BUILDING A CULTURE FOR THE FUTURE AT PALOMAR HEALTH SYSTEM

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GALLOWAY

experience • results • value

PREFACE

We are at a unique time in provision of health care in America. Changes in the services we provide, where and how we provide them and what we get paid for them are taxing the most fundamental of structures we have built over the past 50 years. The programs we have put into place (both in-patient and ambulatory) and our staffs' ability to meet patient and family needs and expectations are challenged.

Our present organizational cultures (the basis upon which we function) have not been able to sufficiently keep pace nor have been flexible enough to respond to the external forces bringing pressure to bear upon them. This in turn, makes it extremely difficult for health systems to operate in a responsive and effective manner.

We have relied upon past successes that have come from our hierarchies and infrastructures established over time to maintain a road map for meeting constituent and community needs. In the future this will no longer suffice, recognizing the level of change being demanded of us today.

To bring about lasting positive change we must do a better job of:

- Creating common vision, mission, and values for our organizations that all can buy into easily.
- Developing strategic initiatives that get everyone on the same page.
- Improving leadership capabilities to deal with change in an effective and timely manner.
- Establishing strong nimble processes and systems to help us take "two steps" for every "ten steps" we have been taking to date.
- Implementing reward and recognition programs that value risk and failure, as well as individual and group triumphs.
- Developing succession plans to help us maintain our focus and momentum over time.

If we do the above, then we are positioned to deal with the challenges of an everchanging health care delivery environment.

Case Study in Detail

This case study focuses on the journey to becoming one of the best small health systems in America – at Palomar Health - and how other organizations, if they follow a similar game plan can achieve remarkable results.

As a senior leadership team, we faced several challenges: (1) the competitive pressures of the San Diego marketplace; (2) inheritance of a lack of focus and momentum when addressing initiatives required to become a strong effective organization; (3) a stagnating and change resistant culture borne in part from a union setting. The question we needed to answer quickly if we were to be successful was: How could senior leadership, with the support of the elected Board, **transform the underlying culture** at Palomar Health to become one that accepted change and was willing to embrace a new meaningful infrastructure that valued nimbleness and flexibility. Our intent would be to bring about a significant culture shift within 12 months utilizing consulting assistance selectively in support of our Organizational Development team.

INTRODUCTION

Our senior leadership team started with the premise that we needed to share the importance of the journey with all our staff and physicians. Further, we needed to clarify the kind of support required of our leaders, if we really wanted to improve upon the culture as an organization and within departments/units. The endeavor would require significant time, commitment and energy. It was an undertaking in which we knew there would be no one singular path to accomplish this feat.

Simply put, we had a four-step process:

- First, our team would begin with establishment of a framework to assess our culture (a snapshot in time).
- Second, we would evaluate work styles of our leaders and staff to determine their impact on the present culture and how styles might need to change.
- Third, we would follow up with a definition of what the ideal culture would be and should look like for Palomar Health.
- Finally, we would put into place a mechanism to move the culture to this "new state" so that we could measure the progress and success of the effort.

As a group, we came to agree upon the following as a basis for our discussions:

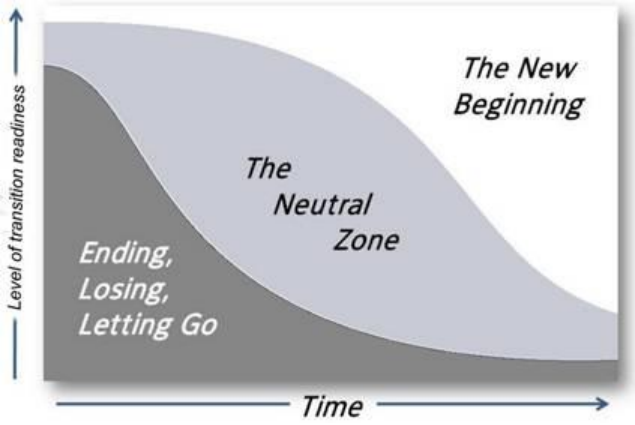
- CULTURE represented, to our team, the personality of the organization. It was comprised of assumptions we had made about our environment, values and norms that we displayed every day and signs and behaviors of our staff whether leaders, employees or physicians.
- CULTURE was difficult for us to express. But we knew it when we saw it, felt it, or sensed it.
- CULTURE should help us define the way we should act and behave. It should help us to understand how our jobs fit within the larger picture of our organization and how we, as individuals, could contribute to the health system's success.

