



Best Practice

Performance Improvement

—the Advisory Board Way

Eight Steps for Successful Change Initiatives



Executive Summary

Performance improvement seems simple at first: identify a problem, then take steps to solve it.

But in practice, many organizations struggle to get change initiatives off the ground. They may know they have an improvement opportunity, but can't muster the necessary leadership attention to address it. Implementation of solutions hits roadblocks or stalls. New processes, policies, or procedures fail to make a meaningful long-term difference in performance outcomes.

At the Advisory Board, we've spent decades helping health care organizations with performance improvement. Along the way, we've learned a lot about why improvement projects typically fail. In our experience, organizations face four major pitfalls on the road to lasting performance change:



PITFALL 1: **Lack of Leadership Attention**



PITFALL 2: **Poor Work Planning**



PITFALL 3: **Rocky Rollout**



PITFALL 4: **Insufficient Follow-Up**

How can your organization overcome these barriers?

This overview synthesizes years of Advisory Board research and experience into a single road map for effective performance improvement. Moving from early planning through implementation and follow-up, it defines eight steps crucial to any change initiative, regardless of setting.

Improving Performance the Advisory Board Way: Road Map At a Glance

Four Common Pitfalls, Eight Critical Solutions

This road map begins with the assumption that an organization has already identified potential performance improvement opportunities, using tools such as the Advisory Board's Crimson products. It describes what the organization should do next to move from problem identification through solution implementation.

Although this road map is organized around steps that come in roughly chronological order, some steps may actually be done simultaneously—e.g., creating a logistical workplan for implementation of a new process while also developing a plan to communicate the change to stakeholders.

This road map is intended for use across a range of health care challenges (clinical, financial, operational) and in settings across the continuum (inpatient, ambulatory, post-acute).

The rest of this overview provides more detail about each step of the road map. Implementing these best practices will allow you to design change initiatives that achieve lasting success.

PREPARATION STAGE

Common Pitfalls

Critical Steps

▶ **Lack of Leadership Attention**

1 | Aggressively prioritize opportunities

2 | Secure dedicated leadership

▶ **Poor Work Planning**

3 | Identify true root causes and prioritize solutions

4 | Create and commit to workplan and goals

IMPLEMENTATION STAGE

▶ **Rocky Rollout**

5 | Effectively communicate the change

6 | Stage a smart rollout

▶ **Insufficient Follow-Up**

7 | Hold all stakeholders accountable

8 | Adjust as needed

Securing Necessary Oversight and Support

Inadequate oversight and attention is the primary reason why many change initiatives fail to launch. Executives, staff, and physicians lack time to focus on anything beyond their daily responsibilities, while those pushing for change lack political capital to make the initiative a higher priority.

To overcome this barrier, organizations must:



1

Aggressively prioritize opportunities

- To avoid overtaxing resources, pursue only the most valuable performance improvement projects
- Articulate clear criteria for chosen improvement initiatives



2

Secure dedicated leadership

- For every project, enlist support from an executive sponsor who can ensure the work gets adequate attention, clear other barriers
- Give project leaders enough time to focus on the initiative, even if doing so requires job re-scoping or additional resources

1



Aggressively prioritize opportunities

Organizations frequently have a number of potential change initiatives competing for time and attention. The first step in any performance improvement (PI) process is to determine whether the identified change initiative(s) should actually be pursued at this time.



Evaluate each identified change initiative for feasibility and value. Often, this evaluation is performed by an organization- or department-level improvement committee. Successful improvement committees:

- Include a broad base of stakeholders, such as physician, nursing, pharmacy, quality, and data analytics representatives
- Are responsible not only for identifying and prioritizing potential initiatives, but also for monitoring progress during and after an initiative is completed
- Meet at least twice a year, and often as frequently as monthly



Use uniform prioritization criteria to put all improvement opportunities on common ground and provide a defensible selection methodology. Each institution should define its own criteria, but key considerations include:

- Connection to organizational aims—focus on initiatives that tie back to the organization’s strategic plan, needs, and culture; for example, if improving patient experience is a high-level goal, department-level committees may wish to make that a priority as well
- Scope of impact—prioritize opportunities that impact a substantial patient volume or have strong potential to improve care
- Operational feasibility—consider deprioritizing a potential initiative if necessary resources are unavailable or if other barriers exist that might hinder timely action (e.g., massive EMR implementation, labor disputes, or leadership changes)
- Strategic payoff—seek out projects that offer strategic advantages, such as providing a “quick win” that can build momentum for future change or provide opportunities for emerging physician leaders to grow their leadership skills



If senior leaders were not involved in the prioritization process, present top improvement opportunities to them before finalizing initiative selection. Giving leaders an opportunity to provide feedback encourages buy-in and ensures that your initiatives are in line with broader organizational goals. For an initiative to be successful, leaders must see it as a high enough priority that they will dedicate resources to solving it.

