



Complimentary ebook

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commit to care



CICARE and “World Class Practices” are Born

Effective leadership depends upon influence, not control. This influence is reflected in a leader’s ability to paint such a compelling picture of the future that colleagues can embrace the vision and enlists others in its pursuit. At UCLA Health Sciences this pursuit led to a dramatic elevation of patient satisfaction scores from around the 35th percentile to around the 95th percentile.

Bindu Danee, Unit Director of Oncology/Hematology/Stem Cell Transplants notes, “From my perspective, senior leadership sold managers on the importance of creating a patient care revolution at UCLA. More importantly they specifically outlined the behaviors needed to achieve our goals and gave us the structures to guide us along the journey.” Those guidelines came in areas of communication, courtesy, respect, and professionalism.

Specific communication behaviors were highlighted through a template called CICARE (pronounced See – I – Care). CICARE is an acronym for actions that include:

CONNECT - with the patient/family members using Mr./Ms., or by their preferred name

INTRODUCE - yourself and your role.

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COMMUNICATE - what you are going to do, how it will impact the patient, etc

ASK - and anticipate patient and/or family needs, questions or concerns.

RESPOND - to patient and/or family questions and requests with immediacy.

EXIT - courteously explaining what will come next or when you will return.

CICARE reflects a broad set of communication behaviors that can be practiced by everyone in a healthcare setting including food service, housekeeping, administration, volunteers, nurses, and doctors. This CICARE template was further augmented with guidelines referred to as “World Class Practices” addressing issues that go beyond the process of respectful communication.

At UCLA these care practices have been codified into a document titled “World Class Practices: My Commitment to Care” which is discussed when a prospect seeks a job at UCLA and that is signed by all employees prior to being hired. Requiring employees to sign such a document obviously does not assure that the employee will live up to their commitments but the signing process has several positive leadership benefits including:

1. A clear baseline for expectations of universal caring behaviors.
2. A delineation of leadership’s priority on customer “care.”
3. A behavioral commitment from the employee.
4. The message that peers will be held accountable to service behavior in interaction with patients and other staff.

While the first two leadership benefits are fairly obvious (setting expectations and highlighting the importance of those expectations), the very act of securing a behavioral commitment does affect employee behavior. While human beings do not always act in accord with their commitments, social psychologists have established that people attempt to be internally consistent. That is to say that we try to behave in accord with prior statements and commitments. By securing a verbal or written commitment, leaders increase the likelihood staff will attempt to align their behavior with that commitment. Additionally, the “World Class Practices” document highlights the broad target of care. For example, caring behavior is not reserved exclusively for patients, but it is also a way of interacting with other staff. The document specifically highlights, “My commitment to fulfill these communication, courtesy, respect, and professionalism expectations recognizes that I would want to be treated in a similar fashion as a patient or co-worker. My personal pledge to the UCLA Health System is to conduct myself in a manner that will model caring for my team and others.” The language of the “World Class Practices” document appreciates that a fundamental component in achieving buy-in to any leadership initiative is a willingness to address the “what’s in it for me?” question for those you lead. At UCLA, engaging a

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commitment to care leads to compassionate treatment of patients, to increased institutional strength, and to an environment where each employee reaps the benefits of respect, courtesy, and teamwork.

In addition to having the “commitment to care” included in the orientation process, UCLA leadership has taken the behaviors outlined in that document and placed them in the job description of all employees. Those job descriptions are also accompanied by language that acknowledges “employees will be responsible for fulfilling these expectations on a daily basis as they apply to each position and they will be measured in the performance evaluation process.” Amir Rubin, COO, notes, “Although we make it clear that you need to meet our caring expectations, our ultimate goal is to develop talent in the direction of maximum caring not punitively respond to performance gaps. We need to assure that people don’t willfully disregard these expectations but we are more interested in encouraging people to grow in their service professionalism.” It has been said that people change either from inspiration or desperation. UCLA leadership has chosen to inspire a service movement by encouraging personal accountability for service skills development.

Your Diagnostic Check-up

- How aligned is your senior leadership team when it comes to a vision of service excellence? What can you do to increase that alignment?
- Have you placed the “face of the customer” in all aspects of your business discussions? Do you start meetings with customer service stories? Have you elevated your corporate vision to address aspects of compassionate care of customers?
- How have you identified the specific communication behaviors you would like to see in all interactions with customers?
- Have you outlined a broad set of service behaviors that represent expectations for interactions with colleagues and customers?
- Are customer service behaviors included in the job description of all employees?