For us to bring about a culture shift at Palomar Health, we needed to understand our current state, agree upon what our state should be, and come to appreciate the extent of the gap between the two.

We needed to recognize that managing the transition period would be critical to our true success. If not handled properly, we could negatively impact our ability to provide care and service that our communities had come to expect. We utilized the "Organizational Transition" Model espoused by William Bridges as the basis for our work.

"Change" would come to mean doing something different from what we had been doing. Such would be external in nature for our staff.

"Transition" would come to mean unplugging from an old world and plugging into a new world. This would be an internal process for our people.



Bridges Model as displayed graphically

Our group had to remember the very important concept that transitions start with "endings" and finish with "new beginnings". Bridges noted early in his work that to bring about change, staff needed to embrace that which would be new to them. It would be important for us to not only celebrate successes in shifting culture but celebrate endings. It meant bringing meaningful closure to things we had done (maybe for years) that were now being altered, replaced or eliminated. Otherwise it would be hard to move forward.

Key levers for creating a lasting culture shift would need to include:

1) ***Development of a conceptual model of what this "new and improved" culture at Palomar Health looked like.*** We knew it needed to be inspirational and future oriented. Anyone should be able to articulate the "ideal" image of what this new culture looked like and how it should feel. Staff should be able to relate it to their actual work, the role they played in the health system, and the mindset they

expected from all who would come to work with them. It needed to be "user-friendly". The words we used to express and describe it should be able to be stated in clear simple language for all.

2) ***Creation of work that could be tied to what people were literally doing already.*** The transition process needed to be experiential for them if they were to buy into the development of this new state of being. Building of skills and capabilities of staff and leaders at the grass roots level to drive and sustain any culture shift desired would necessitate the creation of "culture champions" throughout the organization.
3) ***Establishment and implementation of new baseline metrics to measure and track culture shift progress.*** It meant the development of explicit data about who we were and what we wanted to be. Whatever we came up with in the way of information should be able to be used to benchmark progress against all levels and groups from executives and directors/managers to staff and physicians. We should be able to use performance metrics relative to engagement, quality outcomes, and financial performance to track in parallel fashion to whatever progress was being made on the culture side.
4) ***Mechanisms to insure visibility and involvement of leadership if we wanted to build trust, momentum and a sense of urgency for this major undertaking.*** Everyone needed to "stay the course", particularly since we knew at a senior level that progress was incremental in nature. We were dealing with the challenge of alignment: the making of connections with people, communicating effectively and accurately, and the actual transitions in the way we thought and practiced throughout the system.

PHASE ONE OF OUR JOURNEY

We began our efforts with the labeling of our work**. "Move to Improve" – Transforming Me, You, Us, and the Community Together".** It caught on as the slogan for our campaign. Collateral materials were developed so that we could constantly communicate to all where we were on our journey weekly. We shared the successes of our staff and leaders in bringing about meaningful change in their work and the ideas and ways that people came up with to improve the culture, etc. Though primarily used internally, we shared versions of our publications with the public, vendors, donors, and physician groups. We desired to hold ourselves accountable to each other and to those we served in the communities we represented.

In the first month we held a kick-off, two-day exercise with all our leaders, which initially focused on a look back at our past and then on to the present environment. Our goal was to identify and learn about who we thought we served, where we seemed to have internal engagement, resistance, volume of activity, intensity of service, diversity of thought, connections that existed across organizational lines, and adequacy of our communications, etc.

We wanted to create a snapshot in time of what we thought our culture might be and what it looked like through the eyes of our leaders. Discussions were active, and participation was high for this session.

It was important for us to remember that we had numbers of leaders who worked at the health system for many years who might or might not want to embrace this initiative. We needed their support if we were to be successful. And, we had a cadre of new leaders who had recently joined Palomar Health with experiences from other cultures who would have different sets of biases and impressions about their new organization.

