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**Calling Forth the Spirit of Leadership:
Pathway to Organizational Transformation**

Thank you very much, Ravi. Mr. Santilian, ladies and gentlemen, good morning. I am privileged to be here and I am honored by your kind invitation.

There is a saying that goes like this: “Those of us who don’t learn from history are doomed to repeat it.” So, whether or not you are in health care, I’m going to tell you the story of SSM Health Care in the hope that you will learn from some of our mistakes, and not repeat them. I’ll also talk about engaging the workforce, something that will be absolutely essential as we move into the future.

I’ll speak about our experiences with, and our learnings from, the Baldrige process. And, as I do that, I will also talk about organizational transformation, because, in my mind, Baldrige and transformation are inextricably linked.

So I want to tell you about our quest to become the very best; about our efforts to deliver health care breathtakingly better than it’s ever been done before.

To do that, as I mentioned, I’m going to share some of our Baldrige learnings with you and then move to a topic that is absolutely essential in any business today. That is, “calling forth the leadership that resides in all of us as a way to achieve organizational transformation.” I believe that creating an

organization of leaders will be a key determinant of success in the future.

But I warn you -- Creating an organization of leaders will take every bit of energy you can muster. And you must find the energy to endure over the long haul, so that your commitment is unflagging, unwavering, and unashamed.

I'm going to address three areas that I believe are essential for organizational transformation. The best way I can think of to describe the first area is "the awakening," with apologies to the United States novelist Kate Chopin. The awakening is that moment of truth, when you get a slightly sick feeling in the pit of your stomach because you realize that things in your organization aren't as good as they could be. I'll talk briefly about my own "awakening" and how it influenced our subsequent efforts to improve our organization.

But it's one thing to know your organization is not as good as it could be. It's another thing to make it better. So the second area I'll address is how we arrived at Baldrige as a way to improve, and how it has influenced our organization and made us better – and how it will continue to help us improve in the future.

And third, I will look at the non-scientific piece of organizational transformation. Some people call it leadership; others call it "heart." I believe they are the same.

But before I tell you my thoughts on transforming an organization, I want to be respectful of the theme of this conference, which is "healing the world – a quality approach." And I also want to be respectful of the fact that the health care system of your country and the health care system of my country are different in many ways. I want to share my vision for the future

of SSM Health Care, because I think it is broad enough to apply to both our countries.

So, here's my vision: "SSM Health Care will deliver health care breathtakingly better than it's ever been done before.

This means our organization will have courageous leaders – people who are optimistic and passionate; people who persevere in spite of all the obstacles and who think strategically. It means we will have exceptional, caring employees and physicians who love to work in our organization. We will be exceptional communicators. We will work collegially, because we will recognize that it takes everyone working together to make care truly exceptional for patients.

At SSM Health Care, we will have the processes, the technology, and the information we need to keep our patients safe at all times – and communication will be open and ongoing. We will be curious about what others are doing and hungry for ways to improve. We will be innovative. We will constantly change and improve our processes to provide exceptional care for our patients. And we will care about their schedules, not ours.

We will always be compassionate, and we will take time to listen to every single patient. We will make sure our patients are comfortable; and if something needs to be done, we will do it right away. Our hospitals will be spotless, inviting, and comfortable. They will be true places of healing. And our communities will be healthier because we exist."

That's the vision. I hope you'll keep it in mind as I talk now about the three elements that are essential for organizational transformation. Or, in other words, the three elements necessary to achieve this vision.

So back to the awakening – the moment of truth when you realize you’re not as good as you could be. To set the stage for our awakening at SSM Health Care, I have to go back a few years, actually, all the way back to 1872.

SSM Health Care was begun that year –140 years ago -- by five Catholic nuns who came to St. Louis, Missouri, from Germany. Devoted exclusively to health care, our sisters have responded over the years to the needs of various communities, so facilities were opened, renovated, and even closed as the needs demanded. Up until 26 years ago, we were a group of some 20+ hospitals and nursing homes that existed pretty much independently. In 1986, we came together as a formal health care system, and I became the CEO that year.

As I said, my vision was that SSM Health Care could deliver health care breathtakingly better than it had ever been done before. But I knew we couldn’t get to that point without incredible effort on the part of every single person in the organization.

Now, I want to acknowledge up front that, despite years of hard work, we have not yet achieved that vision – much to the frustration of all of us. And looking back, I would have to say that perhaps I underestimated how truly difficult it is to ensure exceptional care consistently throughout such a large and complex organization as SSM Health Care.