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leave **NO** room for **ERROR**



Priority plus Communication Consistency

From a leadership perspective, the clarification of priorities around a safety is just the first step to a process of constant communication and organizational execution. Amir Dan Rubin, Chief Operating Officer at UCLA, notes, “We’ve seen dramatic changes in various aspects of our culture when we apply a disciplined process to drive change. That is evident in the transformation we’ve experienced in patient satisfaction scores. As a result, we have learned steps necessary to drive organizational excellence and we attempt to replicate those steps in all important aspects of our mission. I call these steps our ‘operating system’ and the elements of that system are as important to the development of our safety culture as they are to our service culture.” By referring to these processes as an operating system, Amir emphasizes that long-term success for creating a safe business depends upon establishing processes that “ubiquitously run in the background like a computer’s operating system.”

Much like other senior leaders at UCLA, Amir Dan Rubin believes that the operating system should be anchored to organizational values, mission, and purpose. He also suggests that an operating system must be buttressed by the consistent communication and involvement of senior leaders and managers. Much like the creation of a service revolution, Amir adds that alignment has to be reflected in selection, training and development priorities and in the creation of performance and improvement management tools. Once safety priorities are set,

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they must be translated into actionable goals and performance objectives. In turn, measurement tools and useable analytics need to be provided. Amir notes, “In our case we made these analytics available as computer dashboard items and we link performance on those objectives into regular performance reviews and budgetary planning processes.”

In essence, to have a culture embrace safety, leadership must:

- 1) Identify it as a priority.
- 2) Connect it to values.
- 3) Select, orient and train for that which is valued.
- 4) Set critical targets.
- 5) Develop meaningful measurements.
- 6) Offer usable and timely data to guide quality improvement.
- 7) Monitor, reward, celebrate, and constantly problem-solve ways to move performance in the direction of targets.

By contrast to this disciplined operational approach to a safety culture, Dr. Rosenthal, Chief Medical Officer notes, “All too often, in many businesses safety can become a matter of reactive problem-solving to unsafe events. The event that happened this morning becomes the most important event and people respond with individual corrective actions or by assembling a safety improvement team. That team gets excited about working on the problem but after a few months with no similar events, a more pressing issue captures the safety attention.” While there will always be some level of safety reactivity, the key to a safety culture is developing the operating system that allows you to keep making progress on important priorities so there is less need for crisis reaction.

Your Diagnostic Check-up

- What are you doing to consistently hold safety as a corporate priority?
- How are you addressing safety awareness in your selection, orientation and training processes?
- Have you set safety targets associated with your core objectives?
- What usable measurement and analytic tools have you deployed to track progress to your objectives?
- How would you describe the bulk of your safety focus? (reactive - comprised largely of quality improvement committees addressing past

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breakdowns or proactive - tracking and managing progress toward desired outcomes)

MAKE THE BEST BETTER

UCLA's 2009 U.S.News Rankings

| Specialty | United States | Southern California |
|--------------------------------|---------------|---------------------|
| Geriatrics | 1 | 1 |
| Urology | 4 | 1 |
| Digestive Disorders | 5 | 1 |
| Eyes/Ophthalmology | 5 | 1 |
| Psychiatry | 5 | 1 |
| Rheumatology | 5 | 1 |
| Kidney Disease | 7 | 1 |
| Neurology and Neurosurgery | 7 | 1 |
| Ears, Nose & Throat | 8 | 1 |
| Diabetes & Endocrine Disorders | 8 | 1 |
| Heart and Heart Surgery | 10 | 1 |
| Gynecology | 10 | 1 |
| Cancer | 11 | 1 |
| Orthopedics | 13 | 1 |
| Respiratory Disorders | 17 | 2 |

Quality and Timeliness

Let's assume you have the "best of the best" products or services and customers come from great distances to acquire them. Can your consumers get that product or service when they want or need it? As many can attest, US healthcare is not known for the timeliness of its delivery, although some would argue that other healthcare models perform worse on timely access. Whether you have waited for what seemed to be an interminable period to see a doctor, experienced delays in scheduling a procedure, longed to have your name finally called in an emergency waiting room, or anguished during the wait for an important lab result, healthcare often requires great patience. At UCLA and other cutting-edge healthcare centers, leadership is constantly looking for ways to make sure that care is received based on an individual's prevailing need and is delivered in as timely and flexible way as possible.

