WHERE IS LEADERSHIP AND FOLLOWERSHIP TODAY?
REAL LEADERS ATTEND TO WHAT IS ACTUALLY BEING EXPERIENCED
Introduction to the Fall issue of the Journal of Innovative Management ........................................ Page 4/5

DOING WELL BY DOING GOOD IS A BETTER WAY TO BIGGER PROFITS
Ray C. Anderson, Interface, Inc.
Case Study .............................................................................................................................................. Page 7

THE SOFT HARD CORE
Laurence R. Smith, GOAL/QPC
Leadership Perspective ....................................................................................................................... Page 19

WAYS OF THINKING THAT MIGHT PREVENT ORGANIZATION IMPROVEMENT
Ralph D. Stacey, Complexity and Management Centre, University of Hertfordshire
Leadership Thinking ............................................................................................................................ Page 23

ROBERT WOOD JOHNSON UNIVERSITY HOSPITAL HAMILTON
Christy Stephenson, Deborah Cardello, Peter Newell, Richard Lovering, and Deborah Baehser
Case Study ............................................................................................................................................. Page 31
Introduction

The first three years of Lean Enterprise Loith H. Bronstein
Marketing Research
Programs Manager
DuPont Company
Wilmington, Delaware

Michael J. Burtha
Executive Director, Knowledge Networking WW
Johnson & Johnson
New Brunswick, New Jersey

Loren G. Carlson
Chairman
CEO Roundtable
Boston, Massachusetts

Bruce F. Carmichael, Sc.D.
Associate Dean for Resources & Management
Yale School of Nursing
New Haven, Connecticut

Vivian E. Christian
Business Management Officer
USAMC Logistics Support Redstone Arsenal, Alabama

Patricia A. Clark
Quality Manager
American Bankers Association
Washington, DC

Leanne Drake
Enterprise Process Integration
Boeing
Huntington Beach, California

Donald Eggleston, Jr.
Director, Organizational Development
SSM Healthcare
St. Louis, Missouri

Al Endres, Ph.D.
Dir., Ctr. for Innovation and Knowledge Management
University of Tampa
Tampa, Florida

Susan West Engelkemeyer, Ph.D.
Dean, School of Business
Ithaca College
Ithaca, New York

Gary D. Floss
Director, Quality Assurance
Marvin Windows & Doors
St. Paul, Minnesota

Carol Galizia
Executive Vice President
Detroit Edison Credit Union
Detroit, Michigan

Jesús Gallegos-Hernandez
Superintendent
ICA Construcción
Unidad Plateros, Mexico

Lois M. Gold
Vice President, Service Delivery
MetLife
New York, New York

Jerry E. Hewett
Administrator, Transitional Services
Florida Dept. of Corrections
Tallahassee, Florida

John J. Ireland
Corp. VP & President, Specialty Paper Products Div.
Nashua Corporation
Merrimack, New Hampshire

Thomas J. Kling
Quality Performance Associate
The Dow Chemical Company
Midland, Michigan

Rose Lindsey
Administrator
Quality, Accreditation, and Medical Management
Baptist Memorial Health Care
Memphis, Tennessee

Martin D. Merry, M.D.
Senior Advisor for Medical Affairs, N.H. Hosp. Assn.; Assoc. Prof. of Health Mgmt. & Policy, Univ. of N.H.
Exeter, New Hampshire

Valeriana Moeller
President
Columbus State Community College
Columbus, Ohio

William L. Montgomery, Ph.D.
President
The Montgomery Consulting Group
Doylestown, Pennsylvania

Donald R. Randall
CQI Manager
Lawrence Livermore National Lab
Livermore, California

Dana F. Ruberto
HR Strategy
GSK – GlaxoSmithKline
Research Triangle Park, North Carolina

Helmut Schlicksupp, Ph.D.
President
Innovationsberatung
Heidelberg, Germany

Larry R. Smith
Redford, Michigan

Thomas Splitgerber, D.D.S.
San Diego, California

Terry Stevens
Manager, Organization Development and Training
Busch Gardens
Tampa, Florida

Tom Sullivan
President
Cleary College
Ann Arbor, Michigan

Bill Tucker
Vice Chancellor, Planning and Development
Dallas County Community College District
Dallas, Texas

John Wallner
Director, Manufacturing Engineering
Tektronix
Beaverton, Oregon

L. Carole Wharton, Ed.D.
Director
Office of Planning, Management and Budget
Smithsonian Institution
Washington, DC

Dan Walsh
Customer Relations Manager
Caterpillar Financial Services Corp.
Nashville, Tennessee

Professor Dr. Klaus J. Zink
Chair, Industrial Management and Human Factors
University of Kaiserslautern
Kaiserslautern, Germany
The Journal of Innovative Management

is a peer-reviewed quarterly journal for people who are improving the way their organization runs. The purpose is to facilitate increased learning and innovation by providing people with cross-discipline stories of transformation through participative planning, problem solving, and innovation. It is written to help leaders, managers, and workers to:

- Cope with the growing need to integrate quality management, systems applications, and creativity and innovation into their organization dynamics
- Integrate academic thought with real-world applications
- Cope with learning time pressures by using an article format that enables faster reading and improved initial learning
- Facilitate a sense of community as readers see how people from various organizational settings and sectors face and solve what are essentially common leadership and managerial problems
- Achieve performance excellence throughout the organization.

The Journal of Innovative Management publishes articles that fall into the following matrix of categories:

- Case studies, applied research, tools, leadership perspective, and news & views
- Organizational transformation; participative planning, problem solving, and innovation; process design, management, and improvement
- Private sector, public sector, and nonprofit organization settings
- Leading-edge and experience-based information, generally 1–3 years old.

Reader Services

The Journal of Innovative Management (ISSN: 1081-0714) is published quarterly by GOAL/QPC

Bob King, Publisher
Laurence R. Smith, Editor
Jenny Donelan, Editor/Writer
Janet Ireland, Graphic Designer

Name or address corrections: Send address or other changes to:
Journal Subscriptions
GOAL/QPC
12-B Manor Parkway
Salem, NH 03079-2862.

Copyright and permissions: Copyright 2005 by GOAL/QPC. All rights reserved. No part of this publication may be reproduced, stored, or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording, or any information storage and retrieval system, without written permission from the publisher. Requests for permission to quote passages from this journal should be addressed to: Permissions, GOAL/QPC, 12-B Manor Parkway, Salem, NH 03079-2862.

Reprints of Articles Prices are:
$10.00 (minimum order) for 1 or 2 copies.
$ 3.50 each for 3–49 copies.
$ 3.00 each for 50–99 copies.
$ 2.70 each for 100–499 copies.
$ 2.50 each for 500–999 copies.
$ 2.30 each for 1000+ copies.

Reprints are available in hardcopy, Adobe Acrobat™ PDF format, or as a next-day fax.

Single copies of the Journal are $25.00. Back issues of the Journal are $15.00. Please call for quantity pricing.

Members of GOAL/QPC receive a subscription to the Journal of Innovative Management as a membership benefit.

Ordering information

Customer Service
GOAL/QPC
12-B Manor Parkway, Salem, NH 03079
Phone: 800-643-4316 or 603-893-1944 • Fax: 603-870-9122
E-mail: service@goalqpc.com • Web site: www.goalqpc.com

Subscription Rates

<table>
<thead>
<tr>
<th></th>
<th>1 year</th>
<th>2 years</th>
<th>3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>$99</td>
<td>$168</td>
<td>$229</td>
</tr>
<tr>
<td>Canada</td>
<td>$114</td>
<td>$198</td>
<td>$269</td>
</tr>
<tr>
<td>International</td>
<td>$119</td>
<td>$208</td>
<td>$289</td>
</tr>
</tbody>
</table>

To place an order, call: 800-643-4316. Outside the USA, call: 603-893-1944.
Thinking about quality...of life!
Laurence R. Smith, Editor – email: lsmith@goalqpc.com

Where is Leadership and Followership Today?

When I was thirteen we lived in a house owned by my mother’s sister and her husband. One day my mother answered a knock on the door. It was a couple wanting to look at the house. Mom’s sister and brother-in-law put the house up for sale without telling us, although they had promised that if they ever wanted to sell the house they would tell us first and give us the opportunity to buy it. They didn’t fulfill that promise.

When I reflect on that, I can say that what happened was a moral and ethical issue concerning human and family relations. C’est la vie. But it was also a leadership issue! A family is, in a sense, a kind of organization. How functional or dysfunctional the family is reflects how competent and ethical its leadership and management is.

When we view the workplace today, we see similar “leader and manager” behavior. People are living their lives in what they may consider “their company,” trying to do the best job they can, when suddenly they find that their leaders have sold their house—their company and their job—out from under them. And we somehow want to call the people who did that “leaders.” We see this kind of behavior in politicians, too, who sell-out the voters in favor of some special interest with little, if any, regard for the common good. We see it in other places too, such as where justice is subservient to rule of law, and where medical professionals kill tens of thousands of patients every year because many doctors and administrators refuse to learn and institute patient safety processes. I would not define any of those people as leaders, and I think it is dangerous for citizens in a free society to accept that kind of leadership.

So what can be done about it? Lots! But it won’t be quick and easy. True leadership in any organization would include the consistent practice of an effective management model that served customers, employees, shareholders, and the community/state/nation/world. That could take the form of an integrated management system like the Criteria for Performance Excellence, from the Malcolm Baldrige National Quality Award program. Following are a few excerpts from the Baldrige Criteria:

The Baldrige Criteria provide a systems perspective for managing your organization and its key processes to achieve results—performance excellence. The seven Baldrige categories and the core values form the building blocks and the integrating mechanism for the system. However, successful management of overall performance requires organization specific synthesis, alignment, and integration. Synthesis means looking at your organization as a whole and builds upon key business requirements, including your strategic objectives and action plans. Alignment means using the key linkages among requirements given in the Baldrige categories to ensure consistency of plans, processes, measures, and actions. Integration builds on alignment so that the individual components of your performance management system operate in a fully interconnected manner.

A systems perspective includes your senior leaders’ focus on strategic directions and on your customers. It means that your senior leaders monitor, respond to, and manage performance based on your business results. A systems perspective also includes using your measures, indicators, and organizational knowledge to build your key strategies. It means linking these strategies with your key processes and aligning your resources to improve overall performance and satisfy customers. Thus, a systems perspective means managing your whole organization, as well as its components, to achieve success.

If you want the Performance Excellence Criteria, you’ll find it at the program’s website: www.quality.nist.gov. My guess is that the reason we don’t see more organizations using management models like Baldrige is because leaders lack the courage to do so, and followers lack the courage to demand it. The truth is that while we say that we want a better world, we live in a world that we have individually and collectively created through our actions and inactions. We may say that we want things to be better, but I’m thinking that the world will improve when we all take steps to improve it.
Doing Well by Doing Good is a Better Way to Bigger Profits, according to Ray Anderson, Chairman of Interface, Inc., the world's largest manufacturer of modular carpet. Interface is committed to doing business in ways that minimize the impact on the environment while enhancing shareholder value. Anderson tells us:

The amazing thing is that this initiative has been incredibly good for business!

1. The cost savings from eliminating waste alone have been $262 million.
2. Sustainability, leading us to biomimicry, has proven to be an unimagined source of inspiration and innovation.
3. Our people are galvanized around a higher purpose. While business has to make a monetary profit to exist, surely it must exist for some higher, nobler human purpose than that.
4. The good will that we've found in the marketplace has been astounding! No amount of advertising could have contributed as much to the top line—to winning business.

The Soft Hard Core, according to GOAL/QPC's Laurence Smith, is that we get some things backward in our minds and that makes life harder for ourselves and others.

Just as the core of an atom—its nucleus—contains multiple aspects, the core of our human structure is a complex environment where we create our attitudes and the way we approach the opportunities of life. The core is inside, where we create our own internal guidance system for how we see ourselves, our neighbors, and the world, and how we will act and interact. The dynamic of the core involves four major interdependent processes: (1) Clarity in the dynamic of one's mind, consciousness, and working with thought. (2) Leading and managing one's way in life and work. (3) Creating and maintaining a sense of community. (4) Harnessing the power of conversation.

Professor Ralph Stacey, director of the Complexity and Management Centre at the University of Hertfordshire's business school, has spent a lot of time in business and academia trying to understand why leaders keep making plans that don't work. In his article, Ways of Thinking that Might Prevent Organization Improvement, Stacey finds that senior managers try to change the “global,” which does not exist, while not paying attention to the “local,” where the real world actually happens. Stacey says,

What if we paid attention to what we are doing as human beings, so that the fundamental proposition of our reality is that we are interdependent? We are, in fact, always depending on others, and each other, to do whatever we are doing or wanting to do—whether it is beautiful, ugly, cruel, or kind. We are all interdependent as well as independent at the same time. The exploration then is what are these human bodies—us—doing in relation to each other? What does this interdependence mean in relation to our own independence, authority, and control? How are we actually carrying out that interdependence?

The final article is a case study of a Baldrige winning hospital, Robert Wood Johnson University Hospital Hamilton. One “secret” of its success (and the success of its patients, doctors, and staff, as well), is paying careful attention to interdependencies—the culture—according to Richard Lovering, Senior VP:

We have designed an environment that not only encourages people to come, but to stay over the long haul, over the course of their careers. We think that is what will make us different and sustain our culture of service excellence. It’s like dropping a pebble in the pond—once you drop it in, the ripples touch everyone in the organization. We believe there are three key elements to that culture of service excellence:

• Define what’s important. Make sure your staff has clear standards and expectations of how you expect them to treat your patients, the families, and one another.
• Alignment through people. After all, in healthcare we are in the service business, and it’s employees who deliver that service. If we don’t have the systems and processes to align their actions to the outcomes we’re trying to create, we’re not going to get where we want to be.
• Employee loyalty. It’s not only about attracting the best talent the market has to offer, but about making sure that talent wants to stay with you for the length of their careers.
The video-based series is a complete learning package that shows the techniques of facilitation in action. It helps viewers hone their observation skills, and learn how and when to use facilitation techniques—At a price of less than $60 per student.

Order Today: 800.643.4316 • web: www.goalqpc.com
Doing Well by Doing Good is a Better Way to Bigger Profits

Ray C. Anderson, Chairman, Interface, Inc., Atlanta, Georgia

Interface, Inc. is a recognized leader in the worldwide interiors market, offering floor coverings and fabrics. The company is committed to the goals of sustainability and doing business in ways that minimize the impact on the environment while enhancing shareholder value. Interface is the world’s largest manufacturer of modular carpet under the Interface, InterfaceFLOR, Heuga, Bentley, and Prince Street brands, and through its Bentley Mills and Prince Street brands, enjoys a leading position in the high-quality designer-oriented segment of the broadloom carpet market. The company is a leading producer of interior fabrics and upholstery products, which it markets under the Guilford of Maine, Toltec, Intek, Chatham, and Camborne brands, and provides specialized fabric services through its TekSolutions business.

For the first six months of 2005, sales were $481.3 million, compared with $426.2 million for the same period a year ago, an increase of 12.9%. Operating income for the 2005 six-month period increased to $38.4 million, versus operating income of $29.6 million for the comparable 2004 six-month period. Income from continuing operations for the first six months of 2005 increased to $6.9 million, from $2.2 million in the prior year period.

Today, Interface is promoting sustainable business practices—within its global community and in the products it makes. For Interface, sustainability is more than surface appearance. It’s a belief that is built into its business model. Sustainability is an underlying corporate value, ensuring that business decisions are weighed against their potential impact on the economic, natural, and social systems we touch. It is a means for the company’s associates to deliver superior value to its customers and shareholders.

Industrialism developed in a different world from the one in which we live today: fewer people, less material well-being, plentiful natural resources. What emerged was a highly productive, take-make-waste system that assumed infinite resources and infinite sinks for industrial wastes. Industry moves, mines, extracts, shovels, burns, wastes, pumps, and disposes of four million pounds of material in order to provide one average, middle-class American family with their needs for a year.

Today, the rate of material throughput is endangering our prosperity, not enhancing it. At Interface, we recognize that we are part of the problem. We are analyzing all of our material flows to begin to address the task at hand.

What’s the solution? We’re not sure, but we have some ideas. We believe that there’s a cure for resource waste that is profitable, creative, and practical. We must create a company that addresses the needs of society and the environment by developing a system of industrial production that decreases our costs and dramatically reduces the burdens placed upon living systems. This also makes precious resources avail-

Case Study • Doing Well byDoing Good is a Better Way to Bigger Profits

Paying attention to customer, economic, and ecological needs

Reengineering how we practice industrialism
able for the billions of people who need more. What we call the next industrial revo-
lution is a momentous shift in how we see the world, how we operate within it, what
systems will prevail, and which will not. At Interface, we are completely re-imagining
and redesigning everything we do, including the way we define our business. Our
vision is to lead the way to the next industrial revolution by becoming the first sus-
tainable corporation, and eventually a restorative enterprise. It’s an extraordinarily
ambitious endeavor; a mountain to climb that is higher than Everest.

To be the first company that by its deeds shows the entire industrial world what sus-
tainability is in all its dimensions: People, process, product, place, and profits—by
2020—and in doing so, to become restorative through the power of influence.