2



Secure dedicated leadership

To provide appropriate oversight and accountability, organizations must identify clear project leaders—and more importantly, ensure they have the necessary time and bandwidth to devote to the initiative, even if doing so requires additional resources. Senior-level support is also vital to provide political capital to overcome barriers. Essential components of oversight for any change initiative are outlined below.

Project Leadership

Note: Three separate leadership roles are described below. For some projects, however, one individual may fulfill more than one role. For example, a strong physician leader may also provide the political capital typically required of an executive sponsor. A process improvement leader with a strong clinical background, such as a highly respected case manager, might be able to fulfill both the process improvement leader and physician leader roles. In addition, for projects with no impact on physician practice, a physician champion may not be essential.



Executive sponsor

- Provides senior-level support to eliminate barriers to change and secure stakeholder buy-in
- Holds leaders accountable for achieving milestones and deadlines
- Ensures project has sufficient resources, especially related to staff time needed to participate in problem solving
- Need not have a formal senior leadership title but must have sufficient “political capital” within the organization to push change initiative past barriers



Process improvement leader

- Brings experience with change initiatives and data, along with dedicated time to oversee day-to-day work; for clinical initiatives, ideally has a clinical background (e.g., nursing)
- Is primarily responsible for ensuring that implementation team is moving forward and meeting its milestones
- Must have dedicated time available for the project (may be full- or part-time depending on the initiative’s scope; if the best-suited individual does not have adequate bandwidth, consider delegating some of their current responsibilities to others or even creating a new position for larger, longer-term projects)



Physician leader

- Is essential for providing clinical knowledge and establishing credibility on projects that impact clinical care
- May operate in a “dyad” with administrative process improvement leader
- Should not be limited to those physicians who already hold leadership roles, such as medical directors; other physicians may be better positioned to lead change due to their passion for an issue or ability to drive toward results
- Typically spend from 2–8 hours per week working on the initiative.
Roles include:
 - Advising leadership team on strategic and clinical decisions, physician implications
 - Advocating for change among physician peers
- Compensated at fair market value for dedicated time spent on PI initiatives (particularly for independent physicians); leading institutions use a combination of hourly and performance-based compensation to incentivize results
- For initiatives that span multiple divisions within an institution, consider enlisting a physician leader from each division

Additional Oversight

In addition to individual project leaders, designate a multidisciplinary implementation team to provide insights and guidance on the change initiative.

- On the team, include representatives from all stakeholder groups meaningfully impacted by the initiative, such as physicians, nurses, administrators, and other frontline staff. At the first team meeting, ask whether the right people are gathered to solve the problem. If not, identify and fill the gaps before proceeding.
- While striving for broad representation, be wary of including too many people on the committee. Effective committees typically have no more than 7–10 members. To limit team size, designate subject matter experts who will be “on call” for the team but are not required to attend every meeting.
- Align team meeting frequency with project urgency. Meetings held every other week are often ideal, as they allow time to accomplish team objectives between meetings without loss of team momentum. Teams working on urgent, high-priority projects may meet more frequently, such as weekly.
- To ensure that meetings are run effectively and efficiently:
 - Establish an agenda before each meeting and communicate it in advance to all participants, along with any supporting materials. Determine in advance which decisions need to be made.
 - Set a time limit for each agenda item and stick to it.
 - Assign a responsible individual and deadline to each task resulting from the meeting and send the to-do list to all participants afterwards.

Appropriately Scoping the Work

Even with dedicated leadership, projects may fail because they are inadequately scoped and managed. Improvement efforts target areas that have no real impact on the problem, performance goals are unreasonable, and meetings occur too infrequently for real action.

