

# The leader as a strategist report

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The Leader as a Strategist Report Holly A. Shones Argosy University

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In late 2009 Mayo Clinic (MC) updated the vision, mission and strategy of the institution to better align with the ever changing healthcare industry. The primary value at MC is “ the needs of the patient come first”. The mission is “ to inspire hope and contribute to health and well-being by providing the best care to every patient through integrated clinical practice, education and research”.

The vision is “ Mayo Clinic will provide an unparalleled experience as the most trusted partner for health care”. The four strategic requirements at MC are “ solution and hope, trusted and affordable, knowledge to delivery, and transforming health care delivery” (Mayo, 2012a). According to Porter (1996) it can be useful for a company to look at the history of the business and implement the strategy of the past with a modern twist. An approach such as this can help to re-energize a company’s strategy and gain the commitment of the employees to carry out the strategies in their daily activities.

The idea of “ the needs of the patient come first” was originally attributed to Dr. William Mayo. By aligning the vision, mission and strategy of the institution around the value of the Mayo brothers, MC is able to inspire employees to work towards the goal of the mission statement. In the past MC relied on reputation and word of mouth to attract new patients. The patients had to travel to a physical location for a consultation and/or treatment. The institution did not advertise and was very low key.

Only in the past several years has MC considered how to reach the large market population which is unable to access healthcare from MC with such a

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narrow view of the target market segment. The economic situation of the late 2000's and the uncertainty of healthcare reimbursements has required MC to take a new look at possible patient populations in order to remain competitive in today's market. The new motto at MC for targeting customers is " Mayo here, there and everywhere" (Mayo, 2008). MC is expanding its target market to include populations other than the core business of patients visiting the physical sites.

MC is now expanding the target market to include people globally through partnerships in other countries including India, Sweden and the Czech Republic (Springer, 2011). The institution even has a space at the Mall of America in Bloomington, MN in order to reach more patients with health and wellness information (Adams, 2011). The healthcare industry is becoming increasingly more customer driven rather than physician driven. MC is starting to utilize the Internet to reach out everywhere to empower people to take control of their healthcare decisions.

Patients are using the Internet to research medical issues. They want to be informed and understand the choices in their own healthcare plan. MC provides accurate information on diseases and possible treatments via the Internet. Another way MC has expanded beyond its physical walls is through a collaborative venture with an outside partner to create medical applications for cellular phones (Pesek, 2012). The institution is working on e-Consults and AskMayoExpert sites so physicians at other locations can tap into the knowledge of the MC team.

The institution is expanding its sphere of knowledge through an affiliated practice network in several locations within the United States. The affiliated

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practice network allows other medical institutions within the network the ability to draw on MC's knowledge. Through the creation of affiliated practice networks MC's " new strategy is to extend the Mayo Clinic's geographic reach without building costly new facilities, spending money to acquire hospitals or consolidating with another health system" (Tocknell, 2011) and at the same time meeting the needs of the patient here, there and everywhere.

Another recent addition to MC is The Center for Social Media to bring to the forefront the importance of social media use in healthcare for this generation and the generations to come. With the new target market strategy MC will continue to grow and come closer to the vision of the institution. " Strategy is the creation of a unique and valuable position, involving a different set of activities" (Porter, 1996, p. 68). MC has delivered value to patients through its integrated approach to healthcare. The physicians are compensated a flat rate salary rather than compensated based on number of patients seen or procedures done.

The physicians are able to fully focus on the patient's medical issues during consultations without considering their own financial gain from the visit. Dr. William Mayo stated in a speech in 1910 " The best interest of the patient is the only interest to be considered" (Fox, 2010). This statement has been a cornerstone of the Mayo culture and work practice since its inception. Through the team based approach of Mayo's model of care, MC is able to provide superior care compared to other institutions which do not have the team knowledge.

Mayo is able to perform similar activities in different ways compared to other healthcare institutions due to the team based philosophy and the integrated approach to healthcare delivery. Porter (1996) considers this key to strategic positioning. MC's sustainability is different from the competitors due to the reputation of the institution. MC is able to attract and retain a well qualified workforce in all areas. MC was rated as the third top hospital in the nation in 2011 (U. S. News ; World Report, 2011).