Interface will become the first name in commercial and institutional interiors world-
wide through its commitment to people, process, product, place, and profits. We
will strive to create an organization wherein all people are accorded unconditional
respect and dignity, one that allows each person to continuously learn and develop.
We will focus on product (which includes service) through constant emphasis on
process quality and engineering, which we will combine with careful attention
to our customers’ needs so as always to deliver superior value to our customers,
thereby maximizing all stakeholders’ satisfaction. We will honor the places where we
do business by endeavoring to become the first name in industrial ecology, a cor-
poration that cherishes nature and restores the environment. Interface will lead by
example and validate by results, including profits, leaving the world a better place
than when we began, and we will be restorative through the power of our influence
in the world.

In 1994, Interface, Inc. was a twenty-one-year-old public company doing business
in 100 countries, with manufacturing on four continents. It had come through three
major recessions. Sales were approaching $800 million a year. We had a succession
plan in effect. I was sixty years old and the next generation of management was in
place and battle-tested, they had brought the company through the recent reces-
sion. So at age sixty, where did my thoughts turn? To retirement in the mountains?
To the seashore? To chasing a little white ball? To travel and leisure?

Someone said that, “Everybody has just one story to tell—her or his own story.” I
have just related a brief excerpt from my own, where I was eleven years ago. But
something else was going on in the summer of 1994.

But first, going back to Interface’s beginning in 1973, the birthing of a new company
from scratch had been a frightening experience, especially when my life savings had
been at risk and my two daughters were teenagers, the older just two years away
from college, and I had left the security of a perfectly good job with a perfectly good
company to “bet the farm” on this new product idea. You can appreciate, I believe,
that I would have a very special attachment to this “third child,” and would care
a great deal about what this child would grow up to be. Very naturally, a sense of
legacy would be working away in my subconscious, if not my conscious, mind in the
summer of my sixty-first year.
How then would you, in this position, have reacted if you had begun to hear, through your sales force, a strange new question from your customers, to whom you had learned to listen very carefully twenty years before, looking at an empty order book? The question was this: “What is Interface doing for the environment”?

How would you have responded if you had begun to hear about requests for bid quotations that asked your company to state its environmental policies when it competed for business?

What would you have said if a report had come to you through one of your top sales managers that a certain environmental consultant to a certain major customer had said, “Interface just doesn’t get it!” And that piece of business was slipping away. Do you know what I said? “Interface doesn’t get what?” (Rather confirming the consultant’s comment.)

Two of my managers then approached me with the assertion that our sales force was begging for answers. I was asked, “What are we doing for the environment? What are our environmental policies?” And they suggested convening a new task force of people from our businesses around the world to assess our company’s environmental practices to begin to frame some answers. My response was, “That sounds good to me. Go for it.”

Then they made the show-stopper request: “We want you to address the new task force, give a kick-off speech, launch the task force with your environmental vision.” What? What environmental vision? In my whole life, I had never given one thought to what I, or my company, was taking from the earth or doing to the earth. I did not have an environmental vision. I did not want to make that speech. I couldn’t get beyond, “We obey the law. Comply.” I dragged my feet, hoping they would go away, but they didn’t; they persisted. Finally, I relented and agreed to speak. The date was set: August 31, 1994.

Come the middle of August, I didn’t have a clue as to what to say, but I knew “comply” was not a vision. I was sweating. It was a propitious moment. At that very moment, a book was placed on my desk. It had come by a circuitous route. A young woman in Seattle, working for the State of Washington’s Environmental Protection Department, heard a man speak, liked what he had to say, and bought his book. After reading it, she sent it to her mother, a sales manager for a carpet tile company who had had to endure and relay the message, “Interface just doesn’t get it,” and had also had to choke on her CEO’s response, “Interface didn’t get what?” The book was about the “what” that Interface didn’t get, and she sent it to her CEO—me—and it appeared on my desk at that propitious moment. That book was The Ecology of Commerce, by Paul Hawken. I’d never heard of him.

It was pure serendipity. Without a clue as to what was in it, I started to thumb through it. On page 19, I came to an arresting chapter heading, “The Death of Birth.” I began to read. On Page 25, I found the full meaning of the chapter heading and encountered four terms I had never before heard mentioned together in one paragraph: carrying capacity, overshoot, collapse, and extinction, i.e., the death of birth.
Species were disappearing, never ever to be born again. I read:

A haunting and oft-cited case of overshoot took place on St. Matthew Island in the Bering Sea in 1944 when 29 reindeer were imported. Specialists had calculated that the island could support 13 to 18 reindeer per square mile, or a total population of between 1,600 and 2,300 animals. By 1957 (13 years), the population was 1,350, but by 1963 (6 years), with no natural controls or predators, the population had exploded to 6,000. The scientists double-checked. The original calculations had been correct; this number vastly exceeded carrying capacity, and sure enough, the population was soon decimated by disease and starvation. Such a drastic overshoot, however, did not lead to restablization at a lower level, with just the “extra” reindeer dying off. Instead, the entire habitat was so damaged by the overshoot that the number of reindeer fell drastically below the original carrying capacity, and by 1966 (just 3 years later) there were only 42 reindeer alive on St. Matthew Island. The difference between ruminants and ourselves is that the resources used by the reindeer were grasses, trees, and shrubs and they eventually return, whereas many of the resources we are exploiting will not."

Reading this for the first time in the summer of 1994, I knew it was a metaphor for the earth and humankind. It was an epiphanal moment, a spear in the chest. I read on and was dumbfounded by how much I did not know about the environment and the impacts of the industrial system on the environment—the industrial system of which I and my “successful” company were an integral part. A new definition of success burst into my consciousness, and a latent sense of legacy asserted itself. I got it. I was a plunderer of Earth and that was not the legacy I wanted to leave behind. I wept.

Hawken articulated the central theme of his book in three parts:

1. The living systems, and the life support systems, of the Earth are in decline. We are degrading the biosphere. Unchecked, it will continue to decline and we will lose the biosphere that contains and supports all of life.
2. The biggest culprit in this decline is the industrial system—the linear, take-make-waste industrial system, driven by fossil fuel-derived energy, wasteful and abusive.
3. The only institution on Earth that is large enough, powerful enough, wealthy enough, pervasive enough, influential enough to lead humankind out of the mess it is making for itself is the same institution that is doing the most damage, the institution of business and industry—my institution and, perhaps for many of you, your own institution, too.

I took that message to heart and made that speech, drawing shamelessly on Hawken’s material. I challenged that tiny gathering of sixteen or seventeen people to lead our company to sustainability, which we defined as operating our petro-intensive company (energy and materials) in such a way as to take nothing from the earth that is not naturally and rapidly renewable—not another fresh drop of oil—and to do no harm to the biosphere. I just stunned that little group, and shocked myself with this challenge, and found for myself a whole new purpose in life. I simply said, “Unless somebody leads, nobody will. Why not us?”

For the past eleven years we have been on this mission; we call it, “climbing Mt. Sustainability,” a mountain higher than Everest, to meet at that point at the top that symbolizes zero footprint—zero environmental impact. Sustainable: taking nothing, doing no harm. I have told that story in far greater detail in the book I published in 1998, entitled Mid-Course Correction. Its title is intended to represent my own personal mid-course correction, my company’s, and the one I would wish for all humankind, especially its industrial system, and a component of it that is dear to many of us: the built environment. Today, I would phrase Paul Hawken’s third point differently:
Unless business and industry come aboard and change, our descendants will inherit a hellish world.

The amazing thing is that this initiative has been incredibly good for business! What started out as the right thing to do quickly became, clearly, the smart thing, as well. There are four business advantages that we have discovered during our sustainability journey:

1. We are leaner; our costs are down, not up. The cost savings from eliminating waste alone, the first face of the mountain, have been $262 million.
2. Our products are better than they have ever been because sustainability, leading us to biomimicry, has proven to be an unimagined source of inspiration and innovation.
3. Our people are galvanized around a higher purpose. I think that the pioneering psychologist Abraham Maslow had it right with his hierarchy of human needs: Self-actualization is the highest need, and that translates into an individual’s—and a corporation’s—higher purpose in the world. I believe that there is no more strategic issue for any organization—for profit, not-for-profit, or government—than its ultimate purpose. For those who think that business exists only to make a profit, I suggest they think again. While business has to make a monetary profit to exist, surely it must exist for some higher, nobler human purpose than that.
4. The good will that we’ve found in the marketplace has been astounding! No amount of advertising could have contributed as much to the top line—to winning business. To our customers: Thank you! Believe me, we do not take it for granted. Good will is earned today. And this we promise: We will never knowingly foist an inferior product on you in the name of sustainability.

During the last five years, those four advantages—costs, products, people, and goodwill—have been the salvation of Interface during a recession that saw our primary marketplace shrink by 38% from peak to trough! As a heavily leveraged company with over $400 million in debt, we might not have made it without the sustainability initiative and, especially, the support of our customers. This revised definition of success—this new paradigm—has a name: “Doing well by doing good.” It is a better way to bigger profits.

How are we doing on the environmental side? Here are some metrics, comparing 2004 with our baseline year, 1994:

- Waste—our waste reduction efforts have resulted in $262 million (cumulatively) in cost avoidance, more than paying for the entire mountain climb.
- Net greenhouse gas emissions—down 52% in absolute tonnage, (35% efficiencies and renewables, 17% off-sets).
- Non-renewable, fossil energy (carpet operations)—down 43% (relative to production).
- Water usage—down 66% (relative to production).
- Smokestacks—40% closed, obviated.
- Effluent pipes—53% abandoned.
- Trees for travel—more than 52,000 trees planted (off-setting 78 + million...
Reducing our environmental footprint, continued

Today, this reduced environmental footprint is reflected in every product we make anywhere in the world; to be sure, in some more than others, but to a significant extent in every one. Over those past ten years the entire production system has been redesigned, affecting all products, not just one here and one there.

The target year for zero footprint—the top of Mt. Sustainability—is 2020. I hope to live to see the view from the top of the mountain. It is a good thing that I come from long-lived people.

Now let me share with you the larger meaning I have discovered in these ten-plus years of near total immersion in this new paradigm. During these years, I have acquired a deeper understanding of what Hawken was saying in his book—that we are losing the biosphere that supports us and some thirty million other species. It is a very long-term trend, the first of the two trends that I believe will ultimately determine the fate of humankind on Earth. I have asked myself over and over for nearly eleven years, and I ask you, how would the actions of people on a living planet—the rarest and most precious thing in the universe—cause their planet to lose its biosphere, i.e., its essential livability? The answer, I believe, is that we take it for granted and don’t imagine losing it is even possible. Please think about this: If Earth, someday in the distant future, had lost its livability—its biosphere—it would have happened insidiously:

- One silted or polluted stream at a time
- One polluted river at a time
- One collapsing fish stock at a time
- One dying coral reef at a time
- One acidified or entrophied lake at a time
- One over-fertilized farm at a time, leading to one algae bloom at a time
- One eroded ton of topsoil at a time
- One developed wetland at a time
- One mansion built on a fragile marsh hammock at a time;
- One disrupted animal migration corridor at a time
- One butchered tree at a time
- One corrupt politician at a time
- One new open-pit coal mine in a pristine valley at a time
- One decimated old growth forest at a time
- One lost habitat at a time
- One disappearing acre of rain forest at a time
- One political pay-off at a time, resulting in one regulatory roll-back at a time
- One leaching landfill at a time
- One belching smokestack or exhaust pipe at a time
- One depleted or polluted aquifer at a time
• One desertified farm at a time
• One over-grazed field at a time
• One toxic release at a time
• One oil spill at a time
• One breath of fouled air at a time
• One-tenth of a degree of global warming at a time
• One exotic disease vector at a time
• One new disease at a time
• One invasive species at a time
• One perchlorate contaminated head of lettuce at a time. (Perchlorate is rocket fuel, and it is in the ground water of the San Joaquin Valley of California.)
• One chloro-fluorinated or methyl-brominated molecule of ozone at a time, creating a deadly hole in the ozone ultra-violet radiation shield
• One poorly designed carpet at a time
• One thoughtlessly designed building or building interior at a time
• One misplaced kilogram of plutonium at a time
• One more ton of spent nuclear fuel at a time, looking for a safe and secure home for 240,000 years
• One advance of urban sprawl at a time
• One insensitive or uninformed architect or interior designer or facility manager or manufacturer at a time
• One songbird at a time
• One PCB-laced orca, one whale, one dolphin, one trumpeter swan, one mountain gorilla, one polar bear, one leatherback turtle at a time
• One entire wild species at a time, and
• One poverty-stricken, starving, diseased, or exploited human being at a time.

That is how it would have happened, and we know that it is in the process of happening just that way now—in so many ways! You could probably make your own list, just as long, without any duplication. It is a long, long slippery slope, and we are on it. That is the first of two decisive trends. We are losing one strand of the web of life at a time, inexorably, and it will not stop until either we homo sapiens come to our senses, or we, too, are gone and can do no more damage. If we do come to our senses in time, that will happen one changed mind at a time.

Now let me address the genesis of that change of mind, admittedly in a very cursory way, touching on some key milestone events.

If we go back not so far in history, we know there was a time when some people, so-called “noblemen,” (i.e., wealthy property owners) had life and death power over other people. The latter were literally chattel, i.e., property, and the nobleman property owner could do what he pleased with his property, including kill it for expediency’s sake, or just for fun, if he were so inclined. For western civilization, that mindset eventually changed, as the field of ethics emerged. Ethics is about doing the right thing, and today we know that the power of life and death by one person over another is manifestly wrong.

But what if the “nobleman” of more recent times (the wealthy property owner) owned or coveted a piece of land, say, the northwestern corner of Wyoming, to use a United

© 2005 by GOAL/QPC • Fall 2005
States example, with the idea of developing those amazing geysers for his own profit, or to keep for his exclusive personal enjoyment? To head off such a possibility, the U. S. Congress in 1872, during the presidency of Ulysses Grant, created Yellowstone National Park, preserving that land for the public good. Later, President Theodore Roosevelt, under the urging of explorer, mountain climber, and writer John Muir, raised the public profile of Yellowstone and other natural wonders of America. And still later Woodrow Wilson created the National Park Service, to include Grand Canyon National Park, Yosemite, Grand Teton, and many others. (Maybe you have visited Muir Woods, a stand of redwoods near San Francisco, named for John Muir, often credited with being the father of the conservation movement in America.) So the notion evolved that ethics should extend to land, especially land of such breathtaking beauty. The ethical thing to do, the right thing to do, was to protect this natural beauty for all people. Today, we know this is manifestly true; it’s the right thing to do.

Years later in 1933 (72 years ago!), Aldo Leopold, writing about land ethics in a larger sense, observed that what happens to the land, in terms of its plant life, determines habitat. Habitat, in turn, supports animal life, and the specific habitat determines, even dictates, what species live there; so the field of ecology developed—the science of studying the web of relationships among flora, fauna, and even the microbial world, that altogether form the web of life. Then, some really intelligent people began to ask strange questions, such as: “If the brown bear stops breeding above 5000-foot elevations (as it has), what does that mean for us homo sapiens?” Out of such inquiry arose bigger questions, such as: “How are humans affecting the web of life, that is, the biosphere?” The biosphere is composed of, and contains, all living systems and life support systems of earth—all living things, bound together in a fragile, interdependent web, the intricacies and complexities of which we have only barely begun to understand. But this we know: We are part of it, not above it, not outside it—a realization that is a hopeful sign of our increasing maturity as a species.

In 1962, a brilliant and brave woman named Rachel Carson brought such inquiry (How are humans affecting the biosphere?) to a new level with her exposure of the chemical industry—a human invention and a central part of the modern industrial system—in her landmark book, *Silent Spring*. Most people would say that that book launched the American environmental movement. Another way to think about it is that Rachel Carson extended the field of ethics beyond people and land to include all the creatures that live on the land, in the air, and in the waters. We know in our hearts she was right to do so. The prospect of a silent spring brought to life in our minds’ eyes, and in our hearts, the reality of the abuse by the industrial system; and we knew it was manifestly wrong. She gave meaning to “environmental ethics.”

Carson was pilloried by the chemical industry, just as Copernicus had been pilloried by the church for saying the earth was not the center of the universe. Copernicus backed down; Carson did not. What a woman! That is why she is my choice as Woman of the Century. She was the quintessential wielder of the Power of One!

As the abuses of the industrial system began to be exposed by this courageous woman, peeling back the onion, the field of ecology was broadened to extend to industrial ecology, asking just how bad is the abuse caused by this industrial system. The answer was, pretty bad! And out of Rachel Carson’s shockwave came practically all of the legislation of the 1960s and 1970s aimed at protecting the environment,
including the creation of the American EPA and its regulatory authority.

The regulatory system has slowed the rate of abuse, but has it turned the negative trends positive? My advisors and researchers—and they are among the best in this field—tell me that not one peer-reviewed scientific paper published in the last thirty years has said, yes, the global trends are now positive. Though there are exceptions, and victories to be celebrated, the overall global trends for the environment are still in the wrong direction. Biodiversity is plummeting. (The death of birth.) The human footprint is growing, and the planet’s carrying capacity is not.