Frankly, one of our greatest challenges has been our unwillingness to have difficult conversations; that is, to let people know when they don’t meet our standards; when they don’t measure up. No one likes to tell someone that they are performing below par. But I am absolutely convinced that no organization will ever achieve exceptional health care if employees do not meet basic standards. And employees who

don't need to find work outside of SSM, and I would suggest they shouldn't work in your organization, either.

I think you can sense my frustration. However, I do have faith that we will ultimately achieve that vision, because we are constantly learning and designing new ways to improve. We are putting in place the people and the processes to get there. And we are having the difficult conversations.

But , back to 1986. In my new role as CEO, with my vision firmly planted in my mind, I was eager to use some of the current management philosophies to engage our employees and physicians. So each year at our annual leadership conference we introduced a promising new philosophy, with great enthusiasm. Each one, we were certain, would be the one to transform our organization.

Well, at the end of our very successful 1989 conference – where the focus had been “servant leadership” -- I sat at the pool with another senior executive. Both of us had a vague feeling of unease. It seemed that no matter how much we communicated our system's mission and values, some things were just not happening. Despite our enthusiasm for these management philosophies, there was something missing. Looking back, that was our “awakening.”

What we realized was this: Despite our serious commitment to various management strategies over the years, we did not see a constant striving for improvement. We did not see managers mobilizing employees to work on projects that were important. And we did not see processes in place that made the best use of people's talents. In short, we recognized that we were not nearly as good as we could or should be.

What I know now that I didn't realize at the time is this: there were two things we were doing wrong. First – and this will be obvious to you -- we were prone to the management “flavor-of-the-month” syndrome. And second, it was always “we” – the senior executives -- who were sending down the truth from the mountaintop to “them” – the employees.

As these thoughts surfaced in our conversation by the pool, we searched for an answer. We knew we had to find some way to tap the potential of all of our employees, something that would help us improve the complex processes that are inherent to health care. And we knew that whatever we did had to be for the long haul.

In that conversation, we learned that each of us had been hearing about the success of continuous quality improvement – commonly called TQM, or total quality management -- mostly in other industries, but some beginnings in health care. Back in 1989, CQI seemed to show promise as a way to improve everything we did.

To make a long story short, we did some homework and got to know more about CQI. The more we learned, the more we determined that it fit with our values – which was absolutely essential for us. And we implemented CQI system-wide in 1990. I'm not going to bore you with what it was like to make CQI the culture for nearly 24,000 employees and 5,000 physicians in seven regions, four states, and 20+ entities. I'll leave it to you to imagine that scenario. Thankfully, at the time, I had no idea what the extent of our commitment would be. Back then, as an extremely impatient person, I was proud of the fact that I was willing to wait 5 years, which was the time I thought it would take to improve everything and actually be transformed. Now, 22 years later, as I said, we're still not where we want or need to be.

Fortunately, our vision, our energy, and our faith, help us endure on our journey to performance excellence. And the good news is that we've changed significantly – for the better.

But it wasn't easy. And this is the part of our story where I'll explain how we got from CQI to Baldrige. Very briefly, by the mid-'90s, we had reached a plateau with CQI. The good news was: continuous improvement had become our culture. The bad news was: we weren't seeing the kind of results we'd hoped for.

As we looked for ways to move us forward, we became aware that companies in other industries that were using the Baldrige criteria were significantly outperforming their competitors. Although health care, in 1995, was not eligible for the Baldrige Award, we encouraged our facilities to apply for state quality awards, which not only had criteria for health care, but were patterned after Baldrige.

Since our goal with the state quality awards was improvement, we were surprised and delighted when we actually began winning. The awards raised morale and heightened our resolve to continue to improve because now we actually had proof that we were beginning to see significant results at some of our facilities.

So in 1999, when health care finally became eligible for the Baldrige Award, we submitted our application and became the first health care organization to receive a site visit.

For us at SSM, Baldrige provided three essential things: a focus, a framework, and discipline.

Describing our organization in 50 pages gave a whole new meaning to the word "discipline." In addition, Baldrige gave us the

discipline to stop doing things just because we'd always done them – even though they didn't make sense anymore.

The “focus” piece has to do with the fact that, although our CQI culture was firmly established, our approach to improvement was scattered. As a result, it didn't have the impact it could have had. Baldrige helped us focus on what really mattered.