To overcome this barrier, organizations must:



3

Identify true root causes and prioritize solutions

- Use both quantitative and qualitative analysis to break high-level problems into actionable causes
- Identify solutions tied to the most important causes and prioritize their implementation based on principled factors



4

Create and commit to workplan and goals

- Select measurable, realistic metrics to define success for the change initiative
- Establish—and adhere to—a formal workplan to guide project from start to finish

3



Identify true root causes and prioritize solutions

Performance improvement initiatives often fail to create lasting change because efforts were not targeted at the correct root causes of the problem. Use the following process to identify gaps in current processes and potential solutions.

1

▶ Clearly articulate the problem

- Define the high-level problem to be addressed as clearly and succinctly as possible. The problem statement may be qualitative (we have too many readmissions) or quantitative (our readmission rates are five percentage points higher than the benchmark rate).

2

▶ Drill deeper into the data

- Examine data from all relevant sources to zero in on specific causes of the high-level problem. For instance, continuing the example from above, are there particular patient groups, physicians, or departments that show a higher readmission rate? Look for trends in the data that may indicate particularly strong improvement opportunities.

3

▶ Understand current practices

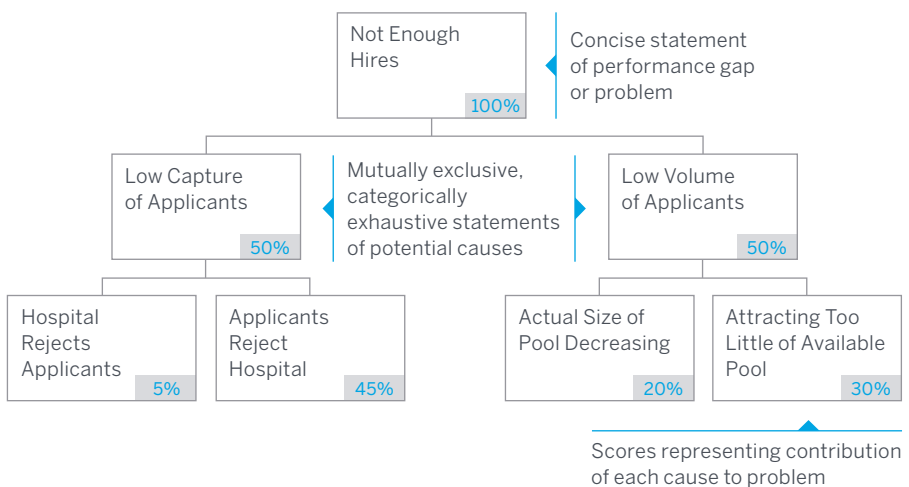
- Once you have identified potential improvement areas, take steps to understand existing processes and procedures in those areas—and where they may be breaking down. This analysis may include:
 - Basic observation of existing processes and protocols—e.g., shadowing clinicians or spending time in a particular care setting to define the current state of operations.
 - More formal process mapping—writing out all steps of a process from start to finish, charting when activities occur, which stakeholders are involved, and where problems often arise.
- Analysis of existing practices should:
 - Be led by an administrator or clinician with long-standing experience “in the trenches” to ensure the analysis captures all nuances related to established processes and relationships.
 - Incorporate perspectives from all stakeholder groups affected by the practice (including patients or caregivers if relevant). Interviews or focus groups are ideal for gathering this information. Ask questions such as: “What do you do as part of this process? Where do you see the process breaking down?”

4 ▶ Conduct additional root-causes analysis if needed

- Depending on project scope, the data analysis and process mapping described above may be sufficient to identify problem drivers. If further insight is needed, however, consider a formal root-cause analysis.
- To conduct a root-cause analysis:
 - Write the performance gap or problem as a concise statement at the top of the diagram.
 - Answer the question, “Why is this problem happening?” Identify mutually exclusive, categorically exhaustive statements of potential causes and list them horizontally below the problem statement. Draw lines to connect each of these causes to the original problem. These are your top-level causes.
 - For each of the top-level causes, again answer the question, “Why is this cause happening?” Create another horizontal row of mutually exclusive, categorically exhaustive statements of potential causes for each of the top-level causes. Draw lines to connect each of these sub-causes to the appropriate top-level cause.
 - These sub-causes will likely reveal specific, actionable root causes for the original performance gap. If not, you can continue to drill down through another level of potential causes.

See below for an example of root-cause analysis in action.