In addition, MC ranked 71 out of the top 100 companies to work for this year (CNN Money, 2012). MC is able to build on the institutions past reputation to create their unique position in the healthcare market. MC has implemented several new areas or themes to stay ahead of the competitors, also. MC is focused on innovation within healthcare with the creation of the Center for Innovation. To align with the four strategies, MC is investing in cutting edge research and continuing education. The institution recently created three new Centers.

The Center for Regenerative Medicine which is focused on ways to healing damaged tissue and organs, the Center for the Science of Healthcare Delivery which is focused on using scientific method to bring efficiencies to medicine, and the Center for Individualized Medicine which is focused on " leveraging genetic knowledge to find treatments, identify risks, or determine the right drug or dosage for patients" (Discovery's Edge, 2012). By remaining at the forefront of discovery and translational science MC is able to stay ahead of the competition.

The investment into the innovative centers will be the conduit which will allow MC to be able to achieve the mission of providing the best care to

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every patient through integrated clinical practice, education and research. The strengths of MC as a formidable competitor are abundant, but there is always room for improvement. Dr. William Mayo stated “ If we are satisfied, we are lost” (Mayo, 2011). Table 1 is a SWOT analysis of Mayo Clinic. One of the most important strengths for MC would be its reputation as a world class healthcare facility which helps to reinforce brand recognition.

Our reputation has been built on the institution’s patient centered approach to healthcare, education, training and team environment. The institutional reputation has helped with recruitment of quality staff, also. In order to recruit and retain staff, MC offers many career development opportunities such as tuition assistance, continuing education classes and other seminars to increase staff satisfaction. Compensation trends for job classifications are monitored on a yearly basis and salaries are adjusted every year to stay competitive as a way to attract and retain quality employees. Mayo’s strong financial performance is another strength.

MC had an operating margin of 6.5 percent in 2010. In 2011 the operating margin increased to more than 7 percent (Mayo, 2012b). Since Mayo is a non-profit organization the profit is reinvested into the future of healthcare. MC announced the institution will reinvest \$3.5 billion on capital projects in the next five years which will be spent on information technology, equipment, facilities and other strategic investments (Snowbeck, 2012). With such a great financial performance, MC is able to act on opportunities such as telemedicine and cutting edge research to strengthen their position in the healthcare market.

The use of electronic medical records (EMR) at MC is an important strength. It enhances the collaboration between teams by allowing any staff member who needs access to a patient's medical record to have immediate access to the data. The EMR system increases efficiency and quality of care for the patient.

SWOT Analysis

STRENGTHS \* Brand recognition \* Reputation \* Patient-centered approach \* Strong financial performance \* Quality of staff \* Electronic medical record integration.

Three shield concept - Practice, Research, Education \* Senior leadership's commitment to the vision and strategic plan|

WEAKNESSES \* Decision making process - execution of plans are slow \* One Mayo concept slow to implementation \* Quality differences perceived across campuses \* Size of institution continues to grow increasing communication challenges \* Geographical location|

OPPORTUNITIES \* Ability to be a leader in healthcare reform - influence government \* Pioneer in healthcare delivery science \* Innovation through new strategic initiatives \* Telemedicine \* Scientific advances with new technologies|

THREATS \* Healthcare reform/every changing political climate \* Aging population \* Increasing healthcare expense vs. diminishing healthcare reimbursements \* Competitive market \* Reliance on philanthropic gifts \* Increased dissatisfaction in healthcare among the general population |

Table 1 - Mayo Clinic SWOT Analysis Some of the weaknesses which MC faces are related to the size of the institution and the philosophy surrounding decision making. MC is a consensus led institution with many levels of oversight committees.

Projects are vetted by many individuals within the organization before they are approved. Mayo thinks about their reputation and is risk adverse in many

decisions made. As the institution continues to grow it is becoming more of a challenge to communicate throughout the organization in a personal way. MC continues to add small healthcare sites into the Mayo Clinic Health System. Leadership is working towards a one Mayo concept, but it is a slow process to integrate the newly acquired institutions within Mayo. Each new site has different systems and processes which must be integrated into Mayo's system. As Mayo expands its presence there is a perceived quality difference by other campuses.

As an example, I am working on a project within the Institutional Review Board (IRB) to integrate four new Mayo Clinic health sites into the electronic system. The sites will be able to submit research protocol applications electronically at an enterprise level rather than each site approving their own research protocols. I have seen first-hand that staff at one location does not believe the quality of the review of the protocols at another site is sufficient. Attitudes such as this can lead to a breakdown of teamwork across the sites. The geographical location of MC can be seen as a weakness, also. The campuses are not located in large metropolitan locations. The weakness will decrease as the use of telemedicine increases. Exciting opportunities in healthcare are happening at MC.