According to Dr. Michael Steinberg, UCLA Chair of Radiation Oncology, the outpatient clinic had evolved into a place where timely patient scheduling didn't seem to be a priority. Dr. Steinberg notes, "It was almost like there had been

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some cap of how many patients you would put on a machine. So we decided to look at how we were doing business and expand treatment times to convenience the patients' schedules. In the process, it turned out that we also scheduled patients more quickly which was a great benefit to them." In the process of reanalyzing the timeliness of service delivery, Dr. Steinberg's department went from treating approximately 55 patients a day to a department that now routinely treats over 100 patients daily and peaks at about 125. Most noteworthy to Dr. Steinberg, "Ramping up to these numbers—to a place that we had never seen before—was very difficult on the staff at first, but patients were more satisfied with the quality of our care when we were seeing more of them. Quality can be delivered in a timely way, if you are willing to make changes to meet the needs of your customers."

Dr. Michael W. Yeh, Assistant Professor of Surgery and Medicine and Program Director of Endocrine Surgery at UCLA, similarly addressed challenges of the timely delivery of care when taking over leadership of his program. "One of the things that always bothered me about healthcare when I was a patient was that it seemed so difficult to access. The limiting factor in medicine isn't technology; it's healthcare professionals not helping patients navigate in a foreign environment." Dr. Yeh even suggests that medical settings can become hostile for patients who are often vulnerable and emotionally overwhelmed. In light of this vulnerability, Dr. Yeh notes that some healthcare providers have moved in the direction of amenitized care, where concierge services are offered to patients. Unfortunately, not all of the providers who make care extremely comfortable are also delivering the highest level of clinical outcomes. Dr. Yeh adds, "It occurred to me that if you have the choice between having all the polish and not necessarily the intellectual muscle or going to another institution, say UCLA, that has all the intellectual muscle but could use a little more of the polish, the organization with substance would be in an enviable position." As a result of this observation, Dr. Yeh decided to add polish to patient access in the Endocrine Surgery program. "When I started here, I structured things so that we would be accessible—there would be no phone trees; there would be human beings. I answered my own phone for the first year; you always got a person when you called."

Dr. Yeh distinguishes between a surgeon and a technician by the degree to which the surgeon advocates on behalf of the patient. According to Dr. Yeh, "To advocate for patients you have to take the time to know them and put systems in place to help them receive care. Inevitably there will be tests that have to be done, further tests, and coordination. If you have a patient that comes from Abu Dhabi, that patient will likely be provided some help, but if you have an elderly woman from central California, how are we going help her get around?" To make the process less daunting to patients, Dr. Yeh created a "help desk" resource. A

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phone line was created to help patients with any problem they encountered. Dr. Yeh notes, “If you are a patient of ours, we will coordinate all your appointments on the same day so you won’t have to travel as often. If you get lost, you can call our number and we’ll guide you around this huge campus. What I realized early on was there were a lot of system problems that were too big for me to tackle as a junior professor. My goal, however, was to create a little bubble around my micro-culture so that things could work within our program the way I thought they ought to work.”

Dr. Yeh is quick to point out that Endocrine Surgery patients are often fairly similar—young, outpatient, and technologically sophisticated. Because of those characteristics, Dr. Yeh reports that he has been able to leverage technology to ease access and speed recovery. Because much of the treatment involves carefully monitoring endocrine function markers prior to surgery, Dr. Yeh uses online technology to have patients send him daily results. Dr. Yeh reports, “By using remote technology and doing our homework up front, we can achieve the right diagnosis, find exactly where the tumor is, focus down our operation, and treat you with medications to make sure the operation can be done safely. The payoff for you is a smooth, focused operation and you stay at UCLA only a short time.” Timely access to a variety of procedures through remote technologies and doing the detailed “homework up front” has allowed UCLA’s Endocrine Surgery program to release patients more quickly, when compared to national averages.

Dr. Patricia Kapur, Chair of the Department of Anesthesiology at UCLA, echoes this approach of viewing quality in the context of ease of access. “As far as anesthesiology goes, we have been looking at a number of different ways to elevate the quality of our patient access across the many different venues where we work. Here in the hospital, we’ve been working on the preoperative patient experience because we have a large catchment area and people travel great distances to be evaluated. Rather than making everyone travel to us with their medical records and complete an evaluation in-person, we’ve used technology to significantly reduce the number of patients who need to make an additional pre-surgical visit. In the evaluation suite, we do a telephone and electronic screening where the patients have the surgeon’s office send over as much as they can by means of a fax server. The private MD or cardiologist sends in their records in a similar manner. We review all that information, speak to the patient, talk to the doctors’ offices, and we’ve gradually gotten to a point where 80% of our patients don’t need to make a time-consuming trip. Our goal is 90%. We’d like to make a connection without having the patient incur the cost and time expenditure to travel.” Dr. Kapur acknowledges that there are patients with special circumstances that must be seen in person but that quality care requires

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streamlining processes based on the level of contact needed, not based on the historic practice patterns of physicians, clinics, and other providers.

