognized hospital system. Its accolades include being cited as an exemplar of health care by President Obama during his fight to pass the health care reform bill in 2009. It was lauded in a *Newsweek* article as being the future of healthcare and a model of effectiveness both in the realm of curing and in its method of doing business (Adler & Interlandi, 2009), and is currently ranked #4 in the *U.S. News & World Report* "Honor Roll" of best American hospitals (Comarow, 2009). The Clinic, which was founded in 1921 by four doctors, now employs 2000 physicians and scientists and system wide sees 4.2 million patient visits per year. Centered in Northeast Ohio, the Cleveland Clinic system has or manages facilities in Canada, Las Vegas, Florida, and Abu Dhabi. The main campus building of the Cleveland Clinic is a gracious,

ergonomic, art- and light-filled structure with handsome patient rooms and a state-of-the-art nether level filled with robots that move supplies throughout the main campus.

The laurel wreathes heaped upon the Clinic may seem fairly incongruous when taking a cursory glance at Huron Hospital. Huron is clearly an old, small facility in East Cleveland, the poorest part of a struggling city in the heart of the so-called Rust Belt, that part of the U.S. that was the erstwhile manufacturing center of the country but is now mostly known for its weak economic base and depopulation. Huron Hospital has for many years been a major provider of charity care and thus a money loser for the Clinic system. In addition, when Kious became head of the hospital, it was also struggling with quality issues, long lengths of stay, and employee morale.

Kious at Huron

Kious set out first to get to know people at every level in the hospital. He made it a habit to take long walks throughout the facility. Staff, patients, and family members saw the big, amiable, bald guy in the hall, and he talked to them. You want to talk to him – he's just that kind of person. "Never better!" he'd reply when asked, "How are you, Dr. Kious?"

The walk arounds were a sign that Huron would no longer operate as a stratified and siloed organization. Now, Huron people speak to everyone else, no matter the function, the department, the title, or the level. Tommy Anastasio, a manager in facilities engineering, mentioned that now it's "easier to get your point across. [Michael] O'Connell is my VP. I can come up and talk to him any time."

Gus had clear objectives in his mind as he began his tenure as president of the hospital. First was the goal of developing the hospital into a high-performing organization. Kious also wanted the hospital to become a valued referral center (especially for chronic diseases), in order to attract a broader population of patients. He was strongly committed to identifying, developing and promoting talent. These goals coalesced into one overarching goal: to become a sustainable hospital: financially, strategically, and environmentally (Kious, 2009).

Kious began to associate the feelings and attitudes prevalent among hospital employees with how he had felt during his near-death experience so many years earlier. The mounting despair and frustration against something seemingly unconquerable was obvious to him. And yet again, he somehow knew that it wasn't time for the hospital to give up the fight. His Huron people had talents, and the hospital would need them all

to make a turnaround. He worked primarily with the existing staff, although he did fire a few people, including doctors who did not want to "get it right." What needed to change was, rather, his people's mental models as to what was possible. As Senge (1990, p. 8) has written, mental models are "deeply held internal images of how the world works, images that limit us to familiar ways of thinking and acting." Extremely powerful, outmoded mental models need to be exposed to daylight so that real change can be effected.

Kious first challenged the old mental models in place at Huron by steadily developing the talents of his employees. Katie McGhee, director of case management and co-chair of the Operations Council, says that he taught her to talk to physicians, not always an easy thing to do. Kious says, "My promise to my people is that I will help develop them if they sign on to make Huron a great place – and I see it as success if they move on and are promoted." Kious held voluntary monthly one hour education session aimed at helping staff and physicians "learn the business." The first ten minutes of every management council meeting were spent on learning something new to the group. Kious created a process for what he called "charettes" – intense participative design processes using full knowledge of the system being redesigned. A very large bulletin board made information accessible to all staff, physicians, and any patients, family, or other community members who walked by. It contained all the relevant information about the community being served, the challenges being faced by the hospital, and all current operating statistics and accomplishments of the system. Passersby could post questions and ask for more information, and initiate and participate in design projects.

Sustainability Enters the Picture

Sustainability came into Gus' awareness through the consciousness raising of his daughter-in-law. Their talks began to merge in Gus' thoughts with the latest accoutrement to his walk arounds: the "Kious bag" – a trash bag Gus would fill with expired or old medicines, supplies, and equipment. The Kious bag was a tangible symbol of the unnecessary waste that the hospital was generating.