All were challenged to identify two or three changes that they would like to see occur that would make us a better health system – whatever "better" meant to them!

Upon completion of the first half of this retreat, we found participants expressing several themes that we would later put to the test with **a group of "culture champions**". These themes would eventually serve as our "ideal" goals for the new improved culture state. They were articulated as follows:

- We needed to be an organization that was passionate about the provision of safe IDEAL patient care.
- We needed to be unified and accountable to each other as staff and leaders
- We need to be inspired to do our best each day and be motivated to come to work
- We needed to be innovative in our thinking and in our approach to care
- We needed to embrace the power of words

On Day Two of our session, we focused on what we might need to do in order effectively transition to this "new state of being". All ideas and suggestions were on the table for consideration. We asked our senior leaders to imbed themselves within respective groups of leaders at the director and manager level and to participate with groups that they did not have responsibility for working with daily. The discussions and reporting out were fulfilling though sometimes tense. The fact that all were open and transparent set a tone for dialogue and building of trust that had previously not been a part of the health system's character.

A summary of this portion of the meeting noted the following:

- For this culture building effort to be successful, it would require ending of procedures and approaches to the way we presently thought and went about our work. It would mean we needed to be able to "let go" and "say goodbye" to the way we were used to doing our business. This would clearly create a sense of loss, possibly fear, for some individuals and groups and that we would need to find a way to address this critical issue.
- It would require a willingness to enter a period when leaders and staff would need to make structure out of ambiguity. Having never been through such a process, Palomar could experience a sense of chaos, excitement, fear, or anxiety, etc. This would have to be addressed in a timely manner at a system-wide and local unit level.
- It would necessitate the actual creation of new beginnings, giving individuals the opportunity to rewind, star over, change positions, etc. We needed to recognize this could create the need for new learnings and acceptance/tolerance for risk and failure as we grew. Individuals throughout the organization, including leaders, could be at different levels of acceptance of our efforts and under those circumstances, could de-rail the ability to stay focused on our goal of improving the culture.

PHASE TWO OF OUR JOURNEY

Following our culture assessment exercise, we spent the next month in completion of a perceptual analysis of our leaders' views of the world at Palomar Health and whether they were internally or externally focused. We tested out the same with hundreds of our staff using focus groups. We also looked at whether they saw the organization as "Control Oriented" (stable, orderly, predictable) or "Flexibly Oriented" (adaptable, organic, agile). In evaluation of the results and feedback received at all levels of management and staff, we quickly concluded that we were working with four segmented perceptions of our culture. For each of the respective groups that represented these dominant themes of how they saw our world, there were underlying feelings about the other themes as well.

We based our summations on the work of **Kim Cameron of the University of Michigan**. The perceptions were as follows:

- That of being “Clannish” – (the clear majority of leaders and staff). Individuals whose practices were in support of team members interested in preserving a friendly extended family environment and one where values of loyalty and traditions were the culture’s most important features.
- That of being “Hierarchical” – (the clear majority of directors and managers). Individuals who preferred formal structured environments where the values of standardization, predictability and consistency defined the culture.
- That of being “Market-Driven” – (fewest numbers of managers and staff). Individuals who focused on results and where achievement of goals and “being the best” defined their perception of the culture.
- That of “Adhocracy” – (mixed numbers of staff and leaders). Individuals desirous of maintaining a creative work environment where values of involvement and risk-taking defined their primary view of the culture.

As one might expect, in an environment that was internally focused with a history of long-tenured staff and leaders, we found ourselves to be very clannish and hierarchical in nature. Yet, there was a clear intellectual understanding across all lines of the system that Palomar Health needed to be nimbler and more creative if it was to compete and survive in the marketplace.