Root Cause Analysis in Brief



- 5** ▶ **Select highest-impact improvement opportunities**

 - If problem analysis identifies a large number of causes, focus on addressing those with the biggest impact. One method of assessing impact is through a forced ranking, as described below.
 - Assign each identified cause an estimated percentage representing how much it contributes to the overall problem. The scores across all causes should add up to 100%. If multiple stakeholders are contributing to this prioritization, either come to consensus on scores or have all stakeholders assign their own scores and then calculate the average.
 - Arrange the identified causes in order from highest to lowest score and select the highest-priority ones for follow-up. Potential selection methods include:
 - Select 2–4 causes with the highest scores.
 - Select all causes that meet a certain threshold score. For example, all causes that scored at least 80% of the highest score.

- 6** ▶ **Identify best-practice solutions**

 - Once you have determined which root causes warrant intervention, collect best-practice solution ideas for each. Look first for evidence-based guidance externally, from sources such as the Advisory Board, other industry groups, or academic publications.
 - If published evidence-based best practices do not exist or are insufficient, ask high-performing entities—either within or outside of your organization—to walk you through their processes or protocols. These case studies can serve as examples to guide your improvement efforts.

- 7** ▶ **Select best interventions for your organization**

 - Compile information about best practices and present it to the implementation team (or other relevant stakeholders as necessary) to gather feedback about which are best suited to the organization's unique culture and needs.
 - Brainstorm additional solutions that may be worth trying.
 - As a team, discuss the options and finalize a list of interventions that will be implemented.

- 8** ▶ **Prioritize interventions if needed**

 - If the team selected a large number of improvement interventions, determine in what order they will be implemented. Consider prioritizing some easy wins up front to gain momentum and saving more challenging situations until later in the initiative when infrastructure and credibility have been established.
 - To aid with prioritization of problems and opportunities, consider using one of the frameworks presented on the next page.

Framework 1

Prioritize based on intervention characteristics, considering both disruptiveness and impact. This framework may make sense if you are prioritizing among several initiatives to be implemented within one entity, such as a practice group or department.

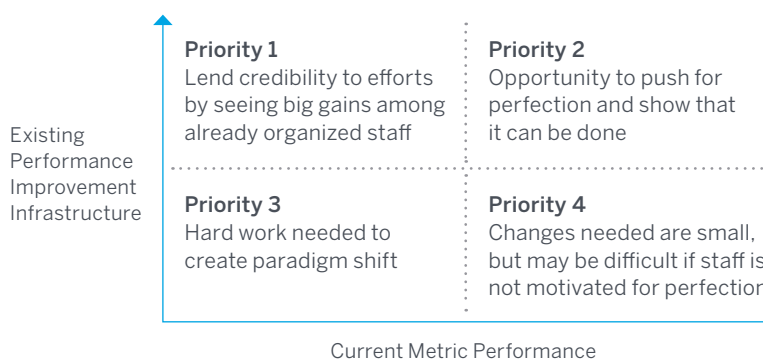
Prioritize by Disruptiveness, Impact on Goals



Framework 2

Prioritize based on institutional characteristics. This framework may be best if you are prioritizing among initiatives across several entities that have different levels of existing performance improvement infrastructure and performance on target metrics.

Prioritize by Existing Infrastructure, Current Performance



9

► Reassess initiative leadership

- Based on the list of solutions selected, determine whether you still have the right leadership team. Consider whether additional or different champions and other team members will be needed to carry specific projects through the implementation phase.



Create and commit to workplan and goals

After identifying improvement opportunities, create a formal workplan for implementing change that includes clearly defined goals, targets, and timelines. Use the following process to create your workplan:

1 ► Define high-level initiative goals

- Choose a clear, limited number of high-level strategic goal(s) for this initiative—e.g., “reduce readmissions for COPD patients.”
- Quantify a target for those high-level goals—e.g., “reduce readmissions by x%.”
- Consider the following guidance in setting targets:
 - If clear external or internal benchmarks exist, targets may be linked to those aims. Otherwise, targets may be defined in terms of improvements of a set amount over past performance (e.g., a goal of one standard deviation above the past year’s performance).
 - Be realistic. While highly aspirational goals may seem inspiring, they are often demoralizing for stakeholders, who assume they can never be reached. In addition, take care when setting goals above the 90th percentile of performance, as consistent improvement above this level can be challenging. If high-level targets are consistently being met, consider retiring the initiative or metric.
 - Consider whether to set different targets for different groups, based on current differences in performance or on legitimate variations in the work they do (e.g., two physician practices that treat different patient bases). Targets based on past performance will naturally reflect these existing differences. If aiming for a set benchmark, however, consider basing targets on hitting a certain percentile of that benchmark that may vary between groups (e.g., for poor-performing units, set a goal at the 50th percentile of the benchmark, while asking higher-performing units to hit the 85th percentile).

