Management Case Study

Managing Healthcare Performance: Best Practice at the Award-winning Northumbria Healthcare NHS Foundation Trust

For more information please visit: www.ap-institute.com
Managing Healthcare Performance: Best Practice at the Award-winning Northumbria Healthcare NHS Foundation Trust

By

Bernard Marr* and James Creelman

Abstract: The challenge for healthcare leaders today is balancing clinical performance with excellent customer service, regulatory compliance and financial control. This case study describes how a leading healthcare organization has successfully implemented a strategic performance management framework to guide the organization towards its ambitious performance goals of delivering world-class healthcare. It outlines how Northumbria Healthcare developed and implemented a strategy map with aligned action plans and performance metrics to monitor and improve performance for patients.

Version: 03 February 2010

*corresponding author

Bernard Marr is the Chief Executive and Director of Research at the Advanced Performance Institute. E-mail: bernard.marr@ap-institute.com

James Creelman is a Fellow of the Advanced Performance Institute

The Advanced Performance Institute (API) is a world-leading independent research and advisory organisation specialising in organisational performance. It provides expert knowledge, research, consulting and training to performance orientated companies, governments and not-for-profit organisations across the globe. For more reading material or information on how the API might be able to help your organisation please visit: www.ap-institute.com

How to reference this case study:

Managing Healthcare Performance: Best Practice at the Award-winning Northumbria Healthcare NHS Foundation Trust

**Introduction**

Patient care has always been the primary goal of healthcare organizations. However, the challenge for healthcare leaders today is balancing clinical performance with excellent customer service, regulatory compliance and financial control.

Healthcare organisations therefore need to design strategies that help deliver performance in each of these areas and they need the right metrics to monitor whether the strategic goals are being delivered. Understanding healthcare performance requires relevant performance outcome metrics as well as the ability to integrate clinical data with administrative and financial data to gain the relevant insights that can lead to performance improvements. In addition to key outcome measures, healthcare executives need an understanding of the determinants of organizational effectiveness including strategic performance drivers such as finance, operations, and leadership.

This case study outlines how the award-winning Northumbria Healthcare NHS Foundation Trust has built a strategic performance management framework in from of a strategy map (which it calls “a plan-on-a-page”) with accompanying Key Performance Questions (KPQs) and Key Performance Indicators (KPIs). Northumbria Healthcare realizes that having the right strategic performance framework in place and having access to the right performance data at the right time helps clinical and administrative staff with continuously improving health care delivery to patients.

**About Northumbria Healthcare**

Geographically, Northumbria Healthcare NHS Foundation Trust is one of the largest of the NHS Trusts in England and Wales. It is also recognized as one of the best, regularly winning national awards for performance excellence. The Trust has more than 6,000 employees in 10 hospitals within the northern English counties of Northumberland and North Tyneside. With a budget of £270 million, the Trust serves a population of about half a million people. As an indication of patient throughput, in the financial year 2007/08 the Trust treated more than 160,000 people in its Accident and Emergency Departments and Minor Injuries Units; admitted more than 100,000 into its hospitals and conducted more than 300,000 outpatient appointments.

**A Record of Success**

This case study outlines how Northumbria Healthcare aims to significantly improve performance through deploying a strategic management framework. Yet, and unlike many organizations - in either the public or private sectors - the Trust has not been forced to build and deploy this framework because of a burning platform or continued poor performance. On the contrary, the Trust was already recognized for its superior performance before the introduction of the strategic management framework in early 2009.
As notable examples, Northumbria Healthcare had pre-2009 received many national awards for the quality of its services in areas such as maternity care, stroke care, diabetes care, orthopedic services, bowel screening service, respiratory care, and children’s care. It has been rated “excellent” for “quality of care” and “the way it manages its resources,” by the foundation’s regulators, placing the foundation in the top 10% trusts in England and Wales in its overall performance.

As specific examples of superior performance, in 2008 fully 89% of patients said that they had experienced a service that was good to excellent. Form a causal perspective it is often argued that high ratings for customer (in this case patient) satisfaction is the result of committed and satisfied employees. Note that the Trusts staff survey of 2008 (which received a response rate of 60.15%, which is higher than the national average of 55% - itself a good indicator of employee commitment) found that 89% of staff felt trusted to their job and 78% felt their role made a difference to patients. Against most questions the staff questionnaire demonstrated improved performance from the previous survey.

Introducing a Strategic Performance Management Framework

With Northumbria Healthcare achieving, and being publicly recognized for, outstanding levels of performance, a question to pose is what triggered their present, and quite far reaching, improvement efforts? Why not just sit back on their laurels and enjoy their reputation?

For the answer, consider this statement from Northumbria Healthcare’s Chairman, Brian Flood, and Chief Executive Officer, Jim Mackey, which appears in the Trust’s most recent strategic plan: that covers the years 2010-2015.

“However excellent, past performance is no guarantee of future success. High performing organizations remain so by looking ahead, understanding the challenges and determining the right strategy to maximize [their] unique business opportunities and best manage [their] risks.”

A vision of Excellence

To look forward rather than backward, Northumbria Healthcare has crafted a vision “to improve the health and quality of life of people by providing world-class healthcare services from accident and emergency care to the management of long-term conditions.” The Trust’s senior management team recognizes that to deliver to this vision it has to excel within three key performance areas, as Chief Operating Officer Ann Farrar explains, “We have to deliver world-class quality emergency care and other healthcare services; we must provide excellent patient-centric customer services and we must deliver the safest care and excellent regulatory standards.”