	Clan	Ad Hoc
Dominant organizational characteristics	Personal, like a family	Entrepreneurial, risk taking
Leadership style	Mentoring, facilitating, nurturing	Entrepreneurial, innovative, risk taking
Management of employees	Teamwork, consensus, and participation	Individual risk taking, innovation, freedom, and uniqueness
Organizational glue	Loyalty and mutual trust	Commitment to innovation, development
Strategic emphasis	Human development, high trust, openness	Acquisition of resources, creating new challenges
Criteria for success	Development of human resources, teamwork, concern for people	Unique and new products and services
	Hierarchy	**Market**
Dominant organizational characteristics	Controlled and structured	Competitive, achievement oriented
Leadership style	Coordinating, organizing, efficiency oriented	No-nonsense, aggressive, results oriented
Management of employees	Security, conformity, predictability	Competitiveness and achievement
Organizational glue	Formal rules and policies	Emphasis on achievement and goal accomplishment
Strategic emphasis	Permanence and stability	Competitive actions and winning
Criteria for success	Dependable, efficient, low cost	Winning in the marketplace, outpacing the competition

Sources:
1. http://www.changingminds.org
2. Diagnosing and Changing Organizational Culture by Kim S. Cameron, Robert E. Quinn

Cameron’s Model as graphically displayed

The challenge for the senior team was how to maintain the positive attributes that come with a family-oriented culture with a minimum level of bureaucracy found in a hierarchical environment. At the same time, we needed to introduce throughout the system the desire to be more market driven and the “laying on of hands” in more innovative and creative ways. All of this needed to occur in a union environment where stability and equality were the watchwords of their leadership.

We utilized the percentages of staff perception in each primary category and then sub-category and the levels of each in departments as the baseline from which we would work. We would then be able to measure perception of change by area over time through repeat assessments and compare such to changes in actual metrics associated with patient, employee, Palomar Health physician engagement, quality outcomes, and financial performance.

Our senior team believed that if we drove towards the ideal culture goals through local and system wide projects, our overall outcomes of care would improve dramatically. The key to all of this would be in how front-line leadership handled the transition to this new world rather that execution of change from the top down.

PHASE THREE OF THE JOURNEY

Once we had an impression of what our culture looked like and could compare such to an "ideal" state, we needed to better understand the level of buy-in we might see from our leadership and their intellectual and emotional willingness to be of support to staff during the transition journey. We asked them to complete a classic work **style self-assessment developed by Richard N. Stephenson**. Feedback from this activity would help us devise educational programs, group and individual coaching sessions, and communications mechanisms to be of direct assistance to them. As they went about completion of projects in their areas that focused on reducing gaps between present and future state, we could help them with issues that might arise and keep them moving in a forward direction.

The assessment helped our senior management team determine that we had **four groups of leadership styles.**

1) The first group (Hawks) consisted of those that liked to be in charge, move quickly and aggressively and enjoyed competition. They did not do well with ambiguity. These were leaders who wanted to be recognized and appreciated for their accomplishments. They valued status and authority. Our challenge for this group would be in how to get them to be more patient, softer in style and less task driven. They were very market-driven already.
2) The second group (Doves) consisted of those that utilized their personal interaction skills to develop "people" relationships and foster collaboration and teamwork. These leaders disliked conflict, tension and aggressive behavior from others. They valued harmony above all else. They wanted to be liked and needed. Our challenge for this group would be to find ways to help them become more market-driven, to develop a tolerance for honest disagreement, and to become more comfortable with change and uncertainty.
3) The third group (Peacocks) consisted of those who were creative in thought and looked to constantly find ways to innovate to get their work done. These leaders valued self-expression and the stimulation that comes from dealing with everyday problems. They had difficulty with rules and authority. They wanted to be the center of attention and to be recognized and rewarded for their efforts. Our challenge for this group would be how to help them become less impulsive, manage their time better, talk less and listen more, and use their energy to bring others along on the culture journey.
4) The fourth group (Owls) consisted of those individuals who loved to focus on attention to detail, practicality, analysis and use of logic. These leaders needed plenty of accurate data to make decisions. They valued good judgement, others who were calm and rational in resolution of problems, and those who did high quality work. They sought out more responsibility and autonomy as their form of recognition and reward. Our challenge for this group: get them to focus on a bigger picture, help them not get caught up in the detail, to become more open to change, to become more comfortable with spontaneity, and to move with a greater sense of urgency.