2 ▶ Select sublevel metrics and goals

- Consider the interventions selected for implementation during the process discussed in the previous section. Select metrics that will define success for each specific intervention. Metrics should be:
 - Objectively measurable and trackable
 - Linked to specific action steps that stakeholders will take to implement the intervention
- Determine appropriate end targets for each identified metric. As with high-level goals, targets should be realistic, may be linked to either set benchmarks or improvement over past performance, and may vary between groups.

3 ▶ Establish workplan and milestone targets

- Create a list of all improvement opportunities ordered from those to be addressed first to those to be addressed last, along with their corresponding metrics and end goals.
- Develop a workplan, including steps, time frames, and deadlines for each opportunity to be addressed. Set deadlines as aggressively as possible to ensure the project maintains momentum.
- Consider setting milestone targets along the way for tracked metrics, in order to check that the initiative is remaining on course. The sequential milestone targets should build up to the ultimate goal at the end of the initiative time frame. For example:
 - “After the first three performance improvement opportunities have been addressed in 45 days, the target metric performance will be 80% of the ultimate goal.”
 - “After all seven opportunities have been addressed in four months, the target metric performance will be 95% of goal.”
 - “After six months, teams should have fully incorporated new processes and protocols, and performance should reach 100% of goal.”

Seamlessly Instituting New Processes and Protocols

While planning and preparation are the hardest parts of performance improvement, organizations cannot forget the implementation stage. Even the best-planned change initiative will meet with resistance (and potential demise) if stakeholders are leery of new processes and protocols.

To overcome this barrier, organizations must:



5

Effectively communicate the change

- Incorporate communication planning into every change initiative, no matter how small
- Use both mass and individual communication to explain rationale for change, highlight benefits, and neutralize negativity



6

Stage a smart rollout

- Decide between simultaneous rollout to all stakeholders versus a phased pilot
- If piloting, select early-stage sites strategically to generate early wins, ameliorate concerns about change

5



Effectively communicate the change

Once you have identified action steps and goals, begin the implementation process. An early step in that process must be communication to affected stakeholders, both to provide them with necessary information about new processes and to overcome fears often associated with disruptive change. Communication planning should be incorporated into every change initiative, no matter how small.



General guidance

- Include both broad messaging to everyone affected by the change (mass communication) and, as needed, one-on-one conversations with stakeholders who are most resistant to change or who have the greatest opportunity for improvement (individual communication).
- Recognize that communication about the change initiative is not a one-time thing; it should happen before, during, and after rollout of new processes and protocols. Use early wins from initiative rollout to support later communications and win buy-in for change overall.



Mass communication

Medium and messenger

- Use multiple channels to reach frontline stakeholders with information about the initiative, including print, digital, and in-person. At the same time, however, be careful not to overwhelm clinicians and staff who are already inundated with information. Create a “communication hierarchy” to ensure that only the most urgent or important information is communicated through “push” channels such as email or the EMR. Reserve details for “passive” channels such as an intranet, physician portal, or posters and mailings.
- Ensure the messenger has credibility. In particular, change initiatives that affect clinical practice should be communicated to physicians by a fellow physician, preferably one who has worked closely to create new protocols and is respected and trusted by his or her peers.
- Get creative—leverage humor or nontraditional formats to help the message stand out. For example, some organizations have enlisted physicians to make videos setting lyrics about new clinical protocols to the tune of popular songs as a way to engage their colleagues around the guidelines.

- Make sure communication is two-way. Provide a safe forum—either in person (e.g., focus groups and department meetings) or virtually (e.g., by email, phone, or intranet)—for frontline stakeholders to share concerns or ask questions about the change.
- Take steps to minimize disproportionately negative reaction to change, such as the following:
 - Identify influential stakeholders who are particularly resistant to the initiative; such people are likely a minority but can be highly disruptive. “Neutralize” influential resisters individually by pairing them with a change champion who can address specific concerns.
 - For larger change initiatives, consider establishing systems to proactively identify and address unfounded rumors. For example, one organization created a hotline (paper feedback boxes or intranet forums can also be used) that allows employees to submit questions and concerns anonymously; submissions are then triaged to executives for response.