In addition to averting unnecessary travel in the preoperative evaluation, Dr. Kapur notes that the arrival experience of patients requiring anesthesia has also been improved. “We’ve reorganized how we receive the patients here on the morning of a procedure and even before they arrive. Traditionally, the anesthesiology assigned person would try to call the patient the night before a surgery but in approximately 40% of the cases we weren’t able to reach the patient. By trying to make contact so close to surgery, we ran the risk that some information would be missing and we might want additional studies that would not be possible unless we changed the surgery schedule. By switching to an electronic system, we are getting more information on patients earlier. On the day of surgery we have assigned our house staff to the holding area and have positioned them in a way that addresses all the important transactional efficiencies needed to streamline the process for the patient. This has all taken a great deal of work but quality healthcare isn’t about producing excellent outcomes in a vacuum. Those outcomes must be delivered in a timely and empathetic manner.” Throughout UCLA Health System, administrators, doctors, nurses, and line staff are looking for ways to deliver care in the timeliest manner possible. In the words of Dr. Kapur, it is not enough to offer quality outcomes if the patient’s time is not valued in the process.

Your Diagnostic Check-up

- What are some areas where the “this is the way it’s always been done” thinking gets in the way of changing in the direction of timely customer-centric delivery?
- How do you customize your service based on the demographics (age, distance, technology skills, interests) of your customers?
- Do you define quality in terms of timeliness of service/product delivery?
- Consistent with the work of doctors Kapur, Yeh and Steinberg, what have you done in your business to address timely product delivery? What opportunities continue to exist for streamlined service?

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CREATE THE FUTURE



“Let’s Give it a Try”

Much of great innovation results from simple trial and error. Leaders who encourage their staff to look for opportunities to make a difference for those they serve often end up with the greatest competitive advantage. These leaders typically examine the business case for taking steps in the direction of a staff idea and then offer direct nominal resources or limited trial opportunities to test the viability of the concept. If the concept fails to meet expectations the effort can be scrapped and if it exceeds expectations, the idea can be nurtured until it is self-sufficient. This “let’s give it a try” approach has led to some impressive programs at UCLA. As was the case in the prior chapter, examples of “front-line” trial innovation efforts are so diverse and prolific at UCLA that you will only be provided a few examples of this innovation approach in action. Unlike breakthrough technologies and blockbuster drug innovations featured in the previous chapter, this chapter’s “soft breakthroughs” have more to do with customer care program development.

People-Animal Connection

In 1994, UCLA was among the first hospitals in its area to explore the possibility that the presence of animals could have positive benefits in a hospital

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environment. According to Jack Barron, Jr., Director, UCLA People-Animal Connection (PAC), “It started with a dog visit and a fish tank on the cardiac care unit.” Anecdotally, the presence of animals early on seemed to reduce heart rate, improve respiration and lower blood pressure for patients awaiting a heart transplant. Jack notes, “For the moments that the dog was on the patient’s bed, that person was not thinking about a surgery or the prospect of a transplant.”

But anecdotal findings would not necessarily sustain a novel program at UCLA, so the original director of PAC, Kathie Cole, RN, MS, CCRN, set out to explore the empirical benefit of the human/animal bond. According to Kathie, “What compelled me to pursue the research study itself was the attitude conveyed to me and several others before and during the current People-Animal Connection program development at UCLA Medical Center. The concept of doing a ‘dog visit’ was considered ‘nice’ or ‘cute’ when in fact it was much more than a thoughtful gesture. I believed that it was important to establish scientific evidence to show specific psychological and physiological effects.”

To that end, Kathie and Anna Gawlinski, RN, DNSc, and Director of Evidence-Based Practice at UCLA, embarked on a study which involved 12-minute visits between dogs and patients to discover what effect those visits had on blood pressure, heart and lung function, anxiety, and stress levels. Seventy-six hospitalized patients suffering from heart failure were included in the study. These patients were randomly assigned to either have a visit from a human volunteer and a dog, a visit with a human volunteer only, or no visit at all. In the group that received the human volunteer/dog visits, the dogs would lie on the bed so patients could touch the animal while interacting with the volunteer and the dog.

The researchers then measured patients' hemodynamics (blood volume, heart function and the resistance of blood vessels). These measures were taken repeatedly just before the 12-minute visit, eight minutes into the interaction, and four minutes after the visit. Researchers also evaluated epinephrine and norepinephrine levels at each of these three points and provided a test of anxiety before and after each intervention.

Results of the study showed that dog visits improved lung and heart function, reduced harmful stress hormones and decreased anxiety by 24 percent. The research validation of PAC coupled with the obvious emotional delight of patients has fueled UCLA to create one of the premier animal-assisted therapy programs in the country.