With the discussion of healthcare reform at the governmental level, MC has been tapped as a resource for discussion surrounding what healthcare should look like in the future. The institution can influence future governmental decisions on healthcare to spread the mission and vision of our institution. As MC continues to invest in the new strategic initiatives of healthcare delivery, regenerative medicine and individualized medicine the



doors of opportunity to change health care delivery and increase translational science to practice in a shorter time than in the past. With new technologies healthcare is changing on a daily basis which allows for many new opportunities for discovery of better ways to meet the patient's needs. Telemedicine is an area of great opportunity for Mayo, also.

It could become a fast, efficient way to diagnose and treat patients which cannot physically travel to a MC campus. MC faces threats in the healthcare industry, though. The current state of healthcare reform is in flux. The political climate is continually changing. In addition, healthcare expenses continue to rise as reimbursements continue to decline. The payer mix is changing as the baby boomers are covered by Medicare. Medicare reimbursement is less than the other payers. As the population ages, revenue will decrease. The institution must discover new ways to increase efficiency and quality at the same time. Another financial weakness is the fact that a large portion of Mayo's research funding comes from the National Institute of Health.

As an employee in the research arena, I know the institution does not know what the next year's governmental budget will be. Each year the selection of grant recipients grows more competitive with fewer grants awarded. Loss of the research funding would have a huge impact on the institution. Another threat is the reliance on philanthropic gifts to support Mayo's mission. In 2011 \$318 million was donated to support Mayo (Snowbeck, 2012). A poor economic climate can cause a decrease of benefactor gifts which would be a threat to the continued success of MC. Finally, the general dissatisfaction in

healthcare among the general population could be perceived as a threat to the institution.

MC must realize that healthcare can no longer be a physician driven business, but must become a customer driven business. The internal environment at MC is team based and focused on collaboration to accomplish our key value of “ the needs of the patient come first”. MC is a physician led institution. The person in the CEO position must have an MD. The structure of the institution is team orientated. The Board of Trustees determines the direction of MC operations and strategic plan. The Board of Governors is the executive committee of the Board of Trustees. There are Management Teams throughout the institution to ensure the strategies and operation directive are effectively executed by all departments under Mayo leadership.

Executive Operations Committees direct the daily operations within the institution. These board and committees are part of Administration. The Management Teams and Executive Operations Committees are present for all three shields at MC. There are Chairs for each department within the three shields to help with the daily direction of operations. The direction of the institution comes from top leadership, but each department is given flexibility to determine the best way to accomplish the strategies set by the institution. To help reinforce the strategies, MC has adopted a project plan template which includes a section which requires the project group to think about how they will accomplish MC’s strategy with each project.

Figure 1 is an example of the project charter (Mayo, n. d. ). Strategic Alignment| People| Processes| Create the healthcare workforce of the future  
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that sustains Mayo's values (People) D1. Improve staff's ability to deliver high value care a. Facilities/Equipment b. Training/support for process changes \* Implement individual provider scorecards including quality and cost metrics (outcomes, safety, service, cost, competence, adherence to standardized practice guidelines) \* Invest in continuous staff development to improve staff satisfaction and retention \* Increase diversity of staff and development of diverse staff \* Improve leadership training and mentoring Increase the number and skill of physicians and clinical and basic scientists engaged in generating new knowledge \* Increase our capacity and skill in comparative effectiveness and health care delivery research| Transform Mayo Clinic's knowledge management and healthcare delivery process (Process) \* Provide solutions and hope for patients a. Clinical Trials b. Implement Individualized Medicine into the practice c. Regenerative medicine d. Advance commercialization of research discoveries research discoveries \* Standardize, improve effectiveness (outcomes, safety, service), and reduce cost a. Standardization b. Outcomes ; Safety c. Service d.

Manage to Reimbursement \* Explore new payment mechanisms \* Generate, evaluate, integrate, and manage knowledge and information a. Information b. Knowledge c. Delivery \* Create global value-adding relationships, alliances, and partnerships a. Patients and Consumers b. Providers C6. Increase our offerings for health and healthy living| Primary Operating Objective (Choose one from above, need sub-objective where applicable):| Secondary Operating Objective Optional (Choose one from above, need sub-objective where applicable):| Figure 1 - Project Charter Example In some

ways MC is ahead of the curve by the use of systems to coordinate work throughout the organization. In other areas it is still a work in process.