The message itself

- Ensure messages presented through multiple channels are consistent. For major changes, this may include developing ready-made meeting agendas, talking points, and other tools to help leaders convey a unified message about the initiative.
- Emphasize not just what the change is, but how it connects to larger goals for patient care. Instill a sense of urgency for why change is needed and the threats to the organization if the status quo persists.
- In addition to broad messages about patient care, be specific about the impact on individual stakeholders. Two strategies are especially important here:
 - Define the direct impact on care team member roles; for process changes, ensure each individual knows what he/she needs to do differently.
 - Identify and accentuate the “WIFM” (What’s in it for me?), or how the change will ultimately benefit individual staff members or clinicians themselves.
- Be concise and to the point. Consider developing a one-minute elevator speech outlining how the change will affect the organization, why it is crucial, and the risks of not executing on the initiative.
- Be honest about the rationale for change and its impact; don’t try to sugarcoat.



Individual communication

- Use individual communication to target stakeholders who are most resistant to change or who have the greatest opportunity for improvement.
- As with mass communication, make sure the message comes from someone with credibility. In particular, meetings with physicians to discuss performance change should be led by another physician whose clinical and leadership judgement is respected.
- Ensure that physician leaders and frontline managers have been trained to respond to difficult pushback. If needed, support frontline managers by having human resources or project sponsors “round” on departments to solicit feedback and address employee concerns about the change.
- Especially when working with physicians, respect their time—e.g., schedule meetings with surgeons at a time when you know they will be between cases.
- Set up individual meetings for success by:
 - Meeting in person rather than via phone or electronically, to allow participants to read non-verbal cues and avoid miscommunications.
 - Doing your homework in advance to know what most motivates the individual and what concerns they may raise.
 - Positioning yourself as a “coach” or partner for performance change, rather than creating an adversarial tone. Listen objectively, communicate observations, and work together to determine next steps. For physicians especially, avoid disrespecting their clinical judgment or authority; rather, enlist them as a partner for identifying barriers to and solutions for change.
 - Establishing a clear action plan and assigning responsibilities before leaving the meeting (e.g., schedule a follow-up, make a decision by a certain time, etc.).

6



Stage a smart rollout

After initially communicating the change to affected stakeholders, move forward with actual implementation of new processes and protocols. Appropriate rollout depends on both the magnitude of the change in question and the organization's culture.

- 1 ▶ Consider a simultaneous rollout to all affected stakeholders if:
 - The change initiative is designed to fix an immediate and urgent need (e.g., patient safety violation or dire financial risk)
 - The change initiative is relatively uncomplicated
 - The number of stakeholders affected is relatively small
 - Affected stakeholders have considerable experience with change initiatives
- 2 ▶ Otherwise, consider piloting new processes and protocols to evaluate their impact before widespread implementation. For process changes that impact multiple units or departments, consider using multiphase pilots to test the impact of implementation under different circumstances.
 - Start first with a group that is high-performing and/or receptive to change. Use that experience both to refine the new process and to collect positive data on its impact that can be used to win buy-in for change with others.
 - Next, conduct a second wave of pilots with more challenging groups (e.g., a unit with a more complex workflow) to identify further refinements before full-scale implementation.
- 3 ▶ When piloting:
 - Establish a relatively short time frame for testing to avoid unneeded delays (e.g., two weeks to pilot a new clinical protocol, though length will vary depending on the change in question).
 - Set the expectation that the initiative will ultimately be scaled to other groups. Encourage pilot participants to think about what barriers other units or groups may face, and enlist their help in developing support materials to help others roll out the change.
 - Look for differences between pilot settings that may require customization and consider how that variation will be extrapolated to a broader rollout.
 - Once piloting is complete, provide comprehensive support during widespread rollout. As necessary, identify a champion for and create educational resources targeted to each group affected by the new process or protocol.
 - Ensure change initiative oversight team continues to meet regularly during the implementation phase to monitor outcomes and make adjustments.

Sustaining Performance Gains

Organizations must not assume the work stops with implementation. Without structures in place to monitor ongoing performance, measure success, and identify future improvement needs, an initiative will ultimately fail to have its desired impact.