But the trend in environmental ethics is well established. Today, if we see a clear-cut old growth forest, we know, manifestly, that it is wrong. We see deformed aquatic life caused by PCBs and we know, manifestly, that it is wrong. We read on a label, “This paint contains lead,” and we know, manifestly, it is wrong—not to mention, stupid. We see human encroachment on nature more and more, and we know it is manifestly wrong. We see a building that is hogging energy or whose interiors are finished with rain forest mahogany or whose exterior is thousand-year-old redwood, and we know manifestly that that, too, is wrong.

So this thing called environmentalism is not new and not left-wing wacko. It dates from way back. Though religious conservatives prefer to call it “creation care,” it’s the same thing. It is an apolitical extension of a very long-term progression in the definition of what’s the right thing to do. Progress may occur in fits and starts, with occasional setbacks, but the direction in environmental ethics is well established. There is an inevitability that goes hand-in-glove with the maturing of a species—a growing sense of right and wrong, extending to all of creation, including one of humankind’s most pervasive inventions: the industrial system and its built environment. This is the second trend.

Which trend will prevail? I suggest that the fate of homo sapiens will be determined at the intersection of these two trends.

In the final analysis, the ethical thing—the right thing to do—is driven by enlightened self-interest. Not only does ecology tell us we are part of nature, not above or outside it, it also tells us that what we do to the web of life we do to ourselves. Industrial ecology shows us that the industrial system, as it operates today, simply cannot go on and on and on—taking, making, wasting, and abusing the web of life. The industrial system takes too much, extracting earth’s natural capital. It wastes too much. It abuses too much. It takes stuff and makes stuff that very quickly ends up in landfills or incinerators—more waste, more abuse, more pollution.

The rate of material throughput—the metabolism of the world’s industrial system—is now endangering our prosperity more than enhancing it, and the toxicity of some of that stuff is really endangering the biosphere, and thus everyone’s health—ours and that of those thirty million other species. It is manifestly the wrong thing to do.

Change must occur, at the nexus, out of a growing sense of ethics. We are faced with a design problem. It is very important to the future of humankind that we have a clear understanding of “ethical design”—design for sustainability—and commit to it for a lifetime. I’m color blind, but I designed a green company. Facility managers
design a functioning management system; government designs incentives to steer society, etc. We are all designers.

A sustainable society, arising from the nexus of these two trends, depends totally and absolutely on a vast socioeconomic re-design triggered by an equally vast mind-shift—one mind at a time, one organization at a time, one technology at a time, one building, one company, one university curriculum, one community, one region, one industry at a time, until the entire system of which we are each a part has been transformed into a sustainable system, existing ethically in balance with earth's natural systems, upon which every living thing utterly depends—even civilization itself.

There is no question in my mind, based on our experience at Interface, that there is a clear, compelling, and irrefutable case—a business case—for sustainability; yet the skeptics remain. So, given the skeptics' reluctance, even disdain, and unwillingness to accept my case, I have begun to challenge the skeptics to make their case. More precisely, I would like to hear the business case for:

- Double-glazing the planet with greenhouse gases; and while talking about the cost of preventing global warming, be sure to address the cost of not preventing it.
- Destroying habitat for countless species, about whose connection to humankind, in many, even most cases, we haven't a clue. Ecological ignorance abounds in our culture. Paul Hawken says the average American can name 1,000 commercial brands and maybe ten plants.
- Poisoning air, water, and land.
- Disrupting pollination and photosynthesis. (That ought to be a good one!)
- Over-fishing the oceans to the point of collapse.
- Destroying coral reefs, forests, and wetlands. (The beginning of the food chain that leads to us at the other end!)
- Depleting or polluting aquifers upon which food production is so dependent.
- Destroying the life support systems of earth.

As Hawken asks, what is the business case for an economic system that says it is cheaper to destroy the earth than to take care of it? How did such a fantasy system that defies common sense even come to be? How did we—all of us—get swept up in its siren's song?

What is the business case for destroying the basic infrastructure of civilization itself, the natural systems upon which everything depends, including the economy? For what economy can even exist without air, water, materials, energy, food, plus climate regulation, an ultra-violet radiation shield, pollination, seed dispersal, waste processing, nutrient cycling, water purification and distribution (natural filtration and the hydrologic cycle), soil creation and maintenance, flood and insect control—all supplied by nature and her natural systems?

The economist would say all these are externalities and do not count in the financial system. Talk about a flawed view of reality! Without any of them, there would be no economy in the first place. How can it be good business to externalize them and assume license to destroy them by arbitrarily saying they don't count? Of course, there are no answers to these questions, and therein lies the inevitability of sustain-
ability. Is it only a question of how much pain we experience before a growing sense of ethics gets us off the slippery slope and we opt for survival?

Who is really at risk here? Let me introduce you and tell you how we met. It was in the early days of our “mountain climb,” on a Tuesday morning in March, 1996. I was talking to our people at every opportunity, trying to bring them along—this time in southern California, and not knowing whether I was connecting. But about five days later, back in Atlanta, an e-mail came to me from one of those people I’d spoken to, Glenn Thomas. The message contained a poem that he had composed after that Tuesday morning meeting. When I read it, it was one of the most uplifting moments of my life, because it told me at least one person had really gotten it. Here’s what Glenn wrote:

**Tomorrow’s Child**

Without a name; an unseen face
   and knowing not your time nor place
Tomorrow’s Child, though yet unborn,
   I met you first last Tuesday morn.
A wise friend introduced us two,
   and through his sobering point of view
I saw a day which you would see;
   A day for you, but not for me.
Knowing you has changed my thinking,
   for I never had an inkling
That perhaps the things I do
   might someday, somehow, threaten you.
Tomorrow’s Child, my daughter-son,
   I’m afraid I’ve just begun
   to think of you and of your good,
   though always having known I should.
Begin I will to weigh the cost
   of what I squander; what is lost
If ever I forget that you
   will someday come to live here too.
—Glenn Thomas, ©1996

Every day of my life since, “Tomorrow’s Child” has spoken to me with one simple but profound message, which I share with you: that each of us is part of the web of life, and we have a choice to make during our brief visit to this beautiful planet: to hurt it or to help it. For you, it is your choice.

Since the days after his graduation from the Georgia Institute of Technology as an industrial engineer, Ray Anderson has applied his entrepreneurial spirit to building one of the world’s largest interior furnishings companies. After founding Interface in 1973, Anderson and his company revolutionized the commercial floor-covering industry by producing America’s first free-lay carpet tiles. He has now embarked on a mission to be the first company that, by its deeds, shows the industrial world what sustainability is in all its dimensions: people, process, product, place, and
profits—by 2020—and in doing so, to become restorative through the power of influence. He’s leading a worldwide effort to pioneer the processes of sustainable development.

What this means, primarily, is learning to harness solar, wind, biomass, and other forms of renewable energy and providing raw material needs by harvesting and recycling carpet and other petrochemical products, while eliminating waste and harmful emissions from its operations. Anderson believes that if Interface, a petro-intensive company, can get it right, it will never have to take another drop of oil from the earth. The philosophy guiding Anderson’s passion for this cause is simply that it is not only the right thing to do, but the smart thing.

Because the commitment Interface has made is so unique, the community has embraced the company and lauded its efforts. Today, Anderson is recognized as one of the world’s most environmentally progressive business people, having served as co-chairman of the President’s Council on Sustainable Development during the Clinton administration; being recognized by Mikhail Gorbachev with a Millennium Award from Global Green in September 1996; receiving in 1996 the Ernest & Young Entrepreneur of Year for the Southeast Region, and in 1997 as the Georgia Conservancy’s Conservationist of the Year. Ray’s honors also include the prestigious George and Cynthia Mitchell International Prize for Sustainable Development, presented in 2001; the SAM-SPG Sustainability Leadership Award of 2001; the U.S. Green Building Council’s Inaugural Leadership Award, 2002, and the National Wildlife Federation Conservation Achievement Award for Corporate Leadership, 2002.

Anderson was named a Senior Fellow and Leading Voice for Green and Sustainable Design by the Design Futures Council in 2003, and also received the International Interior Design Association (IIDA) Star Award. In 2004, he was honored with the National Ethics Advocate Award from The Southern Institute for Business and Professional Ethics. In 2005 he received the Harvard Business School Atlanta Alumni Club’s Community Leadership Award, as well as a Corporate Ally Award from Possible Woman Enterprises.

Anderson serves on the boards of The Natural Step, USA; The Georgia Conservancy; Upper Chattahoochee Riverkeeper; Ida Cason Callaway Foundation; Rocky Mountain Institute; the David Suzuki Foundation, the University of Texas Center for Sustainable Development, and is an honorary advisor to the President of Peking University.

He holds honorary doctorates from Northland College (public service), LaGrange College (business), N.C. State University (humane letters), and University of Southern Maine (humane letters).

The Soft Hard Core

Laurence R. Smith, GOAL/QPC

Several years ago I heard the CEO of a major U.S. manufacturer say, after more than ten years of aggressively “doing quality,” that the “soft stuff” was the hard stuff. He was referring to the conventional thinking among top management that their job was to deal with the “hard stuff” and make the hard decisions, like finance, budgeting, cost cutting, buying and selling companies, dealing with banks and financial markets. Things like corporate culture, human dynamics, teamwork, environmental issues, and interpersonal relationships were the soft stuff that didn’t require top management’s attention. If and when problems arose, those kinds of things could simply be relegated to staff departments. But now this CEO realized that the so-called soft stuff was really the hard stuff, and that those issues are very important for his own—and everyone else’s—attention and work effort.

Just as the core of an atom—its nucleus—contains multiple aspects, the core of our human structure is a complex environment where we create our attitudes and the way we approach the opportunities of life. For many of us this is the personal hard stuff in life, which is often avoided out of ignorance, fear, or pain, until we learn that we can soften it. The core is a realm of paradox, of hard and soft at the same time. When we learn that it’s okay to hold that paradox, and not try to eliminate it, we can keep growing, becoming more emotionally and spiritually mature, and therefore becoming better leaders and managers.

The core is our mind and heart. It is where we create our own internal guidance system for how we see ourselves, our neighbors, the world, and how we will act and interact. Our power and strength emerges from how well integrated the mind and heart are. The dynamic of the core involves four major interdependent processes:

1. Clarity in the dynamic of one’s mind, consciousness, and working with thought.
2. Leading and managing one’s way in life and work.
3. Creating and maintaining a sense of community.
4. Harnessing the power of conversation.

Most of us tend to go through life on a kind of autopilot, not really paying much attention to the nature and mechanics of how our minds work with thoughts, and how conscious we are in creating our psychological and physical reality.

When we pay attention to what’s going on “inside ourselves” we discover that our mind “entertains” all sorts of thoughts, and that we’re not as conscious as we could be of the cause-and-effect nature of what we’re doing. We find that we’re experiencing, assigning meaning, and acting on all sorts of thoughts, feelings, beliefs, and values. We create an intention to act and we behave in certain ways, based on these thoughts, feelings, beliefs, values, and intents. As the pictures on the next page show, everything works in a spiral-like cycle that produces a result that we, in turn,
become conscious of, and that leads to more thoughts, feelings, beliefs, intents, and actions, which produce more results. And so on, in positive and negative spirals….

This whole process becomes even more complex as we learn that we have to depend on others to get what we need in life: We’re interdependent. There are other people, near and far, who are doing the same thing. So we bring that into our consciousness. We find that our behavior impacts others, and their behavior impacts us, often in unthought-of ways. Sometimes that delights, frightens, or angers us. At other times we’re just indifferent.

We’re also taught that we have to compete with others and strive to win. At the same time, we may know that it’s in our best interests to collaborate with others to get what we want and find peace of mind, happiness, and fulfillment in life. So we have to examine our beliefs, learn what questions to ask, and decide how to deal with thoughts and realities around competition and cooperation.

The second dynamic is leading and managing our life’s journey, and that requires us all to understand the basics of leadership and management. A wonderful basic definition of a leader comes from Dr. Thomas E. Cronin, a political scientist and college president. Cronin says: Leaders are people who perceive what is needed and what is right and know how to mobilize people and resources to accomplish mutual goals.

We’re used to living in what appears to be a rather linear world and traveling in basically straight lines. We can go for thousands of miles—north, south, east, and west—and the world seems large and powerful and endless. We seem relatively insignificant, and it’s easy to believe that our individual actions, good or bad, will have little or no impact on so vast a world.

Our consciousness can quickly change when we adjust our perspective, however. If instead of traveling many thousands of miles east, west, north, or south, we instead went just a couple of hundred miles straight up, the earth that we thought so huge and endless would look a lot smaller, as we can see from the NASA photograph of the earth shown on the left.

My teacher and mentor, the late Dr. Anthony Nemetz, professor of philosophy at the University of Georgia, taught that community was essential for the development and maintenance of a civil society. He said that community is based on a shared perception of right and wrong.
When we think about community, we can see that we live in the possibility of multiple communities, starting with our individual self and expanding outward as our need, opportunity, and ability allow. The figure below illustrates this concept.

At an individual level, it seems as though we are constantly having a conversation with ourselves. We talk to ourselves. We argue with ourselves. We debate and plan and make decisions about what to do and not do. We talk about our likes, dislikes, hopes, fears, loves, pleasures, past, future, and present. We complain. We praise. And we talk about other people and things.

And then we have conversations with others. Sometimes the intent is to be in community with others. Dr. Nemetz taught that community emerges only through conversation that leads to action. He said: “Community is demonstrated by deeds done and not words said.” In my experience this is true. It is through conversation that people integrate the “soft hard core” dynamics to get things done. If the conversation includes people with competence, authority, and interest in the common good, it can be a place where thought, mind and consciousness, leading and managing skills, and a sense of community can come together. It’s where people can create mutual goals, and then work to accomplish them, in a manner where the individual good doesn’t harm the common good.

And so, when you put all four of these soft hard core dynamics together in a conscious fashion, you enable what I call creationeering. That’s where we consciously understand what is actually being created by our thoughts, words, deeds, and relationships, and where we actually design and create what we intend in life, in collaboration and cooperation with others. Then the hardness in life can soften a bit.

Laurence R. Smith is Editor of the Journal of Innovative Management at GOAL/QPC. He has also done training and consulting work with municipal government and non-profit organizations. Before coming to GOAL/QPC, he was CEO of the Greater Lawrence (Massachusetts) Chamber of Commerce, where he led it to be one of 10% of chambers of commerce to be accredited, and to win the top award in the President’s Citation Program for Private Sector Initiatives. He has a BS in education from SUNY-Oswego, an MBA in executive management from St. John’s University, and certification in teaching and coaching.
The video-based series is a complete learning package that shows the techniques of facilitation in action. It helps viewers hone their observation skills, and learn how and when to use facilitation techniques—At a price of less than $60 per student.

Order Today: 800.643.4316 • web: www.goalqpc.com
Ways of Thinking That Might Prevent Organization Improvement

Ralph D. Stacey, Director, Complexity and Management Centre, University of Hertfordshire Business School, UK

People speak about an organization as though it is a physical entity, some *thing* that exists apart from them. People even describe this *thing* as having a purpose or a vision or something of that sort, and write about an organization as “a living thing.” And doing that doesn’t sound all that odd to us. We just accept it without even thinking about what that means.

In truth, it is only a way of thinking to say that a group or an organization or a society is a *thing.* And we are not even noticing what we are doing, because our patterns of thought simply make it all appear so natural to us, even though it isn’t true. The result is that the way we are thinking—especially when taken for granted—directs us to do certain things that feel very natural to us, even when it leads us to produce what we say we don’t want.

A consequence of accepting these patterns of thought as physical reality—that an organization is a living *thing*, which then affects us, oppresses us, helps us, or whatever—is that we then search for techniques, tools, structures, and designs, (often with the best of intentions) that will cause this *thing* to be improved (i.e., made more effective, efficient, creative, productive, and more profitable). We are actually thinking all the time about this. Management will even sponsor questions about it: “What do we need to be doing to make this organization (this living thing) better or right?”

What happens next is that the main focus of everyone’s attention becomes directed outward—on the thing. Moreover, executives believe that their efforts will be truly effective only if they can change the whole thing. To accomplish this, the techniques of OD, culture change programs, total quality management, or Six Sigma programs are used. This is because executives believe that they can *intend* to change the whole in a way that will be beneficial to them. Executives believe that it is possible for them to choose certain tools that are right, in terms of moving this *thing* in a direction that they believe is going to be better.

A consequence of this thinking, which is effectively an intent to focus on the global, is that leaders and managers tend not to take very seriously what is actually happening locally (in the sense of what is happening among managers and employees and customers day-by-day), whether we are in each other’s presence, interacting over the Internet, or whatever.

Let me give you an example from my school. In the doctor of management program that we run at the University of Hertfordshire Business School, in the UK, the meth-
The research that the participants, many of whom are CEOs or senior managers, are required to do is about their work. The starting point is a participant's narrative of their own experience of what they are engaged in at the present time. The outcome is a narrative that provides the content that the participants then have to reflect upon in their doctoral work.

It is very interesting to see that participants find it difficult to tell the story of what they are doing: “What do you mean?” is a question that always gets asked. I soon realized that managers and CEOs have great difficulty taking their own day-to-day experience seriously. They have difficulty with questions like: “What are you doing? Who are you doing it with? Who said what to whom? What happened then?” Executives find this work difficult because these kinds of interrelationship events seem unimportant to them. That’s because what is important (in their thinking) is the global perspective—their intent about directing the thing, changing the organization—and not on seeing what’s going on in the local interactions among themselves and the other people in the organization.