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UCLA's PAC has been given national recognition in *NewsWeek*, *Los Angeles Business Journal*, and *Los Angeles Times*. It also has been featured on NBC's *Today Show*, and a video about PAC was nominated for a News Emmy. Several PAC teams have been the recipients of special awards for their work at UCLA. The Joint Commission on Accreditation of Healthcare Organizations (JAHCO) uses PAC protocols to advance animal-assisted therapy on a national and international basis and PAC has been a benchmark that has assisted the development of many other animal-assisted therapy programs.

On a day following a PAC team, I watched a treatment-resistant patient completely reverse course and engage in care once they saw that a dog would be involved. Subsequently, that same team was dispatched to a staff area to offer comfort to nurses that had just encountered a stressful patient situation. Jack Barron notes, "The PAC teams are of service to the staff and patients alike. I get calls all the time. Most are for patient visits, but some request visits for nurses, interns or residents because of certain situations. Dogs are here for the staff too. We need to spend time with people, especially those who are reaching out and asking for visits. It improves their day even if it's a 30-second or a one-minute encounter. They tell us all the time, 'Thank you for sharing your dog with us, because I've had a horrible day.'"

Kit Spikings, a former trauma patient and volunteer coordinator for the patient liaison program suggests that PAC delivers on in its mission for patients and staff alike. "I e-mail Jack every week with comments from patients and doctors. For example, I was holding the hand of a woman who had been in an awful auto accident. She was lonely, scared and frightened and then one of Jack's dogs came in. This woman had been moaning and groaning for six hours. This dog got up in the chair, starting licking her face, and all was okay. She stopped experiencing pain, as the dog brought her pleasure. A lead ED doctor came by and simply said, 'Unbelievable.' That dog did what morphine and two other drugs had not done and in the process lifted the moods of all of us who worked with the patient."

The teamwork of the owner and dog are obviously integral to engaging patients. Jack notes, "PAC volunteer-dog teams offer companionship and warmth to more than 500 critically ill children and adults per month, plus dogs form instinctive bonds with patients of all ages, cultures, and socioeconomic levels. I think we have the highest standards and I am very protective of this program. We have a lot of very ill patients in our hospitals and I really want to have the best volunteers and the safest canine that I can to come in and do their job."

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To increase the lasting impact from the animal visit, the human volunteer offers to take a Polaroid™ picture that can be left behind. However, even something as simple and important as a photo memento requires ongoing innovative considerations in a hospital setting. According to Jack, “We are still using Polaroid™ cameras and there is a little bit of Polaroid™ film that is still out there. Unfortunately, Polaroid™ shut down part of their division and that poses a challenge for us. A highlight of the visit for the patient, besides the fact that they got to have that dog in the bed, is that Polaroid™ keepsake picture of them. If we run out of film and we don’t find something else acceptable to use, the patient will be denied that special memory. Finding a replacement is not as easy as you might think, given HIPAA requirements. A Polaroid™ stays in the room, can’t possibly be replicated and is for that patient only. Digital photos and most other options don’t meet those criteria.” Jack continues, “While issues like Polaroid™ pictures may seem like a small thing to some, this is an important issue for us. Sometimes a patient will stop me on the street years later and they will recognize me and say, ‘Look what I have here, my Polaroid™ of your dog Joey on my bed back in 2003.’ It’s amazing that people would carry that picture with them years later.”

Despite the success of the PAC program, it must run on its own merits and live on the tireless work of the PAC volunteer teams. Moreover, its operating budget is fueled exclusively by donations. Jack concludes, “Some of our greatest innovation is finding funding streams to keep the PAC work moving forward. We have come a long way since 1994 but we are always hustling to avoid extinction. We can always use the support of those who believe in our cause.”

PAC is an excellent case study in saying “yes” to an idea, encouraging validation of outcomes promised in the concept, building a leading program around the successful concept, and transitioning the business unit to be fully independent and financially sound. Extraordinary leaders are slow to say “no”; they listen to staff suggestions, seek additional data at times, and give a rationale when ideas do not seem viable. In cases where a concept has promise, those leaders gently support the idea, at least on a trial basis.

Massage Therapy

Ross Scales and his massage therapy services at UCLA are an example of this same “yes/then we will test it out” leadership mindset. Ross was an Emergency Department (ED) technician who went to massage school on his own. He saw the tired, scared families in the ED, and asked Chief Nursing Officer Heidi Crooks for permission to offer massages to these people on his off-hours. Upon receiving support from Heidi, Ross also collaborated with an oncology nurse supervisor, Mark Flitcraft, to use massage to assist cancer patients with pain management.