To overcome this barrier, organizations must:



7

Hold all stakeholders accountable

- Develop accountability measures for stakeholders from the executive suite to the front lines—even those whose impact on outcomes is only indirect
- Use a mix of informal mechanisms (e.g., data sharing) and, if needed, formal measures (e.g., financial incentives) to maintain performance over the long term



8

Adjust as needed

- After initial rollout of new processes and protocols, continue to monitor performance data at regular intervals
- Establish mechanisms to collect stakeholder suggestions for additional improvements

7



Hold all stakeholders accountable

Use both informal and formal mechanisms to hold all stakeholders—from leadership to the front lines—accountable for performance against the goals of the change initiative.



Informal mechanisms

- Informal mechanisms for performance accountability include sharing performance data and providing public recognition at both the group and individual levels. These mechanisms should be used for all change initiatives.
- Track individual and group-level performance against initiative goals on a regular basis. As needed, supplement retrospective tracking (e.g., through Crimson) with real-time performance tracking through quantitative or qualitative means, especially for initiatives that involve time-sensitive process changes (e.g., compliance with sepsis bundle).
- Before sharing performance data, take steps to build stakeholder comfort with the information. Educate staff and clinicians on what metrics will be tracked and why; answer questions about how data is collected and address concerns about data validity by drilling into case-level data details.
- Consider displaying unit or individual performance data publicly. To the extent possible given organizational culture, display individual performance as unblinded data to maximize the power of peer pressure to affect outlier behavior. Many institutions move gradually to unblinding individual performance data, first establishing trust through blinded data, then increasing transparency over time by unblinding less controversial metrics (e.g., operational measures rather than quality measures).
- Limit the number of metrics tracked and shared for each individual. Ensure that the metrics used for each individual are truly within his or her control.
- In addition to public data-sharing, meet individually with outlier staff and physicians to discuss performance. Ensure that such meetings are led by a credible messenger—for example, meetings with individual physicians should be led by another physician. Provide training to leaders as necessary for how to deliver effective feedback, respond to likely pushback, and create follow-up action plans.
- Use praise and awards as informal motivators as well—research indicates that for both staff and physicians, recognition can be highly impactful. Highlight top performers publicly to counteract the sense that data-monitoring is punitive. Publicly acknowledge the contributions of those who are performing well against the goals of the change initiative.



Formal mechanisms

- Consider more formal accountability mechanisms when the organization wants to send a message that the initiative is very important, when informal mechanisms have failed to yield adequate performance change, or when existing structures are a direct barrier to change (e.g., compensation models that reward stakeholders for behavior counter to new goals).
Formal accountability mechanisms may include:
 - Tying compliance with new policies and procedures to continued employment or medical staff membership (e.g., embedding expectations into performance reviews or physician credentialing policies); failure to meet standard leads to escalating disciplinary interventions or peer review, and ultimately dismissal
 - Linking compliance to financial incentives, either upside rewards (bonuses for hitting goals) or downside ramifications (payment penalties for failing to hit goals)
- If using financial incentives, make sure the payout structure is simple and easy to understand. Focus on a few key measures, and establish a clear link between outcomes and payouts. Incentives may reward stakeholders a set amount for hitting a threshold goal or be tiered to provide incremental payouts for different levels of performance; the former model encourages participation, while the latter allows organizations to reward stakeholders for gradual improvements.
- Consider linking some or all of the financial incentive to overall unit, department, or organizational performance, rather than individual performance alone. Doing so:
 - Allows the organization to use incentives for stakeholders who directly impact outcomes but whose individual contribution is difficult to measure (e.g., the impact of non-physician staff on patient satisfaction)
 - Allows the organization to use incentives for stakeholders who do not directly impact outcomes but who may contribute indirectly (e.g., senior executives who can help generate buy-in for the change initiative)
 - Fosters a sense of accountability to colleagues that can drive performance change even if the individual incentive is not motivational in itself