We are trying to get people to explore a different way of thinking. We encourage a way of thinking that will enable people to see the relationship between the local and the global so that they come to see that what is most important is the local interaction—and that whatever it is that is widespread or global in the organization has actually emerged from that local interaction.

The practical implication for managers is that they come to understand that it would be impossible to change directly the global—the whole organization. All management attempts to try to design or change the organization on a whole-scale basis will not produce the results that they are hoping their programs will produce. The “change programs” will certainly produce something but not what was intended.

Let me offer an example. Have you thought about why efforts to improve healthcare are proving to be so difficult? The reason is that proponents of change are trying to improve healthcare as a system, but health care isn’t actually a system. Health care is a pattern of interaction that is happening, moment by moment, between thousands and thousands or millions of people around the country. Therefore, neither I, nor anyone else, can possibly make the healthcare system better because there is no “system” to make better. Thinking that healthcare is a system that can be improved is an illusion—an intent to change the global—that diverts attention from the local interactions where the quality of health care is actually created.

This is why, for example, that in England, with the best will in the world, the people trying to improve the National Health Service (NHS) aren’t improving it as intended. It’s because they are focusing their attention—their thinking—from a belief that they can move the global around—and they are ignoring (when they think about policy) how people in the system (e.g., at 3:30 in Ward B of the Royal Free Hospital in London) will function when they are confronted with having to carry out some procedure or deliver some medication.

Now that doesn’t mean that we can’t have any values or aspirations about the global. What we can do is this:

1. Move away from a fantasy that we can change the whole thing.
2. Adopt a somewhat humbler stance about what we usefully can do. We can have
aspirations for some kind of betterment but all we can do is what we actually do in participation. We can’t change all of them over there. We can carry on doing, to the best of our ability with others, what it is we are now doing. And as others are doing this, a wider-spread pattern will emerge and evolve. But it is always evolving in the local. We could articulate something about a global, widespread pattern. We could design some tool, or something you might call a tool, and that would be a gesture that we would make. If I were a Cabinet Minister, and very powerful, loads of people would be responding in some kind of way; whereas if I now make a gesture very few people respond. So there is the importance of power differences. The one with the power balance tilted towards them will call forth many more responses and have a bigger impact. For good and ill.

To begin to think locally would basically have people asking “what if” questions instead of starting with developing plans to improve the whole organization, which, as I stated earlier, doesn’t exist as a thing; the organization is but an imaginative construct of ours.

A scenario we pose is this: What if we paid attention to what we are doing as human beings, so that the fundamental proposition of our reality is that we are interdependent? We are, in fact, always depending on others, and each other, to do whatever we are doing or wanting to do—whether it is beautiful, ugly, cruel, or kind. We are all interdependent as well as independent at the same time. The exploration then is what are these human bodies—us—doing in relation to each other? What does this interdependence mean in relation to our own independence, authority, and control? How are we actually carrying out that interdependence?

When you start thinking about that, the first process that you are carrying out (which may or may not be obvious) is the one called communication. We are always communicating with each other or with ourselves.

I want to emphasize that we are making a distinction from conventional ways of thinking. Conventional thinking places an individual at one level, and the organization or society, at another level—a very special way of thinking. We are saying something very different—that there aren’t levels! There is only one level, which is an ongoing, continual, communicative interaction with each other, and each of us with ourselves. What happens then, from a practical standpoint, is that you (a) come to understand the organizational or social context as a public, vocal, conversation going on between us, and (b) you come to understand the individual mind as a private, silent, communication of the body with itself. Both of these are social processes of communicative interaction.

One of the writers we rely on a great deal, Norbert Elias, talks about the individual as the singular of interdependent people, and the social as the plural of interdependent people. There is something of a difference. One is singular. The other is plural. One is private and silent. The other is public and vocal. But it is the same communicative process. In terms of organizational affairs, we try to have people think about what they actually experience rather than just paying attention to what they are postulating about something that is not actually happening (i.e., outside of their experience).
For me, if I start thinking like that, it makes a great deal of sense. If I try to think from my experience, rather than from some construct (e.g., what is my intent), the only experience I am aware of is a continuous silent conversation with myself and a continuous sense of emotion. And everyone I ever speak to also says that they walk around chattering to themselves all day long. In fact, it is extremely difficult not to chatter to yourself. That’s why it is hard to meditate, because meditation is a stilling of the chattering. The other noticeable thing about the chattering is how “all over the place” it is. It is extremely difficult to sit down and keep going along one particular track. The mind is continually jumping around.

So this particular way of thinking that we’re talking about is a redirecting of our focus. We direct our attention away from global things—like supposed structures, tools, and techniques—and toward our local interaction, which we can only understand from our place within that interaction. We can’t step out of it. We can’t step out of interaction and observe, or try to plan it, or design it. All we can do, all any of us can ever do, is participate with each other in the interaction. And we are doing that even if we are silent. And in a way, we’re influencing it even when we don’t show up—because if someone who was not here had been here, the kinds of things talked about would have shifted. So we are caught in this process of interaction from which we can never escape. So the point then becomes: How are we to understand the nature of that?

If you spend your time thinking, “How can I make it better?” I suggest holding off, because we keep doing that. We keep coming up with more prescriptions, instead of trying to understand what we would actually be creating with an intended solution. I would suggest you try answering a couple of questions first: Why have I had the kind of experience that I’ve been having? Why have people responded in the way that we’ve been experiencing?

If we did that, we would probably find that our experience had a lot to do with power relations. It would have a lot to do with identity and threats to identity. If we can understand this, we might accept the notion that we can walk into an organization and just start talking to each other in a much freer and more open way.

Now I would not want to contrast self-organization with hierarchy. I think that is done quite a lot in the way people write about complexity and self-organization (i.e., as somehow a nicer or a simpler way), something I would regard as a utopian notion that one has now discovered something different, which we can now all implement and then we will all be nicer. Actually, I don’t see some of these ideas we’re pointing out as being polite at all. I see them more as being pragmatic. How do we make sense of what we are actually getting, as a result of what we are intending, from our actual experience?

I also want to be clear that what I am trying to suggest is not an alternative to a bureaucracy or a hierarchy. And I’m not suggesting that this is a prescription for a nicer way of us interacting with each other. Rather it is a way of trying to enable the people in an organization to understand more clearly the process of their interaction in a bureaucracy.
A writer we found most illuminating is George Herbert Mead, the American pragmatist. The way he viewed communicative interaction between bodies is in terms of a gesture made by one that evokes or calls forth a response from another. And that social act is very important. Mead says the gesture and the response are phases of that act and can never be separated. I believe there is something very important in that particular understanding that Mead had, and I would like to take you through a couple of steps of it.

Mead was asking: If we evolved from higher mammals, what was it that we evolved that makes us human? His answer was that we are mindful, conscious, and self-conscious. Mead sought an understanding of human consciousness and self-consciousness, which he ascribed to interaction between bodies. This is a very social way of understanding what it means to be human, conscious, and self-conscious.

If you watch two dogs communicate, for example, which they do, one may snarl at the other. What is pretty profound in terms of understanding communication is that you couldn’t know the meaning of that gesture (the snarl) until you saw the response. The gesture of snarling could evoke in the other dog a counter-gesture of snarling; in that case the meaning of the social act is aggression or something like that. The other dog could lie down and look imploringly up; in that case the meaning of the act was something like domination and submission. The other dog could turn and run off, in which case the meaning of the social act is something like dismissal, go away.

What I think is profound about this is that it challenges the taken-for-granted dominant view of communication between humans that you find in organizational literature. This dominant view of communication is the sender-receiver model that we find in psychology and sociology. The idea is that I have a meaning in my mind, which I translate into words and send to you. You then translate the words you hear into some meaning in your mind, which you then translate into your words and send your message back to me.

That process embodies the idea that meaning is located in an individual mind and in the gesture on its own. You can see how taken-for-granted that is because we think that meaning is in the words—that you can look it up in the dictionary to see what it means. If that were true, however, we would rarely have any miscommunication.

An alternative idea of communication that we’re suggesting makes more sense in our experience. If I, for example, give a lecture to sixty students, and they are then required to write an assessment saying what they made of it, I will get sixty different versions of what I said. And most of them I won’t even recognize. Obviously, the different students got different meanings from the same words, so it’s unlikely that the meaning was in the word. Also, I think I am being terribly clear in choosing words to clearly communicate what I intend the meaning to be.

So from my experience I’ve come to understand that the meaning of my communication isn’t just the intent in my head, or in the words I choose to express it. The meaning is what emerges between us. The meaning isn’t located in any individual. The meaning is continually emerging as we interact with each other. We are in continuous circular interaction in which any gesture that I am making is actually a response to a gesture that you are making. So the idea of intention is not some-
thing that arises autonomously in me and then I act. Any intention is emerging in response to you and therefore the intention is evolving. So we have got this iterative process going on all the time.

To use a typical management example, if you design some quality procedure or target, you cannot be thinking that the meaning is in that procedure or that target, which is what the policy makers think they are doing. Policy makers think that they have designed the meaning into this thing, this procedure or target, and now they will hand it off to others. But if they understood this gesture-response process, they would see that all they are doing is making a gesture, and that the meaning lies in the response to the gesture; and that is why the resulting outcome can’t be viewed as a simple cause-and-effect problem.

We can role play in our minds the consequences of our behavior in such a way that we can have some sense of what might happen if we carry out what it is that we’re thinking of doing.

Let me share an example of this. My mother used to say to me, when I was growing up, “What will people think of you if you say this or you do that? Now Mother wasn’t referring to the gossipy neighbor at the next corner or to anyone specifically. She was talking in general—this kind of thinking, in this kind of society—what will be the effect? And so my mental activity at the time became a role-play. Prompted by my mother’s question, I quickly make some sort of judgment about what my future might be, based on my thinking about how others would respond to my behavior, and how I will respond to their response, and so on. We generalize about the others we will encounter in life. Of course, I could just react to Mother by saying, “I don’t care.” But that’s a generalization, too.

And so always, in everything we do, we get caught up in this taking up the attitude of the “generalized other,” as Mead called it, that is, of our group or society. We are always taking this generalized attitude in thinking and choosing what we are going to do. And of course this is a very powerful form of social control—this generalizing and taking the attitude of the other. It is much more powerful than hierarchy or bureaucracy. It anticipates the emotion of shame, for example. To be seen to contradict the attitude of the general other (e.g., the norms and laws and values of the society) is very shame provoking.

Groups, organizations, and societies are a complex web of these patterns of interactions between conscious and self-conscious individual bodies. So you can see that when you start thinking in this kind of way it is rather meaningless to try to talk about a “human dimension” of organizations and society—the whole thing is human! Organizations and societies are all about patterns of relating—vicious and kind—between human bodies. It is very artificial to think that an organization is something other than this.

From a leadership perspective, we would say there are no wholes or parts and the leaders are participants in the interaction with others, just as anyone else is, with a different power relation and a different role.
Meaning is created because people have the social capacity of mind that we can talk to ourselves. I am sitting at the computer writing. I am talking to myself. Therefore, I am creating a kind of meaning at that moment, but meaning isn’t really in the words. People only discover your meaning when they start talking to you, and then you discover that what you thought was crystal clear, isn’t.

Meaning can only emerge in interaction between people. Everything we do, no matter how sophisticated, is accomplished through some form of conversation, some form of communication. As soon as you are in the room you are affecting what is happening by what you do and by what you do not do. You make a gesture. I respond to it. You respond to that. Or someone else does. And meaning is emerging somewhat differently for each of us, and everyone else who is listening or not listening.

The first comment that someone makes is a gesture that calls out or evokes a response. That is because communication has to be associative. We don’t even have to ask others to associate. They quite naturally engage.

When we meet people who don’t associate—who, when we say something, reply with something that is completely different and has nothing to do with what we said—we avoid them; there is no communication. Communication has to involve turn taking and turn making.

We have evolved very sophisticated ways of taking turns, too. There are all kinds of cultural rules or understanding around who can take a turn, when, for how long, and that sort of thing.

This ongoing gesture and response, where each time you say a word, contains an intention that has something to do with your past experience, and the experience of being there. Also you are taking the attitude, without being conscious of it, of the generalized other. There are certain words that you wouldn’t dream of uttering or associating with the other. There are certain words I would never say because of what I think others would think of me, what type of person they would think I was.

A great many procedures that we adopt in organizations serve mainly as social defenses against anxiety. I believe. I used to be a corporate planner and have come to understand that long-term strategies and strategy documents are basically social defenses against anxiety—the anxiety of not knowing, coupled with our inability or unwillingness to say so.

I often think that what people are doing in organizations is irrational and bizarre. I’m pointing to this as an important part of the kind of thinking we are trying to do in our work in the Complexity and Management Centre, because frequently it is fairly difficult to make sense of what we are doing in an organization. But it can be very helpful in making sense of what we might be doing together, when we feel that something is bizarre, not to dismiss it as crazy. We can use that judgment as a place to start trying to understand the purpose that is being served by the kind of behavior we are seeing. And quite often it could be some kind of defense maneuver against feeling anxious.
What is important to keep in mind is that we are always interdependent, always responsive. Choice is something quite paradoxical. We select and choose our next intervention on the basis of a life history, but at the same time that choice intention is being evoked in us by the gesture that has just been made to us.

And given that we believe that these responsive processes of interaction are emergent, iterated, and the pattern of them continually emerges, this amounts to a special idea of causality: The pattern of interaction patterns itself. We are not producing anything outside the interaction and we don’t need to look for a cause for the patterning of that interaction above, below, behind, or in front of that interaction. Interaction just produces further interaction.

Ralph D. Stacey, Ph.D., is Professor of Management and Director of the Complexity and Management Centre at the Business School of the University of Hertfordshire. He is also a consultant to managers and the author of a number of books on strategy and complexity theory in management.
Profile

Christy Stephenson, President and CEO—When two people from New Jersey meet, their first question is, “What exit are you?” RWJ Hamilton is at Exit 7a. We used to be known as Trenton General Hospital, when we were housed in a brownstone in a residential area. In 1971, we moved to Hamilton Township, and in 1994, we affiliated with Robert Wood Johnson University Hospital in New Brunswick. At that point, we adopted probably the longest name imaginable—Robert Wood Johnson University Hospital Hamilton—but to keep it easy for our switchboard operators, we shortened it to RWJ Hamilton. Today, we’re a community hospital with annual revenues of $170 million. We’re Hamilton Township’s largest employer, with 1,750 employees. We also have 650 physicians. But most important, we touch more than 500,000 lives each year. Touching lives is how we make a difference in the life of our community. It’s what healthcare is about.

Our mission is simple, just three words: Excellence Through Service. It’s our job as leaders in healthcare to design experiences that make our patients feel like they’re our family members. To do this, we’ve designed all our work systems around service. We exist to promote, preserve, and restore the health of our community.

Our vision is to passionately pursue the health and well-being of our patients, employees, and the community through our culture of exceptional service and commitment to quality. True leadership requires passion—the passion required to move an organization to a higher standard, and the passion not to be content with the ninetieth percentile, or even the ninety-fifth.

Leadership

Our leadership system has four phases that are focused around our three customer groups: patients, employees, and the community. The first phase of the system is where plans and goals are developed. In the next phase, alignment and integration, everyone learns their role in achieving performance excellence. This is as true for the neurosurgeon operating on your brain as it is for the food service worker preparing...
your salad. The *deployment and measurement* phase follows. This is where we monitor performance.

The fourth phase is *evaluation and improvement*. This is where we ask the question: How could we do it better next time? The Harlem Globetrotters came to our hospital recently, visiting our cancer unit. I noticed Eugene, one of the players, sitting on a couch, spinning a ball on his finger for quite a long time. He could see that I was mesmerized by what he was doing, and he said, “Do you want to try it?” Of course I did. I put my finger up, he spun the ball, and then he put the ball on my finger. It felt fantastic—I was like a ten-year-old who had learned a new trick. Then the ball slowed down, and fell. I decided to try it myself, but there was no way—the ball kept falling to the floor. So I said to Eugene, “How long did it take you to learn this trick?” And he smiled and said, “I started when I was eight years old. It took years of practice to get the timing and the balance just right. But now, it’s a piece of cake.” Well it takes similar determination, and commitment, to keep our leadership system alive, but when we do, we get results.

We use our five pillars of communications to balance and communicate all our organizational objectives. These five pillars parallel the Baldrige Criteria. They are: People, Service, Quality, Finance, and Growth.

The critical success factor in our people pillar is to be the employer of choice. People are the foundation of everything we do. For us, positive attitudes create the culture for service excellence. As everyone knows, there’s a shortage of healthcare workers, and positive attitudes help us to become an employer of choice. People want to work in organizations they feel connected to.

We’ve been able to see real results in our RN vacancy rates, which we’ve reduced from 9% (already a low rate) in 2002, to below 3% in 2004.

Our market is a very competitive one. We’re one of five hospitals all within thirty minutes of each other. We’ve tried to differentiate ourselves on service, and to track how we stack up against our competitors. We contracted with Press Ganey to measure patient satisfaction, and also with Jackson Organization to measure our community and physician satisfaction. I’m happy to say that as of earlier this year, RWJ Hamilton was again the preference leader in our community. Between 1994 and 2002, our community image was transformed from being ranked number one in only location convenience to ranking number one in all ten attributes, including best overall.