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The success of those trial efforts expanded to collaboration with yet another supervisor, Ellen Wilson, and a formal massage therapy program was created.

Ross's program has now expanded system-wide and he travels to offer massage services at different campuses. Ross reports, "The process of building this program was simply amazing. At UCLA, if you have what you think is a good idea it gets heard. This is my baby and I have an ownership stake in its success. My manager, Heidi Crooks, really got the ball rolling and she is a major part of its launch. She fell in love with the idea and championed it from there. Other leaders were open to this possibility and because of their receptivity we have opened up the benefits of massage to patients, family, staff and leadership."

From the staff perspective, massage has been integrated in the UCLA Wellness Program and when Ross comes to a staff lounge to offer a chair massage he sees "people who give so much getting a little bit of something back to revitalize them." When patients and families receive a massage, Ross indicates that they react fairly uniformly. "They are typically excited and look for nurturance and relief. With family members, they are often stressed and worried and our time together becomes not just a massage, but a catharsis of sorts. They come in and talk while I am massaging. Sometimes they'll cry a little bit and let some of that anxiety out. It's a very rewarding personal experience."

In addition to the financial viability, profile and popularity of the program (for example, massage therapy services are listed in the patient admission manual), leadership has gained a helpful nurturing tool in the face of service breakdowns. Coupons for massages from Ross's program are a standard part of the service recovery kit available to managers throughout the UCLA system. Managers can offer those coupons (among other things) to patients and family members who have experienced a service issue at UCLA. Ross's program went from trial offering to a system-wide resource for patients, families, staff, and leaders. Often strong staff ideas come full-circle. At first they rely on leadership to serve those ideas and in the end the ideas turn out to serve the entire organization including leadership.

Your Diagnostic Check-up

- Do you provide an environment that lends itself to your staff feeling comfortable in offering innovative ideas?
- What recent suggestions of your staff make business sense and should be given trial support?
- How effectively have you helped your team seek data to validate the viability of their program concepts?

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- Have you been able to help your staff steward start-up programs to full financial independence?
- What breakthrough programs (e.g. PAC and the UCLA Massage Therapy) can you use as examples to inspire similar program growth throughout your organization?



Service Economics—Profitability and Customer Referrals

As early as 1982, Morris Holbrook and Elizabeth Hirschman wrote about the importance of emotional experiences in the marketing and sale of products and services. The concept gained a wider audience in 1999 when James Gilmore and Joseph Pine authored a book titled *The Experiential Economy*. As that title implies, Gilmore and Pine declared our entry into a new economic era. Just as agrarian economies gave way to the industrial age, Gilmore and Pine suggested that we had moved from a time where customers sought transactions or services to one where customers crave emotionally relevant experiences. Using the company I wrote about in my book *The Starbucks Experience*, Gilmore and Pine demonstrate the increasing revenues which businesses can achieve when they move from a service orientation (coffee served in a convenience store for \$1 per

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cup) to staging experiences in a living room environment (a \$4 per cup price point for coffee presented in an emotionally engaging setting).

Despite the economic theory and anecdotal examples advanced by Gilmore and Pine, scientific research was somewhat slow to support consistent economic benefits for adopting a high service, let alone a high experience business strategy. Initially, many case examples were available showing improved brand differentiation and substantial profits linked to service consistency and the creation of relevant customer experiences. Later, empirical findings from wide-ranging sources validated the concepts of customer experience theorists. Some of the findings that are most relevant to corporate decision-makers include:

Even in difficult times, 50% of consumers will pay more for a better service experience.

Only 14% of customers report that they leave a business for product reasons.

68% sever a customer relationship because they were treated poorly by a staff member.

Companies successful in creating both functional and emotional bonding with customers had higher retention rates (84% vs. 30%) and greater cross-sell ratios (82% vs. 16%) compared to companies that did not.

The average value of a customer is 10 times their initial purchase.

The cost to attract a new customer is 6 times the cost to save one.

Low service-quality companies average 1% return-on-sales and lose 2% market share per year.

High service-quality companies average 12% return-on-sales and grow 6% per year.

Similarly, Steve Downton, Hillbrand Rustema and Jan Van Veen, authors of the book *Service Economics*, report on three years of research funded by Oracle analyzing the service industry. The goal of the research was to uncover and understand productive service/experience strategies and examine if excellent service environments really do produce tangible financial rewards. According to the authors, companies that successfully execute a high service value strategy enjoy annual growth rates of 20-40%. By broadening the role sales people play and functionally availing them to serve as trusted advisors (not transactors of

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sales), businesses on average enjoyed a 20% sales increase. Companies that effectively made improvements in customer experience and gained a 5% increase in customer loyalty consistently derived profit increases at or above 25%.