The use of the self-assessment tool allowed us to tailor programs and projects to address culture gaps in their respective areas of responsibility, recognize the challenges to be faced, and positively impact work styles in achievement of the "ideal" objectives.

Our senior team knew that work with their directors, managers and supervisors would be messy, not always cohesive, and would have many "fits and starts". Further, they might lose some leaders along the way. Understanding where each of them were, however, could help identify ways to engage in a positive manner to propel the journey forward. It would also give the organization the opportunity to identify new leadership talent that could be groomed for growth positions in the future.

PHASE FOUR OF THE JOURNEY

To bring about a culture shift at a grass roots level, we needed to find a way to garner trust of our staff in the process we were about to undertake. We did not want them to believe that this was simply one more management initiative on the part of the senior executive team. If we could gain the support of the "informal" leadership of our health system, then we would have the opportunity to be successful. Our efforts in this arena were based, once again, on the groundbreaking work of Kim Cameron, PhD. of the University of Michigan who has done much research in building positive leadership teams and who we cited earlier in this paper.

We began the process of creating a group of what would later be called **"culture champions"**, a cross section of informal leaders at all levels and from disparate parts of the organization who could serve as facilitators, cheerleaders, educators, supporters, and motivators. These individuals (the "GO-TO" People) were peers whom staff respected and looked to for advice and counsel. Each organization has such a cadre of team members. When they get behind an initiative, activity, or project and help to bring about its completion, the opportunity for success grows exponentially. This group could help us work through:

- Development Changes – ways to enhance work to improve present performance based on what was already known and practiced.
- Strategic Changes – ways to replace what existed with something entirely new and different
- Transformational "BIG Bang" Changes – ways to move from one state of being to another.

Their involvement and work, if included in our efforts correctly could help us bring about credibility and trust in formal leadership, create better work force engagement, improve on-going communications across all levels of the organization, bring about a desire for stronger leadership development initiatives and simply improve day to day metrics of performance. This new team could become the sustaining glue we needed to hold people together on this journey, particularly during the transition period.

The key to success of this initiative would be in our ability to identify and select a "diagonal" slice of Palomar's employee population, help them grow as leaders, assist them in effectively managing several projects at a time with the units they would be imbedded within while maintaining ties to their own departments every day.

The staff members selected would need to:

- Have credibility with their peers
- Be well-liked
- Be competent in completion of their jobs
- Demonstrate an aptitude for facilitation on an informal level
- Be available to assist units and departments
- Have strong interpersonal and communication skills
- Display a positive outlook on the work they did
- Have a desire to work to make the organization better; and be able to buy into the goals established
- Have no disciplinary issues

The selection process, known as **energy mapping**, involved the following steps:

1) First, we asked staff to nominate individuals they believed were their "GO-TO" leaders over a two-week period. This was the only criteria for selection on their part. Over 1700 individuals were named. The range of nominations went from staff who received one vote to staff that received 30 to 50 recommendations and crossed departmental lines.