Service excellence and clinical quality go hand in hand. I’m not even sure you can have one without the other. In March of this year, *Consumer’s Digest* ranked the top fifty hospitals in the United States, based on patient safety and quality. RWJ Hamilton was part of this elite group. Our physicians and our employees drive results in our quality pillar. They’re the reason we made this list.
We wouldn’t have achieved recognition in our quality pillar if we hadn’t aced Category Four, which is all about measurement, analysis, and knowledge management. We use a dashboard/balanced scorecard tool that’s not fancy, but works for us. The dashboard contains leading indicators in our five pillars. But we also check lagging indicators. This is the way we keep our finger on the pulse of our organization.

But measurement and analysis aren’t enough. It’s what we do with that information that changes behavior, and drives performance. Knowledge management is something you’ll find woven into every presentation. It’s been one of the gifts of the Baldrige journey for us.

The growth pillar reflects some of the hard work in the other pillars. Between 1997 and 2003, RWJ Hamilton moved to a position of market share leadership. I credit Baldrige with a good share of that improvement. It took tremendous effort to get these results. And again, I credit the Baldrige Criteria and being part of the Baldrige journey for making it happen.

Social responsibility is an integral part of leadership. Our commitment to our community is evident in how we design patient care experiences, in the financial support we provide to our community, and in the community education we offer. It’s how we give back to our community. Our community education programs will touch more than 100,000 lives this coming year. But our commitment to our community extends even further. It includes how we operate our business. We need to do the right thing, the right way, to invest appropriately in technology, and to invest in environmentally conscious ways.

Our new Lake Front Tower, still in the design phase, uses the innovative LEED concept, which stands for Leadership in Environmental Energy Design. This 96-bed building is being built with environmentally friendly materials, many of which are recycled, and is designed to conserve energy well into the future. It’s the right thing to do—for our environment and for our community.

Insatiable benchmarking has been another gift of the Baldrige journey. Baldrige pushes organizations, and ours is no exception, to benchmark with others. We’ve received incredible gifts from benchmarking with other healthcare organizations and other businesses outside our industry. Benchmarking has been a source of inspiration and it’s given us a grander vision of what is possible. It’s accelerated our journey. And I believe the most exciting gifts of the leadership category have been mission related. Our mission comes alive through the actions of every employee—people passionately serving other people.

Here’s a story that illustrates our commitment. We had a patient, whose name was Virginia. She was dying from cancer, and she had one wish, which was to see the Jersey Shore one more time before she died. She was too sick, however, to make the trip. Our staff didn’t think twice about finding a way to bring the Jersey Shore to her. Dozens of employees volunteered to create “Virginia’s Beach” in our family room. We brought in over 400 pounds of sand, as well as beach chairs, sea shells, a pool...
of water, and (I’m told), a blender! Our employees transformed that room into a seaside resort. Virginia died shortly after her day at the shore, but I never tire of looking at the pictures our employees took that day. Virginia’s face was filled with exquisite joy, which was mirrored in the faces of all our employees.

Performance excellence in a hospital comes down to each and every patient experience. Today, RWJ Hamilton is a different place to care for patients, and a different place to work than it was before. Employees are creating breakthrough performance with that same practiced ease that Eugene had when he spun the ball on his finger. We still drop the ball now and then. We’re far from perfect. But the Baldrige journey has transformed us.

**Strategic Planning**

“Plans are nothing, planning is everything.” —Dwight D. Eisenhower

Christy Stephenson, CEO—What’s important in planning is the activity. I like planning when it’s action-oriented, which is how our processes are. I like to think of our plans as a laser focus, pinpointing exactly what our organization wants to do.

We have four main strategic challenges:

1. **Turbulent environment.** Though hospitals have been around for a very long time, we’re all undergoing rapid change right about now.
2. **Aggressive competition.** Something unique is happening in our market, and in the hospital environment as a whole. Two of our competitors are relocating, and building entirely new hospitals—closer to us. It seems to be a popular trend. Competition comes not only from other hospitals, but doctors. More of them are opening specialty centers such as cardiac or GI facilities.
3. **Balancing mission and margin.** This is always a strategic challenge in healthcare.
4. **Facility capacity.** We’re quite strained at this point. We’re in the high ninetieth percentile in terms of occupancy, and that really is too high for us to operate comfortably.

Adding deployment to our planning was a modification to our process. We hadn’t really been paying attention to deploying our plans early on. Doing so has been a real enhancement for us.

We involve a couple of hundred people in our strategic planning process, including our customers and suppliers. And we have a community advisory board that works with us on identifying our strengths and weaknesses. We also discuss upcoming programs with the board. We take our strategic planning group to the top 100 people in the organization, as well as to the strategic planning committee of the board, and to the physician leadership. All these entities have input.

Deployment involves every employee. And physicians hear about how we’re deploying our goals and objectives as well.
Over time, we’ve changed our planning horizons. Our short-term plan used to go out one or two years, and our long-term plan went out about eight to ten years. But our long-term horizon now only goes out about five years, and that relates to our turbulent environment—things are just changing too quickly.

We start our strategic planning with our mission, vision, and values. We have our five pillars of excellence, and beneath them, critical success factors for each of the pillars. Those are what we keep our eyes on, beginning with the end in mind.

We learned about run-the-business goals and change-the-business goals at a Quest conference. Our strategic objectives are now divided into these two categories: run the business, in which we’re looking for incremental improvements; and change-the-business objectives, which are breakthrough changes. These kinds of goals require doing something completely differently from how we’ve done it before.

Our strategic positioning plan now includes columns for the objectives, their owners from the senior leadership team, what departments are involved, and then the related finance, technology, and human resource plans. So for example, if we’ve got an objective of increasing outpatient volume, we know it’s going to take four additional full-time employees and the purchase of a certain piece of software, and we’ll need to know what the financial impact of that will be.

We copied something that SSM Healthcare, another Baldrige winner, had done. We based our E3 (Engage Every Employee) commitment cards on their Passports. We have E3 cards for everyone that list our mission, vision, and critical success factors, as well as their unique goals that link all the way back to our critical success factors, through goal cascading.

What’s the objective in bowling? Knock down those pins for a high score. Would you bowl if there were no pins at the end of the lane? But how many of us as healthcare organizations haven’t always measured things? We were certainly guilty of that. We just didn’t measure as many process elements as we should have. I like to think of our dashboard and balanced scorecard as the pins at the end of the lane. Our feedback reports from site visits and applications also serve as scorecards for us.

With all our competition from outpatient centers, we wanted to grow in volume on the outpatient side. So we put a service commitment in place in which individuals with appointments are guaranteed to have their outpatient test done within fifteen minutes of its scheduled time, and guaranteed that the results would be in their doctor’s office in 24 hours. It was very effective not only in driving volume but in driving patient satisfaction with outpatient testing.

The team responsible for this guarantee raised our outpatient satisfaction surveys scores to the high nineties. They had been considerably below that before.
Prioritization of goals. We prioritize our goals through our strategic planning process so that we have the top five goals, and the top ten goals. Everyone in the organization knows what they are. We end every staff and board meeting with a summary of how we’re doing with them. This keeps the goals right at the front of everyone’s minds. It’s a change in the way we communicate our goals, and one I wish we had thought of earlier.

The goal cascade process and the E3 card have really made a difference in our results.

Alignment and balance. I don’t think that we had the same degree of balance, and of alignment and linkage between the Baldrige categories or between our pillars, until we matured in the Baldrige process and grew through it.

Patients, Other Customers, and Markets

“We must not, in trying to think about how we can make a big difference, ignore the small daily differences we can make which, over time, add up to big differences that we often cannot foresee.”

—Marian Wright Edelman

Deborah Cardello, Chief Operating Officer—No matter where you sit in your organization, you can make a difference in the performance of your workgroup, your department, or your entire organization, by focusing on customers, one step at a time.

In 1998, our patient satisfaction results were in the forty-fourth percentile. Our employee satisfaction results were in the sixty-seventh percentile. And other pillar results were mediocre at best. We had a virtual fire at the people pillar—a union drive in the nursing division. That was a burning platform for change. So with our visionary leader, Christy Stephenson, at the helm, we made a commitment to excellence, and a commitment to change. And we started in this category, by focusing on our employees, and on our patients.

As a small, acute-care hospital in central New Jersey in a very competitive market, we recognized that our customers had choices. They could go to any facility they wished. So we wanted to become the provider of choice. To do that, we differentiated ourselves on service excellence, and this process has led to some pretty substantial results.

There are three key components to our service excellence journey:

• Understanding and listening to our customers
• Delivering excellence
• Ways to sustain performance over time

It all begins with listening to customers. We may think we know what they want, but often we don’t. Think of a service or a program in your organization that may not have been as successful as you’d planned. It may be because you didn’t listen to your customers. Was it convenient for them? Was it a service they really wanted? We learned through Baldrige that the best services are based on listening to customers.
Disney does this very well. By listening to customers, they knew that waiting time was a problem or a concern for guests visiting the parks. They knew they couldn't abolish the lines altogether, so they did something very creative. They orchestrated the waiting experience. They made the lines very organized so that everyone knew where they were—no pushing or shoving. And they posted the wait times. And while people were waiting in lines, they entertained them. Mickey Mouse might be there telling jokes, amusing the kids. This way the time passed quickly, turning a potentially unsatisfactory experience into a satisfactory one. That's the power of listening to the voice of the customer.

So how do we listen? We do it through defined approaches called listening posts. The value lies in the information that we get from using multiple listening posts, not through any one. I must admit that I used to be wedded to the patient satisfaction survey process. I was the survey queen! Then we branched out a bit, and saw the value of shadowing customers—seeing their experiences through their eyes. We invited families who had concerns to talk with us and then we felt the intensity of their experiences and their emotions. And we hired “mystery shopping” patients (that's how we learned that we were regularly getting patients lost in the facility—something we may not have learned in the survey process). We certainly learned that a 360-degree approach, and using multiple listening posts, helped us hear the customer best.

We orchestrate excellence with a number of processes:

Managing patient satisfaction and dissatisfaction starts with service standards. Standards are really the foundation for any culture of service excellence. Could you imagine hiring a nurse with technical skills but no service skills? It would be very disruptive for the workgroup, and time consuming for the manager. It could be devastating to a culture. So we need to observe standards, hire by standards, and coach, counsel, and live by standards.

Measuring what's important. How often do CFOs look at cash? Every day. Why is that? It's important! Well, customer satisfaction is important to us, so we look at it daily. We review patient satisfaction surveys and patients' written comments daily, and we look at customer dissatisfaction as well, for both patients and employees, because employees are customers too. We do daily rounds and discharge phone calls.

Daily and weekly meetings. At these meetings we're able to discuss problems we see, and fix them before they become trends. After a quarter passes, it's way too late to fix a trend.

Leader rounding. Our entire senior management team is committed to being visible. It's important that our employees see us, both as a show of support and also so we have the opportunity to talk with each other. What's their experience? What are their frustrations? What do we need to fix?

Performance management is key. We've had companies say to us, "We're stuck in the fifty-seventh percentile. What can we do?" Well, assuming they already have a vision, and a commitment to excellence, and a culture of service excellence, and the problem is that one or two units are not performing, where do they need to look? At
the leaders of those units. The leader is the keeper of the culture. Leaders must give employees the feedback they need. Employees need to be recognized for service excellence and also need to be coached where they need to improve.

All the steps lead to those quarter, monthly, and weekly results that we track and trend so carefully.

Teamwork is so important to getting the job done. We wanted a way to formally manage and measure that process, so we developed TeamTalk, which is owned by our management group. It’s an automated software program in which directors go online to rate the services they get from other departments in the hospitals. These scores are aggregated and reported. Departments that don’t make the mark are assigned a mentor, or a coach, or a “walk in my shoes” experience, so they can reach their goals with regard to supporting our internal customers. TeamTalk has been very effective for us.

We started out, in 1998, in the forty-fourth percentile. And 1999 wasn’t too much better. Something marvelous sets in when you’re that low—denial. I think it’s pretty common to look at one’s scores and say, “There must be something wrong with that tool.” We did that. Or we said things like, “The families must be filling out the survey.” Or, “We have very difficult patients on this unit.” My favorite, which I actually said a few years back, was, “It’s because of the wallpaper [on that unit]” There are many, many excuses. When you finally accept your results as your own, you can start to improve them. And we did.

Complaints are a gift, though they don’t feel like one. But they actually give us the opportunity to turn a disgruntled customer into a loyal one. My daughter was flying to Florida once, and a one-hour delay at the airport stretched to a two-, a five-, and then a seven-hour delay. When the plane finally took off it was carrying a lot of angry passengers. But then the pilot got on the intercom and said that every passenger would receive a free ticket. Now, nobody forgot about the wait, but everybody started cheering. Do you think my daughter would give that airline another chance? Yes. That’s the value of service recovery.

We have a similar program, which involves listening to concerns, then apologizing and taking action—even giving little items from the giftshop. At our first Baldrige site visit, an examiner asked us about our service recovery program, and I was so proud to explain what we do. Then he asked me what we learned or what we improved, based on that feedback we got from service recovery, about the mistakes we were making. I had no reply. That was a big lesson learned. Now we find out why we’re ticking off our customers and why we’re apologizing, so that we can fix those problems. For example, now we know the number one reason we apologize involves timeliness in testing. We’re working on that, though we haven’t solved it yet.

Does anyone really want to be average? But that’s what our customers think we are when they rate us a “3” on a 1-5 scale. And customers who rate us a “3” will go anywhere. If the competition offers a new service, they’re there. If the emergency de-
partment down the block advertises, they’re going to try it. They don’t feel passion-
ate about us, and they don’t feel loyal. So average is certainly not a position to be in
if you want to be the provider of choice.

Customers who rate us a “1” are gone. We had one of those just recently. The goal is
to have that happen very infrequently, or we have a big problem. We want to focus
most of our energy into moving people into that 4-5 “zone of affection,” where they
will not only return, but tell others about us. We earn those high ratings by making
our patients say, “Wow!” People who are wowed by service feel delighted. They are
passionate about the services. They get a little tingle, if you will.

We actually have defined approaches or loyalty strategies for wowing each of our
three customer groups: employees, patients, and the community. Here are some
highlights of our programs for each group:

“Circles” is an employee concierge program. It’s a service employees can use to help
them manage their busy lives. They can call up and say, help me find a plumber, or a
painter. Give me a good comparison rate on a cell phone plan. I used it a while back
to obtain three qualified pet sitters in my area for my five cats. It’s a good service for
employees, and a good strategy for building employee loyalty.

Our “Comfort in clothing” program was developed for cancer patients by the widow
of a cancer patient who watched her husband change sizes during the course of
therapy. At a certain point, she didn’t have time to shop for clothes. That wasn’t
something she was even remotely able to do at that time. She was concentrating
on her husband. So afterward, she made a line of clothing available in our cancer
institute for patients who need clothes but can’t go shopping, or can’t afford them,
and are changing sizes. This has been a real wow for our cancer patients.

Our “CAB,” or community advisory board, is the way we listen to our community. We
meet quarterly with the members of the board, and run new programs and services
by them. Their most recent task was to look at a patient mockup of a room in our
new building. We also pass new programs by them. This really builds loyalty.

Our Food on Demand program has been a success for us. We know that patients
don’t come to our hospital for the food. But the least we can do is give them the
choice of ordering what they want, when they want it. We still make people wear
that gown—they ought to have some control over their stay!

In the first quarter of ’04, patient satisfaction with food was rated at about 20%. We
were very dissatisfied with that—though not half as dissatisfied as our patients
were. We decided it was time to stop trying to get forty trays to one unit at the same
time and have them all be hot. It’s virtually impossible to do that.

So we needed to transform our food services. We benchmarked with the Ritz and
with other hospitals that had put in an order on demand service. Then we devel-
oped our own version of it and implemented it.

By the second quarter of ’04, satisfaction had risen above the eightieth percentile,
and since then has been in the high nineties. It’s been a wow for our in-patients.
There’s not a survey that we review that doesn’t mention something about the food.
Just recently I saw a comment that a patient felt like they were on a cruise ship. My comment to that was they probably needed to go home—their length of stay was too long. But at least they’re liking the food.

We needed a program to develop loyalty from our emergency patients as well, and we developed what we call the 15/30 program. That means we guarantee that you’ll see a nurse within fifteen minutes, and a physician within thirty minutes, or the ED fee is waived. That’s a big commitment. It’s helped lead us to become the ER provider of choice. We now have up to 50,000 visits annually, as compared to when I was the director of the ER twelve years ago, when we had about 20,000 visits.

Our employees are where it all begins. Our employees really make it or break it for us on a daily basis on the units, at the point of service. They actually execute and live the mission. There’s a strong correlation between employee satisfaction and patient satisfaction. We certainly build our systems around that principle.

Who doesn’t like to be complimented? I think we all do, and so do our employees. But praise and recognition are about more than just making people feel good—they really reinforce positive behavior.