The body of research amassed on service and experiential economics suggest that it is wise and prudent to invest in customer experience enhancement. Some analysts, however, have argued that the economics of customer experience do not apply to healthcare. John Goodman, BS, MBA, Vice Chairman, and Dianne Ward, BS, MA, Senior Account Manager, for TARP Worldwide, writing in *Patient Safety and Quality Healthcare* explain the distinctions commonly cited between healthcare and non-healthcare sectors: “Most industries have readily accepted that improved customer service will lead to increased customer loyalty, increased revenue, and an enhanced bottom line. However, the healthcare industry has lagged in accepting this concept for several reasons:

Customers are not loyal in the traditional sense because they usually wish to avoid using the healthcare system except when necessary, and most executives believe they go to the health facility to which their physician sends them.

Most customers are insulated from price due to health insurance, and often fail to care about cost, only wanting the best, newest procedures.

Clinical care is often viewed by physicians as completely separate from traditional customer or administrative service (which is viewed as the admissions, billing, and ‘hotel’ aspects of a medical encounter).

Clinicians believe great medicine will gain forgiveness for poor service (reinforced by television shows such as *House*).”

Goodman and Ward go on to disapprove these alleged differences by analyzing TARP Worldwide’s research regarding healthcare delivery. Most notable among these findings are conclusions that the patient experience delivered by physicians IS as important as the experience offered by other staff when it comes to determining patient loyalty.

Word of mouth reports of patients about their healthcare experiences has as much impact on potential patients as it does on physicians who make referrals. In fact, TARP Worldwide research shows that referring physicians were greatly influenced by the reports of their patients regarding the way they were treated at referral facilities. In essence, referring physicians had more patient loyalty than

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loyalty to physicians where referrals were made. Additionally, Goodman and Ward note, “It is possible to quantify the revenue and risk reduction impact of improved experience in a manner that both the chief financial officer and clinicians will accept and appreciate. Eliciting and more effectively addressing complaints from patients and their families can lead to double-digit improvements in patient satisfaction scores and reductions in risk costs.”

UCLA’s journey to large double-digit improvements in patient satisfaction scores and commensurate increases in profitability validate the findings reported by Goodman and Ward and support Gilmore and Pine’s views of the experiential economy. Whether it is healthcare or a non-healthcare related business, customer satisfaction is fundamentally connected to profits and the long-term success of your company. It’s time to examine your likely ROE.

A Multifactorial Upsurge – With Service at the Center

At the departmental level, Brenda Izzi, RN, MBA, UCLA’s Chief Administrative Officer for the Department of Radiology, clearly sees a connection between service and profits. “We are experiencing our best financial years and are trending upward. We’ve seen a number of the private imaging centers fold in the last five years as our volume has grown. I attribute our success directly to improving the patient experience and creating better access. Obviously, we are also always improving our product but we have a fundamental awareness of the importance of service in our setting. Enhancing the patient experience garners support not only from our patient base but from referring physicians as well. Part of our service focus is demonstrated through our desire to offer education not only to our own people but also individuals who might come into contact with a medical radiology environment in an emergency situation like fire departments. Our department is part of annual training for those agencies. We are also answering phones more quickly and reducing call abandonment rates. We are listening intently to customer needs and when we identify a unique customer opportunity we try new things. If our new approach fails, we go back to the old way. From a leadership perspective we realize we have to get out of our comfort zones to create relevant customer experiences.” The Department of Radiology reflects a positive connection between enhanced patient experience and unprecedented financial results but are those trends demonstrated throughout the UCLA Health System?

UCLA’s Chief Financial Officer Paul Staton believes that commitment to service has significantly contributed to positive economic growth throughout health sciences. “You have to be careful in ascribing cause when there are so many factors that affect financial performance but certainly a passion for elevating

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service seems to be one important factor. If you go back to the early 2000's, we were operating in the range from breaking even to making a slight profit at UCLA. It was a very difficult time for the medical center. When senior management turned over some years later, a whole different set of strategies was brought into play. Those approaches had fiscal elements like controlling cost structures and more effectively evaluating staffing needs but a centerpiece was improving customer care and satisfaction. Those efforts put us on the road to a better financial future." Paul indicates that while cost controls were an important aspect to UCLA's increased profitability, "Improving customer care and enhancing patient experiences leads to positive satisfaction scores and enthusiastic patient reports. Improvements in customer satisfaction, coupled with quality outcomes and cost-control directly translate into favorable contract conditions when we negotiate with insurance companies. Engaged customers strengthen our reputation and build the best type of referral business—word-of-mouth recommendations." From Paul's perspective, organic business growth is sustainable by building effective cost-control infrastructure, exceeding the service expectations of your existing customer base and driving referral business through quality outcomes and emotionally connected experiences.