2) Second, we sat with our directors and human resource leaders, using the criteria previously outlined and eventually identified 120 champions.
3) Third, the 120 employees were further vetted regarding their work records: attendance, previous participation in health system educational and community activities, future leadership potential, and to, a lesser extent, tenure with the organization, and job hopping within the system other than for promotions. 100 people were finally selected to participate.
4) Fourth, we identified 80 individuals who could work on departmental projects and would be willing to participate after visiting with them and 20 who could serve as alternates should there be culture champions who might have to drop out of the initiative for personal or work-related reasons. We recognized that the project, if it stayed true to its course would take at least 12 to 16 months to be successful.
5) Fifth, upon selection of the cohort, our senior leadership team with the assistance of the finance function (part of their buy-in into the project) put together a budget for our "Move to Improve" journey and a compensation level for the champions. The hours spent in this endeavor and monies applied to it were not to be taken away from the dollars these individuals were paid for completion of their day to day duties. We wanted to assure our leaders and staff that they did not have to feel constrained when one of their peers was not available for work because of activity associated with their "culture" effort. They would be missed enough since they were key performers in their own areas. In the end we agreed to compensate staff at flat amounts and paid them for their time to travel to and from geographic areas.
6) Sixth, we created "meet and greet" socialization sessions put on by our organizational development staff in concert with our senior executives. We wanted them to get to know each other, learn about this new role, answer questions they might have about the process and get them excited about the important part they would play in the health system's growth over the next 12 months. It was evident when we got them together that many of them already knew each other which reinforced the positive nature of the project and created its own level of credibility and stature. Their interest level and excitement were palpable in each of the sessions held.
7) Seventh, a series of educational programs were developed to help these new leaders:
    - Improve their group facilitation skills
    - Enhance their own emotional intelligence capabilities
    - Complete the same cultural and leadership assessments we asked our leaders to undertake
    - Gain a better understanding of the organization's structure and operations
    - Enhance their mentorship and coaching skills
    - Understand and appreciate the challenges associated with change management and the transition process
    - Develop a comfortability with the senior leaders and directors that they may not have interacted with in the past
8) Eighth, culture champions were assigned to work with leaders other than in their own work areas. We wanted them to be able to have a level of objectivity when entering a new area. And, as the leaders of units or departments would identify culture improvement initiatives, culture champions could solicit feedback from staff as to what they saw as the cultural challenges to be faced. This would be shared with the formal leaders to determine whether everyone was on the same page as to what needed to be worked on first. It presented other opportunities for communication and discussion at the grass roots level.

Senior leaders were assigned to meet with small groups of culture champions every two weeks during the first 6 months of the project and monthly thereafter. The intent was to create a mechanism to appreciate the concerns, challenges, progress being made by the latter group. Their efforts helped to build a level of communications, comfort and openness with the process, and a level of continued visibility for the journey.

PHASE FIVE OF THE JOURNEY

As we were taking off with the Culture Champion work, we held culture forums with all our staff on all shifts to discuss our journey, why it was important and to help validate the goals established by the health system's leadership team in creation of the ideal culture.

We asked staff to provide input as to whether the goals made sense. Again, our goal was to make sure we were tracking together. We also used this vehicle to introduce them to the "Culture Champions" concept and the individuals who were ultimately selected to be a part of the steering group for this journey. These were individuals that the staff nominated. We wanted to make sure we closed the loop with them on the cohort selected. **The sessions were extremely well received with over 95% attendance.** Based on the receptivity to these forums we agreed to hold another series of sessions within 6 months to be followed by annual sessions thereafter. This approach to communications would help us share the progress we were making as an organization and by department/unit and give us the opportunity to recognize individuals and groups that were making outstanding progress in shifting culture within their areas. They were very celebratory in nature and used to keep up the sense of urgency for change.

PHASE SIX OF THE JOURNEY

With our assessments completed, forums held, culture champions named, our next phase of work was to identify with each of our respective leaders, gaps they observed in achievement of their desired culture goals in their areas of responsibility. Projects were framed at the unit and departmental level with input from staff that could be completed, and efforts measured within a 12-month period. It was less about the size of the projects and more about the impact of transition that served as the basis for agreement on project work. These initiatives were included in performance goals for each of our leaders. The same was true for senior leadership relative to their areas of accountability as well as for goals that would cross the entire organization. If they were each going to expend the energy and time necessary to facilitate a transition to a new world then we believed they should be recognized and rewarded for the effort. Again, we were looking for ways to tie the work back to what they were expected to do every day in the performance of their jobs.

Our "Culture Champions" met once a month as a group to provide feedback to each other on the following: progress being made, challenges faced, where they experienced management or staff resistance to the process, and to report out to the senior management team on the successes they had over the previous 30-day period and what they anticipated over the next 30 days. Most importantly, these sessions gave them additional opportunities for socialization with each other. They also served to help us identify leadership development programs that could be of help to them to improve their own performance.

The Cultural Transformation Journey

Over the next 12 months we experienced a dynamic change within the health system, one of greater participation, communication, and demand for involvement from staff on many levels.