By “framework” I mean that Baldrige helped us look at our organization in a very different way. It gave us a new lens through which to systematically evaluate our entire organization and understand the link between the hundreds of processes that make up the health care experience.

As I think back to our very early experiences with Baldrige, I realize it was almost like learning a foreign language. But we dived into it with vigor. We did this to become familiar with the language, as well as to identify major gaps between the Baldrige criteria and our reality.

And we found plenty of gaps, some of them quite fundamental. The most significant was the lack of a common mission statement used throughout the system.

For SSM Health Care, the mission is our lifeblood. . . the fundamental reason why we do what we do. When our system was formed in 1986, we had directed each entity to have its own mission statement and values -- because we value local autonomy as well as geographical differences. And the entities did their job well – so well that in 1998 we had enough mission and value statements to fill 21 single spaced pages. Is it any wonder we weren't focused?

To make matters worse, our system mission statement was 85 words long” -- and it had been written by a committee at the corporate level. We knew we had a problem.

So, in 1998, we began a process to revise our mission and values. Nearly 3,000 employees at every level of the organization -- from every one of our entities -- participated.

It took them a full year. . . and today our mission statement is 13 words, short by design, and the best thing about it is that it was discovered from within.

Now I know it wouldn't have taken long for our corporate communications department to come up with a catchy mission statement and four or five great values that everybody in the system could relate to. But we realized that the development of a mission statement must involve as many people in the organization as possible. And the process can't be rushed.

If a solid mix of employees has not helped create the mission statement, it will not truly belong to them, and the potential to transform your organization will be hindered. Here's our mission statement:

“Through our exceptional health care services, we reveal the healing presence of God.”

It's short, it's simple, it's profound.

Because the mission and values came from our employees, they embrace them as their own. Let me tell you a story to illustrate this.

Some time ago, one of our hospital presidents received a letter from the parents of a baby who was stillborn. I'd like to

quote from that letter: “When the burdens thrust upon you are so heavy you feel the agony will surely cause you to die. That’s when you really appreciate the warmth, kindness and empathy given by such wonderful people. If there was anything left undone during our stay in your hospital, God must have kept it a secret, because if it had been revealed, the nurses on the fourth floor would have done it.”

You see, even though I was technically the “boss,” the mission of SSM Health Care no more belongs to me than it does to the head of dietary or the lab technician, or the nurse, or the housekeeper. Sure I happen to be the CEO. But the agonized parents who wrote the letter I just read to you couldn’t care less about me. During their time in our hospital, reality was reduced to one small room and the nurses who cared for them with such compassion. The care that they received was what mattered to those parents, despite the tragic outcome. Through their “exceptional health care services,” our nurses were able to extend the SSM Health Care mission to the grieving parents. Through the care and compassion of those nurses, the healing presence of God was revealed.

If you’re sitting there thinking that this mission stuff is something “soft,” let me assure you, if it’s done right, it may be the most difficult thing you’ve ever done. However, if it is done right, your mission statement will touch the very souls of your employees and the people they serve.

For us at SSM Health Care, the mission and values must also be an internal guidepost to our own behavior. Because if we don’t treat one another well, how can we ever expect that our patients will feel that they’ve experienced the healing presence of God?

But back to Baldrige. Beginning in 1999 – the year health care became eligible -- we applied for four consecutive years – always with significant learnings from the feedback which always led to significant improvements.

I can't overstate the value of Baldrige as a business model. It offers a structured way to look at an organization. It asks very basic questions, but coming up with the answers is hard. And frankly, I think it's the best way to get better faster.

So what did we learn? Among many other things, that:

- our messages were not consistently deployed throughout our vast organization
- our human resource goals were not integrated into our strategic plan.
- we were better at tracking our finances and operations than we were at tracking the health care outcomes of our *patients!*
- we did not have a consistent complaint management process
- And, believe it or not, Baldrige even had something to say about our wonderful mission statement.

The feedback pointed out the glaringly obvious, which was: “You say you want to deliver exceptional health care services. Yet you haven't defined ‘exceptional’ services and you certainly can't measure them until you define them.”

Further, Baldrige said: “You say you want to be exceptional, but you're using national averages as comparative data.” (In our defense, that was the best data we could find back then.)

In effect, they reminded us that our mission statement does not say, “Through our *average* health care services we reveal the healing presence of God!”

I can’t believe we didn’t see that. But the reality is that those of us in any organization are too close to it. So, of course, that’s the value of having an external review.