CEO Dr. David Feinberg understands the difference between correlation and causation but is convinced that the co-occurrence of service enhancement and UCLA's profitability are more than coincidental. "I know if we graph our dramatic improvements in patient satisfaction wherein patients are acknowledging they got the right treatment at the right time and that our people communicated well, it's the exact same graph as our increased profitability. Increased service and satisfaction is paying for itself more than 8,000 times over. Beyond that, our efforts to emotionally connect and deliver patient-centric care is strengthening our referral business and availing us new customers. But even with the achievement of the highest patient satisfaction scores for academic medical centers there is more room for us to wow every customer every time. If we achieve that, I'll stop all my marketing because patient and family referrals are better than any marketing we can do."

Increased focus on both service and customer-centric experiences has contributed to substantial elevations in customer satisfaction and parallel increases in profits at UCLA. Comparative outcome data regarding safety, quality, and patient satisfaction (which is currently available online) will become more readily accessible to consumers. Performance on these quality and patient experience measures should play a greater role in the way healthcare facilities are reimbursed. Given these trends, the link between consumer choice, profits, and reported satisfaction levels will increase.

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As is the case with businesses in non-healthcare sectors, more than 40% of consumers already research healthcare services online and 60% report using the information they gain from that research to make a decision on a healthcare provider. Twitter, Facebook, and consumer review websites increasingly present healthcare tweets, posts, and customer opinions that are considered by prospective patients. Ultimately, if you want to know if service matters in your business you need only ask on-line prospects who are making purchase decisions based on reports of customers who are blogging about the service they received from you.

Your Diagnostic Check-up

- How do Gilmore and Pine's views on the "experiential economy" relate to your business? What insights can you draw from the research supporting the link between service and experiential economics?
- In what ways is your business delivering "service" versus "experience?"
- If you could identify the emotionally relevant experience you wish to provide for all your customers or for specific customer segments, how would you articulate the "ultimate customer experience?"
- In order to measure your ROE (Return on Experience), what outcome measures would you target—revenues, organic growth, customer retention, cross-sell?
- Do you accept that your business growth is dependent upon building an effective cost-control infrastructure, exceeding the service expectations of your existing customer base, and driving referral business through quality outcomes and emotionally connected experiences? If so, which of these areas in your business are most in need of improvement?

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About this “Prescription for Excellence” ebook

This ebook was created from excerpts of Dr. Michelli’s **Prescription for Excellence** book. It previews each of the five principles outlined in the book published by Second River Healthcare Press and McGraw-Hill.

About the author Joseph Michelli, Ph.D.

Joseph A. Michelli, Ph.D., is an internationally sought-after speaker, author, and organizational consultant described as “catching what is right in the world and playfully sparking people and businesses to grow toward the extraordinary.” Dr. Michelli transfers his knowledge of exceptional business practices through keynote presentations that explore ways to develop joyful and productive workplaces with a focus on the total customer experience. His insights encourage leaders and frontline workers to grow and invest passionately in all aspects of their life.

Dr. Michelli worked for over a decade as a medical psychologist in a hospital setting. Subsequently, he served as an organizational development specialist for a large hospital system. Dr. Michelli helped hospitals in that system create a unified corporate culture, implement patient service initiatives, enhance staff engagement, and merge cultures when that system joined with another hospital group.

Dr. Michelli's other **Wall Street Journal**, **BusinessWeek** Magazine, and **USA Today** best selling books include, **The Starbucks Experience** about service excellence at The Ritz-Carlton Hotel Company and **When Fish Fly: Lessons for Creating a Vital and Energized Workplace** which was co-authored with the owner of the "World Famous" Pike Place Fish Market in Seattle. His next McGraw-Hill release will be **The Zappos Experience**.

Dr. Michelli consults and speaks worldwide. Through keynotes, workshops and consulting services, Dr. Michelli helps enhance patient-centered care delivery as well as patient and staff engagement. He has been featured on television programs such as **The Glenn Beck Show** and **CNBC's “On the Money”** and has conducted hundreds of radio and print interviews.

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Additional Complimentary Resources

The "Michelli Musings" quarterly electronic newsletter available at
www.themichelliexperience.com/publications/newsletter.html

Customer Experience Video Series on BusinessWeek Online at
http://businessweek.com/managing/joseph_michelli_customer_experience/

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