Consider a student given a progress report that stated they weren’t handing in their assignments on time, and that they were coming in late for class. And suppose that was a wakeup call for that student and they started performing better. Now let’s say their teacher gave them a compliment, and even wrote a little note home to their parents. That student would continue to feel good about their progress, and maybe even make more progress. But what might happen if that educator didn’t say anything? The student’s performance could deteriorate.

People need positive reinforcement to continue on the performance path. It’s a sustaining-the-culture strategy as well. Without recognition, it’s very hard to sustain better performance. Praise is high impact and low cost.

But it doesn’t always get done. How often have we wanted to write a note or say something nice to somebody? But we get busy. It falls to the bottom of our priority list. At RWJ Hamilton, we’ve hardwired a process by which we know that between thirty and fifty handwritten notes go out every month to the homes of our employees. It isn’t so terribly difficult and it’s high impact.

One example is Eleanor from our medical records department. She did an excellent job in the coding process, and her supervisor Bob took the time to write her a note, which her daughter happened to read. Her daughter was with her in the cafeteria one day and stopped us and said, with tears in her eyes, “My mother’s been with the hospital for thirty years, and I didn’t know what an important job she had.” How powerful is that? And so simple. How do you think Eleanor feels about her performance? Do you think she’s going to keep doing a great job? Of course.

Employee satisfaction scores were in the sixty-ninth percentile in 1999. In 2001, they were in the eighty-seventh percentile, and in 2003, we hit 91%. These scores paralleled our service journey.
We had similar results in our community (see Figure 1). In 1994, we were rated highest in one category: closest to home. That wasn’t too terribly hard—as compared to 2002, and once again, 2005, when we were rated highest in all ten attributes. So it is possible to change the image of an organization, in this case, a community image, over time, with service excellence.

Put employees first. Recognize that important correlation between employee satisfaction and patient satisfaction.

Leave nothing to chance, or often it doesn’t happen. We always get busy. Hardwire any system that you feel is important enough that you want it to happen regularly.

Learn from your mistakes. Take advantage of that service recovery information, or that complaint information. Mine that data to improve.

Steal shamelessly. Don’t reinvent the wheel. We didn’t for Food on Demand. We looked at a lot of other programs. Of course, you have to customize things to fit your own organization. But there are loads of good ideas out there.

Don’t be satisfied with a “C.” A “C” is average, and patients or customers who rate you average will go anywhere. “Cs” don’t lead to that loyalty as a provider of choice.

### Measurement, Analysis, and Knowledge Management

Peter Newell, Senior Vice President and CFO—It’s vital to note the difference between data and information. At RWJ Hamilton, we take individual data points and make actionable results.
them into useful information that leads to actionable results. A key tool for this process is ITEN, our Integrated Technology Enterprise Network, which is how we capture, analyze, and measure data, and how we distribute information, using real-time databases and warehouses. These are what enable us to take information and put it in the hands of the right people at the right time, so that they can drive actions, which lead to results.

Some critical success factors for our knowledge management system include:

- Right Routine
- Metric Ownership
- Share Widely
- Measure for Results

They are all individually important, but what works best for us is having them all in harmony, and all present in our knowledge management and measurement systems.

Abraham Lincoln was often frustrated by his many generals. Lincoln knew that he had the bigger, better equipped, and better fed armies. But what Robert E. Lee had that Lincoln's generals didn't was the right information at the right time. Lee usually got that from Jeb Stewart, who, with his cavalry, would ride rings around Lincoln's generals and armies, then come back to Lee and tell him where the Union armies were deployed, how many divisions there were, how many men, how many cannon, and so on, so that Lee knew what he was up against, and where the weak points were. So on many occasions, Lee was able to take an underfed, ill-equipped army and defeat a numerically superior foe.

That's the value of having the right information at the right time. Our measurement systems have built-in sensors, so that action automatically happens, based just upon measures. If a key indicator hits a warning light, action takes place. People know what to do, without being told.

Here's an example: Even though we are a 204-bed hospital, it's not uncommon, particularly during the winter months, for our census to be above 204. We had many days last February where our census reached up to 240 patients, which puts a tremendous strain on the entire facility. But census is something we measure almost minute to minute. We know how many patients are in the house all the time. And when we get to those critical levels, the housekeeping department knows that bed turnaround time is vitally important, and that we have to put a lot of resources into making sure that beds are available. The maintenance department also knows that perhaps routine maintenance has to be deferred, so they can put all their assets into making sure we're meeting that patient demand.

Another key element of our measurement system is the idea of ownership. All our dashboard indicators are owned by a member of the executive management team. I own three or four in the finance pillar. And I am the storyteller for those indicators. I need to know and understand what those data points are trying to tell us. And it is my responsibility to communicate that information to my colleagues in executive management.
If an indicator is not where it needs to be, it’s my responsibility to pull together the right action team, find out what’s amiss, and get that indicator back on track.

We track these results on our dashboard/balanced scorecard, which incorporates the five pillars—people, service, finance, quality, and growth—and this forms the basis of our weekly executive management team agenda. The dashboard indicators that we track are presented in a traffic light format. Green means good, yellow means caution, and red means we’ve got some burning issues we’ve got to address right away. So that’s how we start our discussions every Wednesday morning. What’s red? Who owns it? What’s the action plan to get it to green?

As part of our strategic planning process every year, we take a look at our dashboard/balanced scorecard overall and make sure that it still meets our needs. As we change our goals and objectives, we obviously need to change what we’re tracking and how we’re tracking it.

For information to be valuable, it needs to be shared widely. Everybody needs to have an interest in the data and everybody needs to know what it is. We have many ways of sharing information. We have hardwired mechanisms, and we also do a lot of face-to-face communication, at employee forum meetings, and departmental staff meetings.

We believe that this helps promote an open culture, one of “no secrets.” All the data that we track in our strategic plan is made available to our employees. They know how we are doing financially, and they know what our quality results are.

We have a lot of data, which is organized very well. But it used to be a little bit difficult to get at. It was funneled through one point and you had to ask a database administrator for the data you wanted. When the Baldrige Criteria asked how we managed and distributed information, that really was a wake-up call for us. We recognized that our information sharing processes really were dysfunctional and disparate. Then we created what we call the Learning Center, an intranet-based solution. It’s a common front end for our data sources that’s available on every desktop in the organization. It’s not password-protected.

We’ve got some neat things in there, including our Up to Date software, which provides our clinicians with the latest knowledge-based or fact-based criteria. Our TeamTalk tool is there as well. And we do surveys. Surveys are still available on paper for employees who feel more comfortable doing it that way. But I think the last time we did it, there were maybe only one or two employees who chose that route.

A key process for us is measuring for breakthrough performance improvement. We still want to measure those “run-the-business” goals, but we very much want to hit those “change-the-business” goals, because we believe that when you do, you can dramatically change an organization.

I want to stress that our measurement system supports all five pillars with the same rigor. We employ the same techniques, the same desire for breakthrough performance, in all our categories—the type of patients we have, etc.
One such indicator we've used is DNFB, which stands for Discharged Not Final Billed. This is a key component of our revenue cycle that measures how long it takes us to get a bill out the door and into the hands of our insurance company. Obviously, the quicker we get the bill out, the quicker we will get paid.

Back in 2001 and 2002, we really had a burning platform on our hands. It was taking us fourteen or fifteen days to get bills out the door. We got a team together and used six sigma tools and process mapping, and one of the things we noticed as a result of using those tools was that we had designed a process around a 9 to 5 office operation. In fact, our patients are discharged well into the evening—5, 6, 7-o’clock at night. And they’re discharged on weekends, so a Monday through Friday, 9 to 5 process just wasn’t working. As a result, we redesigned the process from top to bottom. Our DNFB process now starts at the time of discharge. We have people working through the night and on the weekends, coding and abstracting, so that we have now not only surpassed what we thought was the gold standard of five days for DNFB; but are typically under two days, and believe we’ve set a new platinum standard for that indicator.

The establishment of the Learning Center was really a result of trying to answer Baldrige Criteria questions.

We measure for success. It begins with our goals and strategic planning, including run the business and change the business. It’s part of what we do every year. We look for those areas where we can make breakthrough performance improvement.

Measure what’s important. It has to lead to action. If it doesn’t lead to action, you’re wasting your time measuring it.

And finally, what I value most is the idea of ownership—the fact that I as the finance pillar director have measurements that I own. It’s my responsibility to understand them, know what story they’re trying to tell me, and to keep my colleagues informed about what’s going on.

**Staff Focus**

**Richard Lovering, Senior Vice President for Human Resources & Health Promotion**—At RWJ Hamilton, it’s all about the culture—about creating a culture where people want to work and remain. We’re in a very competitive market. There are four other hospitals just a stone’s throw away from us. Our skilled healthcare workers could go to any of those hospitals and get a job—just like that!

So we have designed an environment that not only encourages people to come, but to stay over the long haul, over the course of their careers. We think that is what will make us different and sustain our culture of service excellence.

It’s like dropping a pebble in the pond—once you drop it in, the ripples touch everyone in the organization. We believe there are three key elements to that culture of service excellence:

- Define what’s important
  Make sure your staff has clear standards and expectations of how you expect
them to treat your patients, the families, and one another.

- Alignment through people

After all, in healthcare we are in the service business, and it’s employees who deliver that service. If we don’t have the systems and processes to align their actions to the outcomes we’re trying to create, we’re not going to get where we want to be.

- Employee loyalty

It’s not only about attracting the best talent the market has to offer, but about making sure that talent wants to stay with you for the length of their careers.

How do we define what’s important? We see this as an important, sequential, building block activity. It starts with our mission, vision, and values. Our mission forms the foundation of our culture of service excellence. Everything else comes from that.

Our behavioral standards involve exploding out the mission into a clear set of defined standards for employees to follow. So everyone has a clear set of expectations. They know how to conduct themselves on a day-to-day basis.

We hire for service. As I’ve mentioned, it’s a competitive market and skilled healthcare workers are hard to attract. However, if we have an applicant who doesn’t meet our service standards, it really doesn’t matter how badly we need their skills. We will pass on that applicant because we will not hire a mismatch to our culture.

Orientation and training are also important. It’s not enough just to select the right people. You have to reinforce your culture from day one in your orientation and all through your training processes and systems.

Reward and recognition are key. If you want behaviors to be repeated, you must reward and recognize them, and you have to have processes that are hardwired to ensure these things will happen.

We created our service standards to clearly define behavior within our organization. But we didn’t initially do a very good job. In fact when we started we made a bit of a misstep. We’d done some benchmarking with another organization, and learned about their behavioral standards. So the team that came back from that experience said, “Let’s roll these out in our organization.” So we did. Well, we had a pretty quick push-back from our staff. They said, “Wait a minute. These aren’t ours. We don’t own these standards.” So we stepped back and formed a team of employees who developed our current standards based on our mission, and they truly became the life of what is going on culturally at RWJ Hamilton. That team handled the rollout and ensured that every employee signed that they would uphold them. And we continue to do that with new applicants.

We didn’t stop there. We had our senior leaders sign a senior leadership commitment that says, as a senior leader I will not only uphold these standards, but I’ll commit to a no-secrets culture. And I’ll commit to providing the training and resources necessary for people to develop to their fullest potential.

“If you want your employees to be nice to your customers, hire nice people.” —Tom Peters
But how do you know whether the people you’re hiring are nice? We set out to design a process to help us find out. We call it our Recruitment Selection Process. The first question we ask ourselves about any candidate is, is he or she a match to our culture? We need to know the answer to that before it’s even worth going forward. We learn the answers to those questions by conducting a three-tier interview process for every applicant who comes into our facility. We do an interview with the HR department, with the hiring manager, and then with a group of two or three peers that this individual is going to work with. All these people have been trained in behavioral interviewing techniques. Not until each of those constituents has signed off that yes, this person is a match to our culture, do we make an offer, because the cost of bringing in a mismatch is just too high.

We benchmarked training and orientation to learn how to do it better. And we sent a team down to the Ritz-Carlton, because we learned they were the best at orienting new employees for service. (In fact, we eventually named our training and orientation program Puttin’ on the Ritz.) The instructor at the Ritz-Carlton told us that they used orientation to help new employees become part of the organization, not simply learn about it. That hit home for us. We felt we were having people learn about RWJ Hamilton, but that we were not really infusing them with our culture from day one. So we completely revised the program, and aligned it with our service standards. And we made the whole experience more interactive, with skits and so forth.

We recognize now that individuals are hired, but teams are formed. If you want your people working as a team, you need to pay attention to teaching them how to do so, in order to get those results you’re looking for.

We use many programs to provide reward and recognition to our employees:

PRAISE newsletter. PRAISE stands for Patients Recognizing Acts in Service Excellence. It’s a newsletter we publish quarterly that’s a compilation of letters received by our CEO from patients about the great care they’ve received from our employees. We distribute it in our quarterly employee forums. Our employees love to see themselves there, and they love to share those stories with their co-workers.

Wow program. This is designed so that middle managers can recognize and reward employees on the spot for going above and beyond in the service of a patient or co-worker. They can reward them with Hamilton cash dollars that are redeemable in our gift shop or cafeteria.

Money. We put together a quarterly employee bonus program, in which our employees earn greater bonus dollars based on increasing patient satisfaction scores, as well as meeting their departmental goals.

Through this system, we’ve been able to achieve some pretty good performance. Here are some indicators of that:

Ninety-day turnovers. In the last three years, we’ve cut in half the number of turnovers among our ninety-day employees.

Bright Staff referrals. These are referrals that our employees give us for potential new hires. The employees get a bonus once that new staff member has been with us for
six months. We know we get a better hire and a better match if someone has come through the Bright Stuff program. In 2004, more than 50% of our new hires came via Bright Stuff.

Alignment through people is the second major category of developing and sustaining that culture of service excellence. In our hospital, the arrangement is a bit like a marching band. We have many instruments that are played, but we’re trying to make sure everyone’s marching in the same direction.

The cornerstone of how we do this is our work system, which is a circular, patient-focused model. At its center is a patient being served by a caregiver. We direct all activity toward that center. The next ring out, which is our nursing and patient management staffs, are the folks who are closest to serving that patient on a moment-to-moment basis. The next ring out represents the support departments, some of which, like laboratory or radiology, have an arrow going toward the patient, because they support the nursing divisions, as well as interact directly with the patients. Other support departments, such as human resources or public relations, just have an arrow going to the nurses, because they’re supporting those. Finally, the outer ring, executive managers, assistant vice presidents, and directors, have the role of creating the environment, and making sure the resources are there, to serve that patient to the best of their ability.

The power of this model is that everyone knows that their job is to do whatever it takes to serve that patient. We believe this model promotes teamwork in our organization and empowerment in our employees.

Another key process in the work system is training and development, which begin with our strategic plan. On an annual basis, we lay out our organizational goals, and then our educational department looks at those goals to identify any gaps that might exist in staff knowledge, and thus affect our ability to achieve the goals. The department develops educational plans, and runs them through a prioritization matrix to make sure we’re resourcing appropriately to meet those critical goals we’ve set for the organization.

We use goal cascading to ensure alignment down to each individual at our hospital. We use E3 cards (for Engage Every Employee) for individual goals, and every employee at our hospital carries one.

Here’s a story that illustrates how this system works. Luanne is an employee in our HR department. Her E3 commitment this year is to make followup phone calls to new employees, between thirty and sixty days after they are hired. These calls don’t involve a survey—they’re just conversations about how things are going. She might ask, “Is there anything we could do to enhance your experience?” And we use that information to improve.

Luanne’s E3 commitment directly relates to the HR department’s goal for the year, which is to reduce turnover among ninety-day provisional employees. That goal
directly relates to the HR director’s goal, which is to reduce turnover in the housekeeping and dietary departments—two departments with fairly high ninety-day turnover. That goal directly relates to my goal, which is to reduce total turnover within the institution. And my goal directly relates to the organizational goal of having world-class employee satisfaction, which relates directly to the critical success factor in our people pillar, to be the outstanding employer in our market.

So this is the way that we drive accountability from our overall strategic plan and critical success factors, through our organizational goals, and down to each employee. If you met Luanne today, and asked her for her E3 card, it would say, “Make follow-up phone calls to new employees between thirty and sixty days after they are hired.”

In addition to individual levels of alignment, there’s a macro level of alignment that needs to be achieved. We do that through our Golden Rule of Alignment. A couple of highlights from that process are Personal Note Power and Staff Forums.

At RWJ Hamilton, sending thirty to thirty-five handwritten notes to employees’ homes is a hardwired process. When we first learned about this, we told our senior leaders to start finding employees doing things well, then send notes to their homes. And they did that. But we quickly realized that we weren’t sure how many were going out, and we weren’t sure how many were going out for the right reasons.

So we stepped back and put a process in place. Our management team is divided into thirds, and every week each member of a third of the management team sends an email to a central coordinator about an employee who has gone above and beyond. And that central coordinator divvies up those emails to members of the senior leadership team. Then we write and send the notes to employees’ homes. I can’t tell you what a powerful addition this has been to our culture. I get stopped in the hall regularly by employees saying they got our note. They say things like, “I couldn’t believe it. I showed it to my kids, my parents, it’s on my refrigerator.” Or better yet, “I worked in another hospital for twenty years, and I never saw senior leadership. I’ve worked here six months and this is the third note I’ve gotten.” This process has helped us to sustain that culture of service excellence.