When we announced that a new hospital was to be built to replace the flagship institution and that the older facility would be repurposed for other ambulatory and in-patient activities, staff, physicians and leadership requested that we use a similar vehicle for the design and build of the new hospital. They all wanted to be included in the process in a meaningful way if we were truly going to build the "hospital of the future". I will leave that for another case study. That hospital by the way was ranked as the best built hospital in America by the American Institute of Architects and recognized as the most forward- thinking, innovative institution of the time in 2012 and 2013.

This work led to the establishment of a physician leadership program to parallel that which was being done with nursing leadership as part of their recertification "Magnet" accreditation journey and culture champion education.

They understood that it would be important to bring the new culture we were looking to create into the confines of the new facility and remodeled older hospital. The announcement alone helped to further a "sense of urgency" to achieve our desired culture state and an environment where patients and families truly came first. It should be noted that during this period departmental **employee engagement scores went up to the 85th percentile and physician engagement scores moved to the 65th percentile.** Patient engagement scores that were in the lowest quartile moved to the 65th percentile and continued to climb.

Staff looked for ways to reduce expenses and labor productivity markedly improved. The organization saw a turnover drop from 12% to less than 6%. Quality metrics put the health system in the top quartile of performance.

Palomar Health System received the California Baldrige Award and was named the Outstanding Hospital District in the state of California. An initiative to become the first health system in California to become a part of the Mayo Clinic Care network became a reality based largely on the quality indicators of performance achieved.

RESULTS INCLUDED:

- Top Turnover reduced 50%
- Top quartile quality metrics
- California Baldridge Award
- First Health System in California to become part of the May Clinic network
- Bond ratings improved to AA
- OEBIDA up 100% to 8%
- Union contracts approved for four years
- Named Most Outstanding Public Hospital System in California
- One of the Best Small Health System in the US by Truven Analytics

Outside organizations that measure health system performance recognized the institution for improvements made. These included the Joint Commission, the American Society for Human Resources, Truven Analytics, responsible for the selection of the best run hospitals in America for Modern Healthcare magazine. Bond ratings improved to A+ and AA ratings

The health system offered a $500 million bond issue for the new hospital that the citizens of the district passed by over a 70% margin. **OEBIDA moved from a steady 4% a year to over 8**%. Extended contracts (4 years) were approved by Palomar's two unions. They were the longest contracts approved at the time in California. Kaiser Permanente established a formal affiliation with Palomar Health rather than build a second new hospital. That allowed them to replace their present institution. Leadership at Kaiser cited the significant improvement in the culture and physical environment to be created as a key factor in their decision.

When the organization conducted another culture survey amongst the leadership and staff, the scores for adhocracy (being innovative) and market driven improved by 10%. Clan scores remained level and Hierarchy scores dropped by 10%. In looking at culture scores related to improving the patient's safety experience ("ideal" patient care), staff indicated in their surveys that it had markedly improved and that the organization was doing a better job of holding each other accountable. Communications had improved as evidenced by the employee engagement score trends.

SUMMARY

Palomar Health achieved its purpose in repositioning its culture to compete in an extremely challenging health care environment within a 12 to 16-month period of time. The key to its sustainability in the future

would be in its maintenance of its effective succession planning program at the senior executive, director and manager level and through its efforts to continue culture champion building at the grass roots level. The intent of the champion program, once their work was complete, was to allow them to return to their former areas of responsibility to help lead in those settings. Over 25% of them have been promoted to formal positions of leadership enabling the organization to grow a new crop of champions to continue the journey. It is the belief of the author that given the willingness and commitment of time by other health system leaders to undertake a similar process that they will have the same level of success if not more than the Palomar Health System achieved. Our future will always be culture driven.

MEET THE AUTHOR

Mr. Michael Covert is a proven and recognized national leader in the healthcare industry with extensive and progressive success generating organic and acquisitive growth of healthcare systems, turning around underperforming businesses, developing forward-thinking enterprise strategy, and creating industry-leading efficiencies in hospital operations. As CEO of four major healthcare organizations, Michael has built an impressive record of identifying the future needs of an organization and securing internal and external resources to invest in them, leading the strategic planning to drive growth through M&A, alliances and new revenue generating services. A Galloway Affiliate, he has a Master of Health Administration and a Bachelor of Business, both from Washington University in St. Louis.