The external review comes in the form of a site visit. Our site visits provided an opportunity for the examiners to verify what we’d said in our application and then clarify any questions they had. But the best part of the site visits was they gave employees an opportunity to shine. And shine they did. All over the system, employees had fun and took great pride in talking about the work they do.

As you may have guessed, we spent considerable time making improvements based on the Baldrige feedback. We figured out how to:

- deploy a consistent message throughout our organization;
- make our HR goals part of our strategic plan;
- have a complaint management process that is used systemwide.

And with the involvement of physicians and other clinicians, we figured out how to keep better track of patient outcomes, and thereby improved patient care. Best of all, we figured out how to translate our mission imperative – that is, “exceptional health care services” – into specific and measurable goals. And we stopped comparing ourselves to the average; we set goals based on nationally recognized best practices, both within and outside of health care.

Baldrige has given us a mantra. Define, measure, monitor, improve. Define, measure monitor, improve. We are determined to continue to improve every day in every way, and by constantly focusing on process improvements, we hope to achieve stellar results in everything we do. Our commitment to improve is driven by our belief that we have an obligation -- a sacred trust, if you will -- to deliver health care breathtakingly better than it's ever been done before.

So what I can say without hesitation is that our commitment to CQI and Baldrige has made us a very different organization than we were in 1995 -- even in 2010. Our improvement efforts are more consistent throughout the system. Whereas before, some of our hospitals were stars, today every one of our organizations can take great pride in their improvements. In addition, because we have established a system-wide culture of sharing and replicating, learnings from CQI teams at one hospital are shared with teams at other hospitals.

In fact, we not only encourage teams to share their successes, we ask them to share their failures, since we often gain great wisdom from our failures. I'm also proud to say that "stealing" ideas from one another is commonplace at SSM Health Care.

As a result of all of this, I would have to say that we are a far better system today because we have stayed the course. And we'll be even better five years from now.

There are no short cuts -- I wish I could say there were. Nothing happens overnight; rather it is persistent and focused attention to process improvement that will yield results.

So, to summarize the first two areas that have been essential to our organizational transformation. First, the

“awakening” – the recognition that we were not as good as we could be -- occurred in 1989. What we did about it was CQI, which eventually led us to Baldrige. And as a result of Baldrige, we are at a new place – a far better place today, than we ever were before. Not nearly good enough, but certainly better.

Now I'd like to move to the third area, that intangible piece that I call “spirit” or “heart.” I want to give you an example of what I mean. It's from the book *My Grandfather's Blessings* by Rachel Naomi Remen, a physician.

Dr. Remen says this and I quote: “The ways and means by which people serve may vary from time to time and from culture to culture, but the nature of service has not changed since our beginnings. No matter what means we use, service is always a work of the heart. There are times when the power of science is so seductive that we may come to feel that all that is required to serve others is to get our science right, our diagnosis, our treatment. But science can never serve unless it is first translated by people into a work of the heart.”

A work of the heart is a work of the spirit. At SSM Health Care, I see the “spirit” in the hands of a caregiver who gently rubs the back of a little boy with cancer. I see the “spirit” in the cafeteria worker who steps out from behind the counter to hug a grieving husband. I see the “spirit” in the hands of a skilled surgeon, in the eyes of an admitting clerk and in the face of an attentive nursing assistant. I see the “spirit” wherever there is an open ear and a gentle heart. Often, as I'm sure you've observed as well, it is in life's simplest yet most profound moments that I observe the “spirit” . . . the work of the heart.

The health care experience should always be one where the spirit and the heart prevail, so that the patient not only receives the highest quality care and service, but the utmost caring and compassion. That's when the experience becomes exceptional.

At SSM Health Care, we do everything we can to make our care a work of the heart, of the spirit. We want the hospital experience to be a positive one, in which the patient is safe, receives the highest quality care, and experiences caring and compassion from everyone with whom they come in contact.

One of our goals is to help employees receive the scientific knowledge they need to provide the best care. . . but a second and equally important goal has to do with heart. At SSM, no matter what their title, no matter what their job, all employees are seen as leaders, and I use the term "leader" in the broadest sense. Because when people know that they are viewed as leaders, they act with heart.

When I ask you "Who are the leaders in your organization?," do you think immediately of the CEO and others in executive positions? Clearly they are, but I happen to believe that the leadership that builds an exceptional organization is not the CEO making one pivotal decision. Rather, it's the minute-by-minute, day-by-day actions of every person in the organization wanting to learn more, wanting to teach more, wanting to improve everything they do.