The EMR system is an excellent example of systems working to enhance communication, collaboration and coordinating between groups in the institution which aligns with the strategies of the institution. Finance has been working on a system to help with financial management forecasting and planning. The system is rather new and all of the functionality of the system is not being utilized at the current moment. The culture at Mayo is consensus and collaboration. The organizational culture is an enabler for the institution's strategy in most cases. All employees are able to speak up and discover areas which need improvement. They are also given the chance to create solutions.

MC works diligently to communicate the strategy to everyone. They create internal videos highlighting the vision, mission and strategies of the institution called " The Mayo Effect. There is a website dedicated to the subject. The culture at Mayo is everyone plays a part in the needs of the patient come first even if you do not have any patient contact. There is a sense of pride to be part of such a noble cause. Sometimes the culture can be a hindrance to the strategy, though. Innovation can be difficult at times in a consensus driven institution. By the time everyone agrees or accepts an idea, another group outside of Mayo could have run with the innovative idea.

Another issue is the risk aversion created with consensus decision making. When you are risk averse, it is difficult to be innovative. Mayo incorporates Kouses and Posner's five practices of exemplary leadership throughout the institution. The following summary highlights some of the ways Mayo has

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been able to model the way, inspire a shared vision, challenge the process, enable others to act and encourage the heart. Modeling the Way \* Setting a positive example: The founders (Will and Charles Mayo) strong belief in helping individuals, researching for solutions, and educating future care givers. Later generations of healthcare individuals are also highlighted. Achieve small wins by creating opportunities: Staff, physicians, and administration are empowered to promote and/or implement cost saving ideas or patient centered healthcare improvements. \* Stand up for what you believe in: Mayo's Three Shields are displayed throughout the organization reminding employees of practice, research, and education. Inspiring a Shared Vision \* Envision an uplifting future: Websites and media promote a patient advances, success stories, and innovation improvements. \* Let others know how you feel: Patients, external/internal focus groups, and external organizations are regularly polled for feedback, which is used to improve the organization. Believe in the organization: " We can do anything we set our mind to" is often a common quote used by staff. Challenging the Process \* Search for Opportunities: Teams of improvement agents are available to evaluate and act upon suggestions. \* Experiment and Take Risks and Challenge the Status Quo: Funding a leading " Center of Innovation" \* Adopt the " great idea" of others: Entire division devoted to quality improvements throughout the entire institution. Enabling Others to Act \* Always say " we": In publications, both print and electronic, " we" is commonly used. " One Mayo" philosophy. \* Strengthen people by making them heroes: Mayo allows staff time off to volunteer.

It is not uncommon to find physicians playing music for patients, management in blue jackets directing patients, or staff donating blood. \* Value teamwork and trust: Consensus and collaboration are key words within the organization. Encouraging the Heart \* Recognize individual contributions: Mayo recognizes volunteers and staff who go to extraordinary lengths to support patients or make a difference in healthcare delivery. \* Celebrate team accomplishments: "Team excellence" awards are distributed and highlighted throughout the organization. \* Motivate others: Management are encouraged to write "thank you" notes to staff and may include a small discretionary gift card as recognition. Overall, Mayo is taking great strides towards achieving some lofty strategic goals.

As long as everyone continues to remember the patient's needs come first when making decisions which will ultimately affect outcomes, Mayo will stay competitive in the healthcare industry while at the same time delivering the best healthcare outcomes to people throughout the world. References Adams, J. (2011, August 10). Mayo Clinic opening high-tech outpost at the Mall of America. Retrieved from <http://www.startribune.com/business/127497038.html> CNNMoney (2012). 100 Best Companies to Work For. Retrieved from [http://money.cnn.com/magazines/fortune/best-companies/2012/full\\_list/](http://money.cnn.com/magazines/fortune/best-companies/2012/full_list/) Discovery's Edge (2012). Research Centers. Retrieved from <http://discoverysedge.mayo.edu/de11-1-research-centers.cfm> Fox, F. (2010, December 2). Clinic Guide. Retrieved from <http://www.clinicguide.org/the-best-interest-of-the-patient-is-the-only-inter>