Gus soon saw that issues of sustainability, especially "green" or environmental issues, found fertile ground in all levels of the Huron staff. Kious provided several managers with opportunities to be trained in leadership for sustainability by the local group E4S (Entrepreneurs for Sustainability). These leaders in turn set up a "Green Team" to shepherd

improvements into how the hospital operated. The Huron employees who constituted the Green Team quickly became personally committed to environmental sustainability and rapidly involved many others in the initiatives. Kious challenged his staff to eliminate 50% of the hospital's solid waste within four years. It was a very ambitious goal, and they achieved a 37% reduction. The Green Team introduced many more environmental improvements into the hospital, such as focusing on energy efficiency, reduction of toxicity, the elimination and consolidation of the myriad of redundant printers and other electronic equipment that were scattered in offices throughout the hospital, and the introduction of a community garden and of organic foods into the patients' menus.

The green aspect of sustainability proved to be a springboard for Huron's overall collective vision. It instilled the value of using resources carefully and with an eye to reducing waste and leveraging resources. This value began to permeate all decisions. For example, the lab team initiated a sharing process with another Cleveland Clinic hospital, whereby each would do analyses for each other during very busy periods, thereby removing the necessity to increase the staff in either lab. Green sustainability unleashed a positive energy and pride that spilled over into other areas – it was a truly powerful reshaper of mental models. It also provided a vehicle to start to break down barriers with the community, which had been mainly distrustful of large institutions.

Teams Making Decisions

Kious is a strong advocate for management by teams, and he pushed decision making down to middle managers in his hospital. The Operations Council, which is composed of approximately 25 middle managers from all functions, has decision-making rights over day-to-day operations and accountability for the hospital's bottom line. The Green Team works closely with the Operations Council and with other leadership groups, all of whom are collectively accountable for making progress toward the goals and achieving excellence in all aspects of hospital functioning. Together they have identified the various elements of sustainability and established goals, initiatives, and measurement systems that ensure that there is continual focus on ecological, financial and patient and employee outcomes.

Front-line workers meet as a team every morning to coordinate patient information, care, and check-ins and check-outs. This team includes floor nurses, admissions staff, orderlies, and others who see to it that people are treated and discharged in the most efficient way possible.

A residents' group meets with the head doctor daily to discuss cases and treatments. These teams share information and learning with each other while striving to effect the best care. Greater integration both within the hospital and with surrounding community agencies has led to greater financial sustainability, as patient stays that had been the longest in the system now are among the shortest.

Where does Kious fit into decision making? He has stated that he and his executive team: 1) exist to remove barriers for the Operations Council; and 2) have decision rights only over policy and strategy. Kious has clearly pushed decision making very far down into the organization.

Fitting into the Clinic System

All of Huron's efforts didn't go unnoticed by the rest of the Cleveland Clinic system. Many of their pioneering efforts have now been implemented across the hospital system. For example, the Clinic's main campus now offers a farmers' market. Huron was the pilot for the networked printer concept which is now a commonplace in the hospital system. Tommy Anastasio in facilities engineering noted that he gets asked all the time, "How much would it cost us if we went green? – Call Tom – Huron already did it. Ask him." Kious reports with pride that a number of Huron's managers have served on Clinic-wide councils, many have received system wide visibility and some have been promoted into positions throughout the Cleveland Clinic System.

Huron Hospital had a positive EBIDA (earnings before interest, depreciation, and amortization) four quarters in a row for the first time in 2007-2008, is steadily becoming a referral center for chronic illness throughout Cleveland, and has greatly increased patient satisfaction metrics. In June, 2010, the hospital broke ground for an outpatient community health center focusing on chronic illness. However, even with Huron's high-performing culture, willingness to pilot, and dedication to excellence, Kious says, only half joking, "We're in the red, so word is always out that they're out to get us and close us down."

The vast transformation being undertaken in American healthcare at present must be kept in mind as a looming presence and constraint on all healthcare systems and actors. The Cleveland Clinic as a system is steering through unknown waters at the same time that Kious and his hospital are remaking themselves into a high-performing organization, but the two efforts are not always meshing. The Clinic, as a fee-for-service health care institution, is in the midst of a system-wide transformation to create