Many organizations have staff forum meetings regularly. We actually took them to another level as part of our no secrets culture. Each member of the executive management team presents the state of the organization within their pillar. Again, according to our no secrets culture, we share what’s going well, and what are challenges. And we end each meeting with a review of our top five organizational goals. So our employees always know how we’re doing relative to our overall goals and objectives.

Our vacancy rate in the last five years has gone from a high-water mark of around 15% down to just below 7% in 2004. And this is at a time when we’ve actually added 450 new positions to our hospital.
Also, we track and trend the number of employees we promote. We believe this is important to sustaining our culture and making sure that people stay with us for the long haul, and we’ve been able to improve these numbers over the last three years.

We have several tools for building employee loyalty:

**Multiple listening posts.** We believe that loyalty is best achieved by having multiple ways to listen to employees. We do an annual formal employee satisfaction survey, and we utilize the Press Ganey organization to help us do that. We take our survey in the fourth quarter of each year. And then in the first quarter, at those quarterly forums, we share the overall results with all the employees. Then we have members of our senior leadership team go department by department and share overall results with each one and work to facilitate discussions in those departments to come up with those three to five things that can be done to improve employee satisfaction. And then we follow up on those action plans throughout the year, so that we keep employee satisfaction at the forefront.

We use an **employee satisfaction committee**, which we’ve had in place for about five or six years now. It has a representative of every department in the hospital, and is chaired by our chief executive officer. I sit on it, and our COO as well. And we talk about the things that can be done to improve employee satisfaction on a macro basis. But we do that with the decision makers right in the room. So that as changes to policy or programs are suggested, we can make decisions right then and there to go ahead and implement them.

**Leader rounding.** All our leaders are expected to be up on the nursing units, in the departments, talking with staff, physicians, and patients: How are things going and how can we do things better? We utilize that information to improve our organization and to enhance our employee engagement.

We have a **Voice of the Employee** system. It’s automated, and allows employees to access senior leaders seven days a week, twenty-four hours a day. Employees can go on our intranet from any computer in the hospital. They click on a little globe to ask a question or voice a concern or make a compliment through Voice of the Employee. They can do this anonymously or let us know who they are. They submit that entry, which goes to a central coordinator, who looks up the issue, and determines who on the senior management team is the right person to respond to it. That entry goes to that leader. The system then automatically tracks and trends what the issues are, how long it took us to resolve it, and the employee’s satisfaction with that response. It has been a powerful way to give our employees a voice.

Inside the Voice of the Employee tool, there’s a mini-survey for employees. It asks eight questions, such as: I can trust management to be honest with me. Or, I would refer a friend to have services here. The results of those scores calculate into a loyalty index for us. Our executive management team looks at this weekly. It’s part of our dashboard.

In 2004, we retained about 98% of our nurses, and our overall retention was just shy of 95%. We believe this was breakthrough performance for our organization.
Defined behavior. There are great things about all our organizations and cultures. Start with those great things, but further define them for your staff so they clearly know how you expect them to conduct themselves day in, day out.

HR and key processes. I’ve been an HR person for the bulk of my twenty-plus-year career. And I find that we HR people become very good at what I’ll call intuitive management. We manage by the gut a lot, and we often achieve very good results. But when you take HR and develop key processes to support it, and combine those processes with the intuition, truly great things can happen.

Align communications. Employees need to know that they’re going to get accurate information and that they can trust what they’re getting. Our employees know exactly how, when, and where they’re going to receive their information in our five pillar communication process. It ensures that everyone is on the same page, all the time.

Hardwire your reward and recognition systems. This is far too important to leave to chance. If you want behaviors repeated, then reward and recognize the people who are exhibiting those behaviors. Make sure everyone knows you’re doing that, and do it all the time.

Process Management

Deborah Baehser, Vice President, Patient Care Services—RWJ Hamilton began its quality journey in the mid-1990s with a strong focus on our culture and customers. We were also striving to find a model that would enable us to achieve breakthrough performance across the organization. In 1999, we adopted the Baldrige Criteria, which we believe provide the framework for performance excellence.

When I was first married, my husband invited his boss over for dinner. He spent a great deal of time that day preparing for the meal. Our guests and I were seated at the dining room table, waiting for a delicious dinner, when my husband walked into the dining room, and asked if I would join him in the kitchen. I’ll never forget the look on his face. When I went into the kitchen, the first thing I saw was a completely raw, five-pound roast beef. My husband had missed the one key step in the process—turning on the oven! Processes are critical to us on a daily basis, both professionally and personally. So whether you’re dealing with a day-to-day process like preparing a meal, or an extraordinary process like climbing a mountain or running a company, it’s critical that you follow a step-by-step approach.

When we began determining our key processes, the first thing we did was to review our mission, vision, and values. We then considered our five pillars of performance excellence. Each pillar has a corresponding critical success factor. Finally, we identified what key processes support those critical success factors.

Listening to your customers’ voices and providing them with the opportunity to share their experiences is critical to determining your process requirements. In 2003, we almost implemented a new service without listening to our customers’ voices. At the time, we were experiencing some intense outpatient competition. So we gathered a team to see what opportunities we had. As the team was doing some research, they came across an article about a healthcare facility in California that had implemented
a new service, drive-through phlebotomy. The concept was to create a station to which patients could drive up in their cars to have their blood drawn for lab work.

Well, we think out of the box, and we're really innovative and we thought that sounded like a great idea. It met all of our customer requirements of providing timely, convenient, and accessible care. So we worked up a plan and took it to our community advisory board. We're glad we did, because apparently the East Coast doesn't think quite the same way as the West Coast about drive-through blood-drawing. Our community advisory board wasn't very keen on that idea!

They did, however, suggest that we develop an outpatient service commitment, our 15/24 plan, in which we commit to seeing patients within fifteen minutes of their appointments, and to providing results to their physicians within twenty-four hours. Once we implemented 15/24, our outpatient volume grew by 8% and our outpatient satisfaction increased to above the ninetieth percentile. We learned is that it's critical to listen to your customers' voices when determining your process requirements.

Each organization has a set of key processes critical to its success. Our key service areas each have corresponding key healthcare processes. For the key service Inpatient Care Delivery, for example, key healthcare processes would include patient assessment, planning care, implementing care, and evaluating care. These processes are used on a day-to-day basis by our staff when they're caring for our patients. But they're also used by our teams when they're designing or evaluating new or existing procedures. That's one way we keep our processes current and effective.

We have a respiratory task force that was recently charged with evaluating the care that we provide to our ventilator patients. During that evaluation, the respiratory task force utilized its four key processes, and drilled down to the steps involved in each of the processes. They made sure the steps were current, up-to-date, and based on the latest protocols. Our respiratory taskforce also evaluated what supplies our staff needs when caring for patients on a ventilator. They then worked with our HR department to make sure we had an education plan that covered the skills and competencies necessary for our staff when caring for that type of patient. Within healthcare, we’re dealing with critical processes every day, and it’s important that we follow a standardized approach when delivering care to our patients.

There are many different approaches to process design and improvement. We use the Plan Do Check Act (PDCA) methodology. Whatever the methodology, it’s important to use a standardized approach at all levels throughout the organization.

When we received our Baldrige site visit, we also received some key questions from our examiners. They asked us how we prioritized our initiatives, how we assigned process owners, and how we made sure that our teams had the resources to be effective. We took that information and then we incorporated those elements into our PDCA framework. But we also went a step further. We incorporated those key elements into our strategic planning process. Now, our key strategic objectives are prioritized during our strategic planning process by our senior leadership team. At that same time, we assign an owner, someone who’s responsible for driving that
Once a strategic objective is identified, the next step is selecting a team. The right team is critical to the success of an initiative. As an example, one of our clinical outcome teams was formed to evaluate the care that we provide to our MI patients, or patients who’ve experienced heart attack. This team was made up of subject matter experts who had received intense training in our PDCA methodology and many of whom had received training in six sigma as well.

When the team first began to analyze that process, the first thing they did was to analyze our Learning Center. This is our central repository that houses links to more than 150 different sites. Our teams are able to access the most up-to-date clinical information, process analysis tools and six sigma tools, and also lessons learned and best practices from previous teams.

One of the key analysis tools that our teams use is process mapping. Don’t we sometimes overcomplicate processes? I know in healthcare we do. Then we sit back and hope that a miracle will occur. This team didn’t sit back and wait for that miracle. Instead they began analyzing our existing process by using process mapping, which gave them a visual depiction of our existing process. They used that tool in addition to other analysis tools to design a more efficient process. Once that process was designed, they again used process mapping. And this is my favorite part of process mapping. At this time, they identified those key checkpoints along that redesigned process or those in-process measures that we must monitor to make sure that our process is moving in the right direction.

Trying to select just the right key performance indicator can feel like you’re navigating through a maze. We developed a key performance indicator selection process, and our teams use this process when they’re ready to select their KPIs. When our teams first determine their key performance indicators, they determine where their starting point is, and what their outcome measure will be, or what they want to achieve. What is key is when they determine those in-process measures, or those measures that they’ll look at along the way, to ensure that the process is moving in the right direction. Once these KPIs are selected, they’re then entered on our dashboard/balanced scorecard. This ensures that the indicators are being reviewed and analyzed by the appropriate people at the appropriate, predesignated timeframes.

When a team completes its planning steps, analyzes its process, and redesigns the process to be more efficient, it’s now ready to move from the Plan stage to the Do stage of PDCA. This is where development becomes deployment, and this is the most important piece of the PDCA methodology.

When we received our first Baldrige feedback report, they said they could better deploy our strategic initiatives throughout the organization to the entire staff. We
decided to approach that opportunity by looking at two factors: our communication process and our goal cascade.

We wanted to focus on our communication process because it helps us do two things: share information and build commitment. Face-to-face communication is the best way to build communication with your staff, so we developed what we call Hospital Highlights. We first heard about this program at the Ritz-Carlton. They call it their Daily Lineup. You gather your staff together for five to ten minutes each day and share key information about the organization. The information is written by the senior leadership team. So it’s a consistent message that you’re sharing, but it’s delivered face to face, so it’s a great way to build commitment with your staff.

The other communication enhancement that we made was to our employee forums. We have twenty-five of these forums each quarter. But now at the end of each forum, we summarize our top five objectives. We talk about what our target is, what our actual performance is, and we ask the staff how they can contribute to the success of that objective.

We added the E3, or Engage Every Employee, commitment to our goal cascade. E3 commitments for some of our RN staffs relate to certain treatment indicators, for example. The staff knows that if they monitor these indicators on a day-to-day basis, our patients will achieve better outcomes, and their department will achieve their departmental goals, which will lead to the organization achieving its overall goal.

People, process, and passion. If you begin with people, you value them and you engage them. You can achieve great results. But if you focus on people, and you add process, you can achieve extraordinary results. Combine people, process, and passion, and you can transform the entire culture of an organization.

**Journey to Performance Excellence and Lessons Learned**

Christy Stephenson, President and CEO—I recently learned that the word “Serengeti” means “journey.” Picture the grasslands of the Serengeti. Think of how different the rainy season is from the long, dry summer. Think of the great rivers of the Serengeti plains. Sometimes there is barely enough water to sustain life. Other times, it’s overflowing with water. The journey, or the Serengeti, is a true adventure. RWJ Hamilton is a different place to work, and a different place to get care, because of our Baldrige Serengeti. It has changed us.

We adopted the Baldrige model late in 1999. The first time I read the criteria, they didn’t make any sense. It all seemed like a foreign language. One word in particular—deployment—didn’t resonate. It seemed military, not like healthcare. Quality New Jersey, our state program, allowed us to learn the criteria. I’m grateful for that. In 2001, our organization did an application with Quality New Jersey. In our state, every organization that completes an application gets a site visit. We were very...
proud to be recognized at the gold level, which is the highest in our state. It was the first year the hospital was recognized at this level, a big milestone for our organization. We painted the cafeteria gold to celebrate with the employees. We took that feedback report and incorporated it into our first Baldrige application, in 2002.

Our application didn’t make it to the consensus level. We received our feedback report, and our score was band two. There were nearly 100 OFIs. We certainly had our work cut out for us. But looking back, that feedback report was a great impetus for change for us. In Vince Lombardi’s words, in great attempts, it’s gracious even to fail. Sometimes in life, the most important thing is just to get back on the horse, and that’s what we did.

In 2003, we completed our second Baldrige application. This time we made it to consensus level, and we had a site visit. That site visit was a maximum learning experience for us. This time our application scored in the band four range, and by this point in our journey, every member of our management team and our leadership group really understood the criteria. We took every strength, every OFI, very personally. I can’t point to one day when things really clicked for us as an organization, but at this point in our journey, we were living the criteria. They had become part of our everyday operations.

In 2004, we had a banner year we won’t forget any time soon. We applied on the state and on the national level. Our site visits were within a couple of weeks of each other, and being recognized on both levels in the same year has been spectacular for our organization.

**Lessons Learned**

**Lesson 1**

Just take the plunge. I knew we weren’t ready, but the only way for us to learn to swim was to get wet. I felt like I was pushing us off a dock, but it did help us get started. There’s tremendous value in the Baldrige process itself, the discipline learned from writing each of our applications and responding to the feedback report. It was value for us as a team. For us the value wasn’t achieved by waiting until we were ready. There’s no time like the present.

**Lesson 2**

Our second lesson relates to quality. Who leads the quality journey? Who owns it? The critical success factor for us was our passionate leadership team. Passion isn’t too strong of a word here. I truly believe that I have been blessed to work with the RWJ Hamilton team and if God gave me the ability to create the perfect team, this would be it. Their abilities dazzle me and inspire me.

**Lesson 3**

Lesson three has to do with the Golden Rule—not exactly the Golden Rule that our mothers taught us. Treat your employees the way you want your customers treated. In Baldrige lingo, this is Category Three meeting Category Five. Our lesson here was that culture beats strategy every time. It’s far less about a leader making a strategic decision than it is about cherishing every employee so that they can cherish our customers.
A Golden Ruler symbolizes our next lesson. It’s a lesson about the importance of measurement. We learned this one an inch at a time. We just didn’t get the relationship between measurement, communication, and change. This has been a very powerful lesson. If you can’t measure it, you can’t communicate it and you certainly can’t change it. The relationship between measurement and communication drives change. It’s been powerful for us.

Orchestration of action. We learned to orchestrate an experience for everyone who comes in contact with us. If you’re a new patient coming in our doors, your experience will be tangibly different from other experiences you’ve had from the moment you cross the threshold. People smile, you can see the caring in their eyes. The experience is orchestrated, and everybody in the hospital knows their role in the hospital symphony.

It sounds very easy, but it’s not: recognizing and rewarding and celebrating every success. This is the important work of fun. RWJ Hamilton is in the Guinness Book of World Records for simultaneously lighting 3500 candles on one birthday cake. We did that to celebrate the birth of all the babies at the hospital. We were celebrating our OB staff, and all the work that they do. We had a huge card, bigger than the cake, for all the parents to sign. They wrote words to the OB staff department about how important they were in their lives because they were there at the moment of the birth of their children. Our staff kept that card on their unit for over a year. They loved it. Celebrations are like holidays, the chocolate chips of life.

As we were putting together the lessons that we’d learned, every member of our team had a favorite lesson. This one is mine. I have to give credit to two individuals: Deborah Baehser and Deborah Cardello. They were the first two to ask, how could we do this better, next time? Deb and Deb started asking this question, and the entire hospital caught on. It was infectious—usually not a good thing in a hospital, but this time, it was. Now it’s routine. And harnessing the answers to that simple question has kept RWJ Hamilton learning and improving.

This lesson is courtesy of Sister Mary Jean Ryan, the CEO of SSM. She said, in her Quest presentation a few years ago, that it’s okay to steal shamelessly from others, and we took her at her word. But we’ve also learned from sharing shamelessly. Over the last year and a half, we’ve been part of a Baldrige IHI (Institute for Healthcare Improvement) group. The price of entry was to share our application, our feedback report, and our lessons learned. Sharing with this group has given us new ideas, new insights, and has really kicked up the pace of improvement.

We know our lessons will continue, and that this journey is an ongoing one. We’re not yet at our destination. We’ll continue to set our sights on moving forward. The Baldrige Criteria have been our tools. They’ve provided a path for the transformation of our organization. The employees and the physicians of RWJ Hamilton have
taken this path, and it’s transforming our mission of excellence through service.

One of the best parts of my job is reading letters that come from patients as they describe the ways their lives have been touched by our employees. Here’s a portion of one of those letters:

... my nurse Theresa [is] without a doubt one of the kindest people I’ve ever met. She was always there for me when I needed her. Another nurse, Bill, came to the rescue when it was time to put an IV in. I was terribly frightened, but he was so gentle and patient, I could have kissed him. And last but not least, Annie Merrick, a cleaning lady who came in every day with a smile on her face and cheered me on. She left little notes on my bed, saying, “Have a good day.”

Annie Merrick, the housekeeper mentioned in that letter, has been an employee of the hospital for over twenty-five years. Annie didn’t always write notes to her patients, but when she started writing those notes and putting them on the beds of her patients, she connected with the patients in a whole different way. They loved her notes. Annie’s pride in her work soared. She became a role model. Employees like Annie are transforming the care in our hospital. RWJ Hamilton is different today. It’s a better place to receive care, and a better place to give care. Our Baldrige Serengeti has been quite an adventure.