Special note regarding financial incentives for physicians

- Financial incentives are easiest to implement for employed physicians, whose compensation model is set by the organization. Many hospitals and medical groups now use hybrid compensation models that combine traditional productivity-based pay with a portion—often as high as 10% to 20% of total compensation—at risk for quality and efficiency performance. Metrics linked to new change initiatives can be incorporated into this performance-based bonus as needed.
- While hospitals have less influence over independent physician pay, they can use alternate methods to align with community providers. Common alignment models include those listed below, each of which allows hospitals to tie financial incentives to performance.
 - Clinical integration networks: Physicians have access to jointly negotiated (typically favorable) payer contracts in exchange for a commitment to meeting key performance metrics.
 - Bundled payments: Hospital receives single lump-sum payment to cover all services within a care “episode”; any savings over bundle price may be shared with participating physicians, based on performance against quality/cost metrics.
 - Co-management contracts: Hospital contracts with physicians to help manage a service line, compensating them at fair market value for time spent on management responsibilities and often linking pay to outcomes as well.
 - Contracts for hospital-based clinical services, such as hospitalist coverage: Can be structured to include outcomes-based incentives.
- Regardless of alignment model, organizations must design financial incentives to physicians to avoid violating Stark, anti-kickback, and other fraud and abuse requirements.
- Organizations whose physicians have limited experience with performance-based incentives may want to phase them in over time. For example, start with a small percentage of pay at risk and gradually increase the amount over time, or start with upside-only bonuses and phase in downside risk in later periods.



Adjust as needed

After a change initiative has been fully implemented, initiative leaders or improvement committees should continue to monitor performance and seek opportunities for further refinement to new policies and procedures.

- 1 ▶ Review quantitative data at regular intervals (e.g., quarterly, twice-yearly, or annually) to ensure performance has indeed improved and is not slipping.
- 2 ▶ Define “triggers,” or minimum levels below which corrective action will be required if performance slips. Effective triggers:
 - Have a clear justification—e.g., the trigger might be set at a point just above the cutoff level for incurring a financial penalty
 - Are appropriately set as either fixed targets (established at a constant level, best applicable for metrics with nonnegotiable cutoffs) or relative (variable based on statistically significant changes in performance, can identify problems even if no formal cutoff exists)
 - Are monitored over time for variable data points to avoid false alarms—e.g., set a trigger that requires corrective action after six successive months of concerning performance
- 3 ▶ Establish a process to collect qualitative feedback or suggestions for additional process revisions. For example, if the change initiative involved implementing new clinical guidelines for physicians, allow providers to suggest revisions and maintain a standing group that reviews those suggestions on a regular basis. Support that process with clear protocols for when revisions will be accepted—e.g., when there has been a change in the regulatory environment or an update to national evidence-based care standards, or if a clear improvement to workflow efficiency can be shown.
- 4 ▶ Analyze any deviations from or failures in process that occur. For instance, examine outcomes from physicians who deviate from care standards to see if off-protocol care actually was warranted or yielded better results, suggesting possible revisions (or a follow-up conversation with that provider if the deviation does not seem warranted). Or, if new processes have been implemented to improve patient safety, treat any negative outcome as a sentinel event and investigate the cause, seeking opportunities to prevent future such problems.
- 5 ▶ Celebrate sustained improvement by publicizing outcomes both internally and, as appropriate, externally, both to reward the success of this initiative and to build buy-in for new change initiatives.
- 6 ▶ Conduct a full debrief with initiative leaders to identify lessons learned that can be applied to future change projects.

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Physician Executive Council

The Physician Executive Council is the go-to resource for physician and quality executives. It offers real-time access to the latest strategic insights and implementation support around clinical executives' biggest priorities, from engaging the medical staff to advancing clinical standardization. For more information, contact your relationship manager or visit advisory.com/pec.

Relevant Resources Within the Membership

▶ **Realizing System-Wide Clinical Standardization**

This research brief is designed to help organizations create a culture of reliable care that supports and executes a clinical standardization strategy.

▶ **Physician Communication Toolkit**

This toolkit offers benchmarks, templates, tips, and step-by-step guides to help physician executives and communication staff save time and avoid common pitfalls when implementing new communication strategies.

Crimson Continuum of Care

Crimson Continuum of Care is a web-based analytic platform that provides physicians with the data needed to truly improve performance. By placing credible performance profiles right in the hands of the physicians, Crimson Continuum of Care helps hospitals achieve the alignment needed to advance quality goals and secure cost savings. For more information, contact your relationship manager or visit advisory.com/technology/crimson-continuum-of-care.

Relevant Resources Within the Membership

▶ **Crimson Physician Engagement Toolkit**

This toolkit provides 10 lessons for creating a culture of data transparency and engaging physicians with their personal performance data.

▶ **Playbooks for Care Improvement**

Our resources offer start-to-finish guidance for designing improvement initiatives around chronic obstructive pulmonary disease (COPD) readmissions, perinatal patient safety, sepsis, and more.

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