sustainable healthcare delivery and position itself for the future by greatly increasing its efficiency and the leverage of resources to provide more affordable, high quality health care. It thinks about volume and numbers of procedures and the quality and reach of care across the greater system. Simply put, Huron's mission may not be in alignment with the Clinic system's strategy – a strategy formed for broader scope and leverage, with less focus on local communities and sub-populations. The recession that began in 2008 has negatively impacted Huron's case load and made it more difficult to achieve financial viability even with its new-found efficiencies. The 2009 Cleveland Clinic annual report writes about "cost measured against need" and the "progressive alignment of Cleveland Clinic's many parts into a fully integrated healthcare delivery network." Delos Cosgrove, the CEO of the Cleveland Clinic, said in an interview in *Newsweek*, that "The days of the stand-alone hospital being able to be all things to all people I think is gone – it winds up being a duplication of effort and duplication of cost, and it doesn't engender high quality." (Interlandi, 2009). Thus, Huron Hospital's future status is uncertain. At least in its current form, it may not be able to significantly contribute to the overall sustainability and effectiveness of the larger Cleveland Clinic system.

Leading During Difficulty

Gus Kious continues to be proud of and fight for Huron, but he is keenly aware of the uncertainties of the situation. He speaks thoughtfully about the latest developments in healthcare in general and in the Cleveland Clinic in particular, and he recognizes that decisions will come from his Cleveland Clinic bosses. But come what may, whether facing a recession, or a system-wide transition that may fundamentally change Huron Hospital as it is currently configured, Kious grows, supports, and promotes the talented people who do him proud every day. He now says that it's not the hospital per se that is important, but the people, and their opportunities to use their talents to provide high quality health care. And he worries for both the community and the Clinic because if Huron were to be closed, it could send a bad message about the Clinic and its intentions to the community, since Huron's patients are mainly economically disadvantaged and African-American.

Gus' approach to leadership has changed. Always a spiritual and philosophical man, Kious clearly is drawing upon a deeply held belief system as he exudes a stillness and receptivity in his commitment to leading in a time of greater difficulty without letting fear or reaction rule him.

Whatever the changes to come, unknown or inexorable, he will strive to remain true to his values. He is not the "heroic" fighter of old. At this point in time, Kious feels it is important for him to model and promote these values:

- Know who you are as a spirit
- Be true to your values
- Speak with truth and from the center, without being reactionary
- Be present and give feedback
- "Doing" periodically, but "being" always

Huron's staff remain motivated and committed, although aware that change may come. Perhaps Kious' experiences show that in today's world, developing people and building commitment and capabilities to support the principles of excellence and service is the most lasting contribution to a sustainable future. Building a particular high-performing institution may be best understood as one of an ongoing shifting of journeys and venues in which that happens.

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Discussion

1. Building an exceptional organization only occurs when leaders are committed to building something special, provide the leadership necessary to accomplish great things, and are willing to make significant changes. Describe the vision Gus had for the hospital, the characteristics of Gus as a change leader, and indicators Gus was willing to make significant changes.
2. Change leaders often use an initiative or super goal as a lever to change the mindset of people and build a commitment to change. Gus used sustainability as a focus for change. Discuss your understanding of sustainability, how Gus defined sustainability, and what he actually did to achieve sustainability at the Huron Hospital.
3. Change leaders have a plan for making changes and doing things to prepare organizations for changes in thinking and acting. What were the change goals (objectives) Gus had and what were some things Gus did to change the way people think and act?
4. Gus used teams to make changes. Describe some of the teams he used and what they did to accomplish changes.
5. Building a healthy, high performance organization is a never ending process. You can never rely on past laurels to achieve future success. What are some of the challenges Gus faces in the future and what is he doing to prepare the hospital for the future? Can you think of other things he could be doing?

Key Lessons In Leading Change

1. Change leaders need to be committed to building something special, to being able to communicate a clear and understandable vision, and to having a sound plan for achieving and sustaining successful changes.
2. In any system, we can no longer assume stability; change is inevitable, and one's leadership should not be based on assumptions of permanence.
3. A leader has to implement change in several areas for a high-performing system to emerge. Per Lawler (1986), these include 1) power/decision making, 2) information flow, 3) rewards, 4) knowledge of the organization and skills/training, and 5) how much of the organization is actually involved.
4. Transformation requires changing mental models. Success stems from breaking away from the closed mindset of how things were done previously. Leaders play a key role in helping organizational members change mental models.
5. Coaching is one way that leaders can help people develop and become more effective. It relies on the establishment of trusting relationships, and of confidence by the coachees that the coach has knowledge and insight to impart that will help the coachees to achieve performances and goals and outcomes that they care about.
6. In an economy of scarcity, leaders have to learn to do more with less or with nothing and help the greater system do that as well. Helping the members of the system understand how they fit in the bigger system is an important part of coaching.

BIOGRAPHY

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