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Shifting Innovation and Value from “Buzz Words” to Powerful Strategic Initiatives

By Mark Dubow

Proactive transformation is critical to your success. This applies across all portions of the health care continuum, yet it is not accomplished through a “one size fits all” formula. Instead, it entails each organization applying its optimal blend of three forms of innovation, and adopting a more comprehensive definition of and maximizing the value delivered to key constituents.

Today’s abundant changes and challenges have prompted management teams and boards to take a short-term (often monthly or quarterly) focus on operational imperatives (These tend to be tactical in nature and often appear in annual Top 10 lists of actions to take). Yet, it is crucial to recognize that the drivers of change in our local and regional markets extend beyond those operational issues, include at least the following three dimensions of innovation and require sustained attention. Each type of innovation has the potential to contribute different forms of value (refer to diagram).

- Care management innovation (e.g., post-acute care preferred provider networks, hospital at home);
- Technological and clinical innovation (e.g., Apple’s Healthkit, Scanadu’s medical tricorder, vHealthspot’s physician kiosks, ZocDoc’s online appointment booking, MediBid’s name your price purchasing, Organovo’s 3-D bioprinting); and
- Innovative non-traditional partnerships (e.g., cardiovascular program-Under Armour-grocery store-pharmacy).

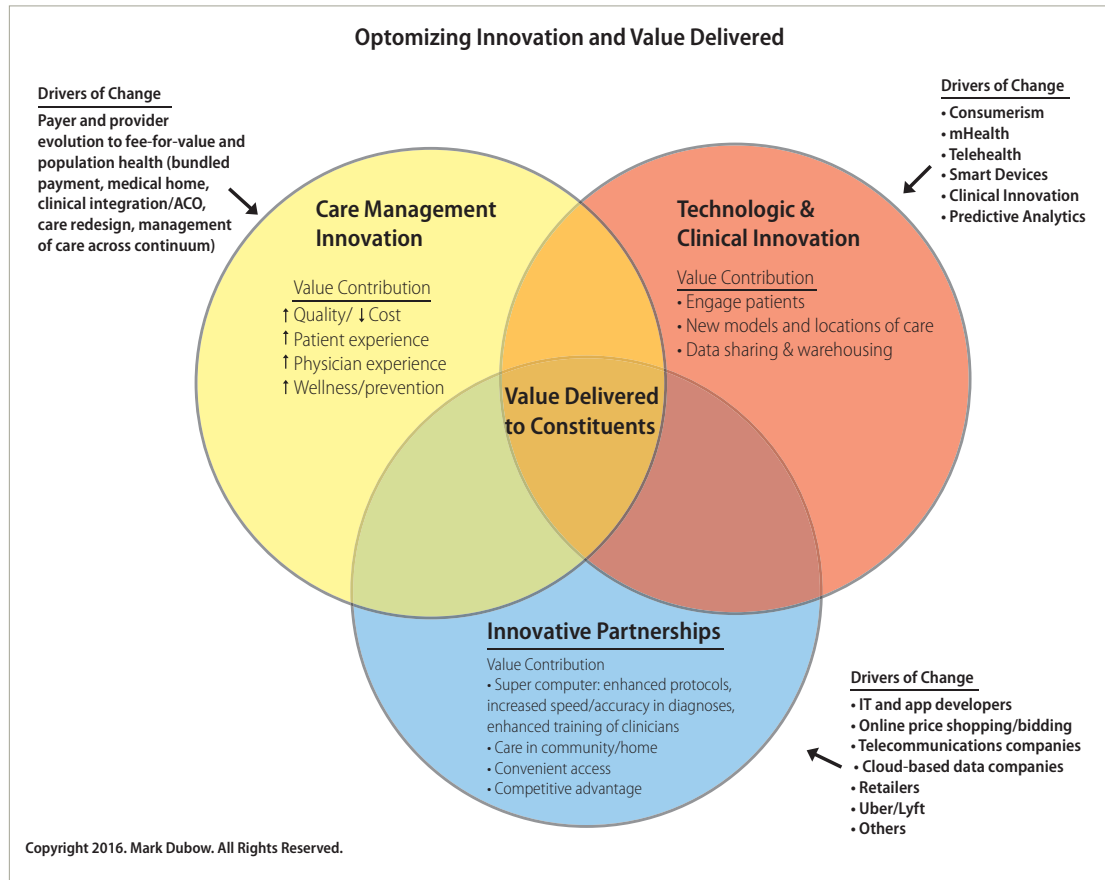
What converts innovation from being merely a curiosity to being essential for surviving and thriving is its potential to deliver the forms of value sought by patients, physicians and other clinicians, employers and payers (collectively, key constituents) as they select the providers to utilize for health care services or include in their delivery networks.

Differentiating on value and maximizing the degree to which it is delivered is a significant contributor to an organization’s market position and ultimately its financial performance. For this reason, it is critical to shift the process of building value away from being a short-term operational tactic to a series of on-going strategic initiatives. Selecting discrete components among the three types of innovation and optimizing the integration of those initiatives (the degree of overlap of the circles) becomes a strategic necessity. Collectively, doing so enables the organization to transform its role and ensure it remains a critical component of the health care landscape rather than simply a cost center subject to endless compression.

The following statements are both a guideline and a means of gauging your organization’s readiness to transform. If you cannot answer “yes” to one or more of these points, it’s time to be proactive:

- We have sufficient perspective on the drivers of change, and the associated imperatives and opportunities for our organization.

(continued on next page)



- We have identified those innovation initiatives that enable us to infuse the related value elements we need to enhance market penetration and financial performance. We have prioritized a selected number of those initiatives and have a clear sense of focus.
- Our current performance specific to delivering on each of the value elements is strong and they enable effective differentiation relative to our competitors. Our internal and external customers fully understand our distinction.
- We have identified potential new non-traditional strategic partners. We have clarified where we desire to be proactive versus reactive in forming those relationships. We have the

perspective and skills needed to evaluate and implement potential new relationships.

- Innovation and value maximization are regular agenda items in our management and board meetings.

Now, more than ever, it is critical that health care leadership teams elevate innovation and value maximization to a critical focal point of the organization. The diagram and bulleted statements herein provide both a catalyst and structure for taking this step and enabling transformation. ❖

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