My idea of a leader is this: A leader is someone who takes the initiative to do a job in a more efficient way or a better way. A leader is someone who sees an unfair situation and speaks up without hesitation to correct it. A leader is someone who extends herself or himself to others with compassion and thinks of ways to be helpful. A leader is someone who is confident of her or his

abilities and freely expresses that confidence, not in arrogance, but in humility.

Real leadership is not about authority, control, or giving orders. It's not about titles and executive benefits. The leadership I'm talking about does not necessarily concern corporate strategic planning or executive decision making. Clearly both are vital to organizations, and I don't deny that there are individuals who must be accountable for the overall success of the enterprise.

What I see as real leadership is being responsible for what happens in our area of work--whatever that area happens to be. It's about being accountable and holding others to account. It's about owning our work and performing our jobs with integrity, as an expression of ourselves, our creativity, and our commitment.

When a company succeeds or fails, the first place people look is to the CEO. What plans and decisions did she or he approve? What hirings or layoffs took place? What reorganizations occurred? What businesses were acquired or divested? What investments were made?

But underneath that obvious accountability is another accountability that is more critical to an organization's success. It is the accountability for creating a climate in which leaders at all levels can emerge and thrive. A climate in which people are not afraid to take risks, even if those risks end in failure.

If I've learned anything from our quality journey, it is to give up the illusion that because I was the CEO I was the leader and everyone else was a follower. Or that a chosen few people with executive titles were the leaders, ready and able to imbue the entire organization with their infinite wisdom. While some of us provided executive leadership for the system or for facilities within

the system, we say that there is no one at SSM Health Care who is not a leader.

Employees lead when they know their voice is heard. They lead when they know that they are respected members of the team, regardless of their title or salary. They lead when they know that they can have an idea and carry it out. That they can speak and be listened to with respect. They lead when they know that everything doesn't have to be spelled out in a formal plan before it can happen.

The employee as leader – this, truly, is the future.

I'd like to tell you a story about another leader -- a young nurse. Her gift was such that she didn't recognize it as leadership, but nonetheless, she made all the difference in the world for one man. It is also a story about heart and the spirit.

It was the first day of work for this young nurse, and, she spent the day with her mentor – an experienced nurse. Near the end of the day, the two women were in a patient's room when he went into cardiac arrest.

They called a code blue, and doctors and nurses rushed into the room. Within seconds, 15 people surrounded the bed, shouting orders, demanding equipment, all with the singular purpose of keeping the man alive.

In the midst of the hubbub, the young nurse felt helpless. She knew there was nothing on earth she could do that wasn't already being done. So she stood in the corner and watched and prayed that the man would live. Eventually, she left the room to tend to other patients.

At home that night, the young nurse was utterly dejected. She'd gone into nursing because she'd wanted to make a difference in people's lives. But today -- when it had really counted for the first time -- she had not made a difference in that man's life. Her years in nursing school were for naught, she told herself. Nursing was the wrong profession. She'd had no impact at a time when others around her were making a difference.

The next morning -- still feeling that she'd failed, but not knowing what else to do -- she went back to the hospital. And around lunchtime, she forced herself to go into the man's room. He was sitting up in bed eating pudding.

"It's nice to see you again," he said to her. She looked at him in surprise.

"You were here yesterday, weren't you?" he asked. When she continued to look startled, he said to her: "I was pretty close to dying, wasn't I?"

She nodded, still speechless, and he smiled. "I remember you. I saw you standing in a corner of the room."

Finally she spoke. She said to him: "I don't understand how you could have seen me; your bed was surrounded by doctors and nurses and equipment."

"It was very loud, wasn't it?" he replied. "In fact, it was so intense that I needed to get away. so I went up there to watch," he said pointing at the ceiling. "I saw it all -- the monitors, the equipment, the people, the shouting."

She continued to look at him in amazement, and he said, "But I could see you standing in the corner all alone. You were so quiet. I could tell that you wanted me to live. So I held on . . . to

you.”

I urge you to hold on, as well. Whatever you do, and wherever you do it, I know you face many challenges. And sometimes it may seem that you can't make a difference. But you can. The fact that you're in this room today tells me you have vision, you have faith, and you have the endurance necessary for the long haul. So no matter how hard it gets, you must have the courage to persevere and to insist on nothing less than excellence because your commitment to excellence makes you a great gift to the world. And I have every confidence that you will transcend the challenges you face today and you will meet the challenges of the future with grace and compassion.

Thank you. And may you be richly blessed.