Applying for the Award

Christy Stephenson, President and CEO—Our Baldrige journey wasn’t what we expected—it was better, significantly better. If you’ve ever seen one of those extreme makeover shows for homes on TV, that’s what applying for the Baldrige award is like. At the end of the journey, your company will be much different than it was before.

If you’re looking for a way to improve your business, Baldrige is the path to use. Baldrige employs evidenced-based criteria, and a balanced framework. The balanced framework is among its best aspects, because otherwise, organizations tend to track performance in discrete silos. For example, before Baldrige, we would look at financial performance on its own, and at quality performance on its own. Baldrige pulls that all together.

Another excellent reason for applying has to do with that feedback report. A group of experts will spend a lot of time reviewing your organization. If you’re fortunate enough to make it to the site visit level, you’ll get an even more in-depth review. You get to hear about your strengths as an organization, and also about your opportunities for improvement. Everything you need to work on is pinpointed.

A final reason for using the Baldrige model is that it accelerates the quality journey. That’s why we stayed with it. The first year, you fill out the application, and you get valuable feedback. After that, you stay with it because you discover that the process works for your organization.

We adopted the Baldrige model in the 1999/2000 timeframe. We didn’t actually fill out an application at that point, though there were other hospitals within our system that had already done so, both at the state and national levels. We were all for
adopting the model, but we also had the sense that maybe we didn’t need to fill out the application—the model would be enough. In hindsight, of course, this wasn’t the most effective way to get major changes accomplished!

In 2001, we applied on the state level, with Quality New Jersey. Our state program turned out to be a very effective place for us to begin. In 2002, we submitted our first Baldrige application. We got some valuable feedback from it, so we applied again in 2003, and gained a site visit. That year’s feedback report was even more valuable. It identified many areas where we could improve—and we did. In 2004, we applied on the state level and on the national level and achieved recognition in both, earning the gold, or highest level, at the state, and also winning on the national level.

Our application processes were distinctly different between 2002 and 2004. In 2002/2003, we centralized everything. We used one internal writer, and we relied on subject matter experts, who would each talk to that one writer. We used a regulatory or “meeting standards” kind of approach, because that was what we were used to, rather than an approach that meant pushing and driving the organization higher. At this point, we still weren’t doing a lot of benchmarking, which was something that Baldrige urged upon us.

In 2003/2004, we had a broader level of involvement across the organization. It wasn’t until 2003/2004 that our senior leadership team really owned the different categories. Each of those owners of the categories put together category teams of individuals representing all levels of the organization. And we involved more physicians, as well as our board.

Another factor at this point was that our strategic plan now contained the Baldrige elements—they had become part of our planning processes.

We did even more benchmarking, and at this point we were doing it with Baldrige organizations, with other organizations within our state, and within our system and network as well, though more aggressively outside our area.

A site visit is a rapid learning experience for an organization. That’s when you need to show the examiners that you know your approach, that it’s systematically deployed throughout the organization, and that it’s replicable for other organizations, so you can serve as a role model.

Our first and second site visits were very different. When we heard in 2003 that we were getting one, we prepared the staff by bringing them all together and giving them little booklets on what Baldrige was about. We hadn’t talked to all the staff members about Baldrige before in any significant way. Certainly the management team was very comfortable with it, but below that level, it was not yet the way we did business, not completely.

Each of our subject matter experts prepared the relevant documents separately, using milk crates to store documents that supported their particular category. We didn’t have a lot of cross-fertilization, and by that I mean; Category Three didn’t know what was in Category Five’s milk crate. That year, 2003, we had not been given a document request list until after the team came on our site.
In 2004 we received the document request the week before the visit—guess where we all spent our weekends? But that preparation process allowed us to know what was in everyone else’s box. We outlined everything, and linked together many of the documents.

I think the biggest difference that second year as we prepared for the site visit was that we told the staff, let’s just be ourselves. Let’s tell our story, and see what happens. And this was a more effective way to go for our organization. People told me afterward that they were glad they didn’t have to learn new terminology, and they weren’t worried that they were going to say something wrong.

For the second site visit, we also had a “command central.” After every meeting with an examiner, the team members would tell the person sitting in command central what questions were asked, and how they were answered. This system worked well.

Feedback history

Our feedback reports reflected the changes in our strengths and weaknesses over time. Our band score moved from a two, to a four, and then to a six over a three-year period. Our opportunities for improvement declined from 95 in 2002 to 32 in 2004. And our strengths rose almost proportionately.

What was the key difference for us between when we started the journey and now? Leadership. Our leaders own the process. I think that’s the reason we won the award. The senior leadership knows the Baldrige Criteria, and were making decisions over the course of the year based on the criteria, and on our ownership of the different categories.

Gifts of the application process

What were the gifts of our “extreme makeover?” First and foremost: results. They are what we get into this for. In every category, we have results that we didn’t have before the process started. Thanks to Baldrige, our alignment of purpose, or synergy, was in place, and so all the changes occurred more rapidly.

We certainly don’t pretend that this is anything other than a beginning for us. We intend to take it significantly further, and continue to move to a higher standard, because we think it’s the right thing to do.

About the authors

Christy Stephenson, is President and CEO. She joined Robert Wood Johnson University Hospital Hamilton in 1989, assuming CEO responsibilities in 1998. Ms. Stephenson received an MBA in Health Administration from Temple University in Philadelphia, PA, a BS in Business and Liberal Studies from Rider University in Lawrenceville, NJ, and an RN degree from the Borgess School of Nursing in Kalamazoo, Michigan.

Deborah Cardello, Chief Operating Officer, joined Robert Wood Johnson University Hospital Hamilton in 1984, and assumed COO responsibilities in 2001, overseeing nursing, clinical, support, quality, and medical staff services. Ms. Cardello is a registered nurse by training, receiving a Diploma from Hackensack Hospital School of Nursing, Hackensack, NJ and a Bachelor of Science in Nursing at Felician College, Lodi, NJ. She earned her Masters of Science Degree from Widener University, Chester, PA in 1993.
Peter Newell, Senior Vice President and CFO, joined Robert Wood Johnson University Hospital Hamilton in 1997. He received his BS Degree in Accounting from LaSalle College in Philadelphia.

Richard Lovering is Senior Vice President for Human Resources & Health Promotion. In 2001, he joined Robert Wood Johnson University Hospital Hamilton where he is fully responsible for managing the human resources division. Mr. Lovering earned his Bachelor of Science in Sociology at James Madison University, Harrisonburg, VA and received his Masters of Business Administration, Fairleigh Dickinson University, Teaneck, NJ.

Deborah Baehser, Vice President, Patient Care Services, joined Robert Wood Johnson University Hospital Hamilton in 1999 and in 2003 assumed responsibilities of the Vice President of Patient Care Services and the Chief Nurse Executive. Ms. Baehser received her Associate of Science/RN degree in 1983 from Bucks County Community College. In 1996 she received a Bachelor of Science degree in Health Care Administration from the University of St. Francis and was awarded a Master of Science degree from the University of St. Francis in 1999.

Editorial assistance for this article was provided by Jenny Donelan.
GET READY!

FOR THE TS DEADLINE!

THE MEMORY JOGGER™

TS 16949:2002

for Automotive Organizations

A Pocket Guide for Implementing a
Compliant ISO Technical Specification 16949 Quality Management System
The Memory Jogger™
TS 16949:2002 from
GOAL/QPC and QSU Publishing
will take you to Victory Lane!

Put your ISO/TS 16949 implementation into overdrive with this special automobile edition of The Memory Jogger™. Written by best-selling author Robert Peach and co-author Jim Collins, one of the foremost authorities on the international technical specification, this easy-to-use pocket guide should be standard equipment for every employee in your company—from the line operator right up to the CEO.

In fact, it’s a must-read for anyone who wants to deliver better-quality parts and services.

The ISO/TS 16949 edition of The Memory Jogger™ will help you:

− Understand the purpose and objectives of the international technical specification
− Meet each of the TS 16949 requirements, including the sometimes-confusing requirement for continual improvement
− Upgrade from QS-9000 to TS 16949
− Comprehend the automotive process approach and how it contributes to world-class quality

* Guarantee: return your purchase within 30 days for a full product refund or credit if not 100% satisfied.

Order this new Memory Jogger™ at $17.95 each through www.goalqpc.com or www.qsuonline.com

For immediate savings and service, call GOAL/QPC at 800.643.4316 or 603.893.1944 or QSU Publishing at 866.225.3122 or 703.359.8460.
You already know that the Journal is a powerful tool for gaining insight and knowledge. Now you can order individual article reprints, a convenient and effective way to share your knowledge and communicate solutions. Choose from our entire catalog of articles, packed with cutting-edge ideas and proven methods for improving your organization.

We offer several options for reprints, including next-day faxback service, electronic Acrobat™ (PDF) formats, and significant discounts for high-volume orders. Entire back issues of the Journal are also available. Our customer relations specialists are available to answer your questions and take your order at 800.643.4316. Quantity Discounts Available.

Deploy Learning throughout your organization with Journal article reprints.
Competitiveness in the new economy demands a streamlining of operations and a total organizational efforts to more quickly improve bottom-line performance from shop floor to boardroom.

The Lean Enterprise Memory Jogger™
Create Value and Eliminate Waste throughout Your Company

Maximize your resources by implementing lean principles in your organization. The Lean Enterprise Memory Jogger™ is written with all employees in mind and teaches everyone how to use the tools of lean enterprise to improve quality, eliminate waste, reduce delays, and lower overall costs.


Nonmember price: $10.95
Member price: $9.85
(Quantity Discounts Available)

Gives everyone the knowledge needed to transform your organization into a truly lean enterprise. Give this handy guide to your team members and measure their effectives as they:

• Learn the concepts and definitions
• Acquire the skills and tools of lean enterprise
• Work systematically toward achieving your lean enterprise goals
LOW COST TOOLS
THAT MAKE SIX SIGMA SUCCESS
IMMEDIATELY AVAILABLE
TO ALL YOUR PEOPLE!

The Black Belt Memory Jogger™

"Why use it? What does it do? How does it work? How do I do it?" These are the step-by-step questions that help guide your Black Belts through the more than twenty-one Six Sigma tools and concepts spelled out in this extraordinary Six Sigma teaching tool. Starting with a clear depiction of the DMAIC model and the roles and responsibilities that help ensure that Six Sigma methodologies become ingrained in the organization, The Black Belt Memory Jogger™ clarifies concepts and tools, from Critical To flowdown through Control Plans, illuminating these methods in twenty-five detailed chapters of Six Sigma know-how.

Nonmember price: $17.95 Member price: $16.15
Quantity discounts and The Desktop Guide version are available.
The Design for Six Sigma Memory Jogger™

If the question, “How can I design a process that is capable of delivering products and services that meet six sigma performance levels?” keeps you awake at night, we have the answer that will let you rest easy. Based on the Define-Measure-Analyze-Design-Verify (DMADV) methodology, The Design for Six Sigma Memory Jogger™ guides you, step-by-step, through the design process and clearly and concisely presents tools for:

~ Identifying the Voice of the Customer,
~ Prioritizing Critical to Quality characteristics,
~ Creating high-level & detailed design elements,
~ Assessing risks, Testing designs, and
~ Validating process capability.

2004. 266 pages. ISBN 1-57681-047-X. 3.5” x 5.5”. Code 1078E

Nonmember price: $17.95 Member price: $16.15
Quantity discounts and The Desktop Guide version are available.

The Six Sigma Memory Jogger™ II

Open your team members’ minds to the power of Six Sigma to close the value gap between you and your competitors...Increase your company’s profitability...Strengthen your market position...and make your company a happier, more successful place to work! Text is enriched with diagrams, charts, and tables. Information is presented with instructor-type questions and bulleted responses that cut quickly to the core of every issue. Thoughtful tips throughout head off misunderstandings before they can take root. Examples and cases clarify complex concepts and make learning fun.

Nonmember price: $17.95 Member price: $16.15
Quantity discounts and The Desktop Guide version are available.

To order or find out more about any of these “must-have” products, call 800.643.4316 or 603.893.1944, or visit us online: www.goalqpc.com.
The Business of Health Care

The health care articles in this book, first published in the *Journal of Innovative Management* over the past several years, showcase some valuable examples. They are assembled in this single volume for easy access and include:

**Improving Patient Care in Hospitals**
Paul N. Uhlig, M.D., Medical Director, Cardiac Surgery Services, Concord Hospital, Concord, New Hampshire, and Associate Professor of Surgery, Dartmouth Medical School, Hanover, New Hampshire

**Six Sigma in Health Care: A Road Less Traveled**
Joseph Calvaruso, President & CEO, Mt. Carmel Health Systems, Columbus, Ohio

**Process Design and Management: The Path to Organizational Transformation**
Sr. Mary Jean Ryan, FSM, President and CEO, SSM Health Care, St. Louis

**Living and Breathing a Customer-Centered Culture**
Christine Kelly, Director of Laboratory, Health System Minnesota, and Elizabeth Lentz, Regional Laboratory Manager, Park Nicollet Clinic, Health System Minnesota, Minneapolis, Minnesota

**Putting the Patient at the Core of a Healthcare Organization**
Tom Tibbitts, President, and Sue Thompson, VP, Patient Support Services, Trinity Health Systems, Ft. Dodge, Iowa

**From Incremental to Breakthrough Performance**
Ellen J. Gaucher, Senior Associate Director and COO, University of Michigan Hospitals, Ann Arbor, Michigan

**Hoshin Planning in Health Care**
Geoffrey Crabtree, VP, Strategic Planning & Market Services, Methodist Healthcare System, San Antonio, Texas; Dona Hotopp, Director of Healthcare Services, GOAL/QPC, Salem, New Hampshire; Owen McNally, Director of Total Quality Management, Our Lady of Lourdes Medical Center, Camden, New Jersey

**Managing by Teams at Rush Home Care Network**
Kathryn E. Christiansen, D.N.Sc., Executive Director, Rush Home Care Network, Rush-Presbyterian-St. Luke’s Medical Center, Chicago, Illinois

**From a Culture of Safety to a Culture of Excellence**
Martin D. Merry, M.D., C.M., Senior Medical Advisor, New Hampshire Hospital Association and Associate Professor of Health Management, University of New Hampshire, Exeter, New Hampshire; Jeffrey P. Brown, M.Ed., Principal, System Safety Group, Peterborough, New Hampshire

**Process Management and Systems Thinking for Patient Safety**
Joanne E. Turnbull, Ph.D., Executive Director, National Patient Safety Foundation, Chicago, Illinois

**Untangling the Web: Bringing Information Therapy to the New Healthcare Consumer**
Molly Mettler, Sr.VP, Healthwise, Inc., Boise, Idaho

**Chaos Theory and Creativity: The Biological Basis of Innovation**
Ary Goldberger, M.D., Associate Professor of Medicine, Harvard Medical School and Director of the Electrocardiography and Arrhythmia Monitoring Laboratory, Beth Israel Deaconess Medical Center, Boston, Massachusetts

**The Future of Medicine**
Andrew Weil, M.D., Director, Integrative Medicine Program and Clinical Professor of Medicine, University of Arizona Medical Center, Tucson, Arizona

**Counteracting the Harmful Effects of Stress through Self-Care to Enhance Wellness and Profitability**
Herbert Benson, M.D., President, Mind/Body Medical Institute, and Associate Professor of Medicine, Harvard, Medical School, Boston, Massachusetts


Code 8602P, Quantity discounts are available.

800 . 643 . 4316 or 603 . 893 . 1944 www.goalqpc.com
The Journal of Innovative Management

A proven resource for managers who are responsible for leading or implementing improvement initiatives.

Learn practical techniques for integrating innovative solutions at all levels of your organization.

Build an outstanding organization by capitalizing on the cross-discipline insight and experience of distinguished Journal of Innovative Management authors from business, health care, government, higher education, and consulting.

The Journal addresses issues of importance to all leaders:

- Strategic thinking
- Customer focus
- Employee development
- Process management
- Innovation & creativity
- Problem solving
- Knowledge strategy & management

Formatted for faster comprehension and ease of use, the Journal will give you quick insight into the latest methods of organizational improvement. Each quarterly issue provides managers with leading-edge perspectives, case studies, and applied research. It is full of practical ideas for building real change, creating lasting improvements, and constructing a culture of performance excellence.

GOAL/QPC has supported organizations with proven, practical management tools and techniques since 1979. As a non-profit organization, we seek to create a learning community through research, membership, our Annual Conference, and the Memory Jogger™ series of products.

To order, please use the attached Business Reply Card or contact our customer service representatives at 800.643.4316 or 603.893.1944 • e-mail: service@goalqpc.com • web: www.goalqpc.com
Introduction

The first three years of Lean Enterprise

GOAL/QPC
12-B Manor Parkway, Suite 3
Salem, NH 03079-2841

Toll Free: 800-643-4316
Phone: 603-890-8800
Sales Direct: 603-893-1944
Fax: 603-870-9122
E-mail: service@goalqpc.com
Web: goalqpc.com

GOAL/QPC is a nonprofit research, publishing, and educational organization. © 2005 GOAL/QPC. All rights reserved.