Strategy Refreshment

As Figure 1 shows, the vision statement and three key performance areas are captured in the top levels of Northumbria Healthcare’s strategy map “why we are here,” and “what do we have to be best at.” Descending down the map (which Northumbria Healthcare calls a “plan-on-a page,” we find “what else do we need to do well to get there,” and “what resources do we need to manage.”
Before looking in detail at the plan-on-a-page and supporting KPQs, KPIs and action plans we will consider how the framework came about, which began with strategy refreshment exercise that commenced in late 2008.

Given that Northumbria Healthcare received Trust status in 2006, it had only previously completed one five year strategic plan – from 2006-2011. In formulating the new five year plan, the Trust management agreed that the likelihood of shaping a strategy that was appropriate, ambitious and executable would be heightened if the process engaged a broad range of stakeholders, including staff, patients, general public and Trust Governors.

“From a staff perspective, we discovered that people from our four clinical business units [medicine, children, surgery and clinical supports] wanted to develop greater competencies in strategic performance management as part of a broader business unit development programme” recalls Farrar. “They stated that by developing these competencies they would be better able to contribute to the strategy management of the Trust.” As part of the process of developing these competencies external experts were invited to make strategic performance management presentations to people from the business units as well as the support units (such as finance, HR, risk and IT).
API Presentation

The Advanced Performance Institute (API) was invited to present on ‘Managing Healthcare Performance’ and over the course of a day in March 2009 outlined a best practice approach to strategic performance management. “This was like a light bulb being switched on,” recalls Farrar. “I and my colleagues came away from the presentation thinking this methodology seemed ideal for helping us shape our new strategy, so we basically ripped up our existing process and ‘went for it’.”

And it is important to point out that at this juncture the strategic performance framework is being used primarily as a mechanism to shape the strategy. “Although going forward we intend to use it as performance management tool, at this point in time we have been using it to get the strategy right and to fully understand the core objectives, etc required to deliver of that strategy,” stresses Farrar.

Building a Plan-on-a-Page

With API facilitation, the process of building the strategic “plan-on-a-page,” began in mid 2009 with one-to-one interviews of senior executives from the Trust (including both non-executive and executive management teams), which is core to the API methodology. “These one-to-one meetings were exceptionally valuable to us,” says Farrar. “We have quite a large number of senior executives, including 20 members of the non-executive board and it was important that they all had a chance to express their views as to what they perceived as the critical components of the strategy.” She points out that in a group setting some people are very vocal while others are not. “Therefore the one-to-one sessions ensured that we captured the valuable opinions and insights of all our senior management and clinicians. It was a great opportunity for them to ‘get things off their chest’ in a safe environment and setting.”

The next step involved the executive management team coming together in a workshop in which API summarized the key findings and recommendations from the one-to-one interviews. The team then started to draft its first plan-on-a-page. Farrar was surprised by what happened next. “Basically we signed off the plan-on-the-page that same day,” she says. “Being able to reach consensus on something so important so quickly was really quite extraordinary and something I had not previously experienced within Northumbria Healthcare or other organizations.”

Defining the Objectives

The Northumbria Healthcare plan-on-a-page consists of just 15 objectives. Keeping the number to the critical few is intentional, as enabling a laser-like clarity to what is crucial for the successful strategy implementation is central to the API methodology.

However, some organizations find that the downside of identifying only a limited number of objectives is that the goals become somewhat vague and so run the risk of being meaningless as they can be interpreted in many ways by different people. Therefore, the Trust’s senior management team has ensured that each objective is clearly defined, so that everybody is working to the same “plan-on-a-page.” For instance, the objective “deliver world-class quality emergency care and other healthcare services (which appears in the
"what we have to be best at" strategic performance perspective) is defined this way:

“Delivering the best quality emergency care and healthcare services is at the centre of what we do. The services we provide include (among others) accident and emergency care, maternity and children's services, elective surgery, intensive care, diagnostics and looking after people with long-term conditions. Our aim is delivering the best outcomes for patients, i.e. we aim to prevent any health issues and if they occur we provide access and diagnose, treat and mend people.”

As a further example, within the “what else do we need to get there” perspective we find that objective: “Business Intelligence: understand the changes in patient needs and external environment.” This is defined as:

“We need to be really good at understanding the environment we operate in. There is a lot of uncertainty out there and we need to make sure we have our antennas out at all times to understand what is happening locally, nationally and internationally. We need to consciously seek feedback and test and analyze our services and the way they are delivered in that context. This will enable us to better shape our services and ensure evidence-based decision making across the organization.”

Farrar explains that getting the words right is critical to ensuring the approaches and interventions authorized by the senior team are driving performance in the right direction. This she says extends from the wording of the vision, through the wording of the objectives to the definitions. “Every word is important,” she says. “If you want to change a word, then you have to explain what you want to do with that change,” adding that changing a word in a vision, as the most powerful example, will have massive implications for how the organization is managed and the performance improvement interventions that will be approved.

**Key Performance Questions**

Correct wording is also of immense importance when formulating KPQs. As a brief description, a KPQ (an innovation introduced by API), focuses on and highlights what the organization needs to know in terms of executing existing strategic objectives. KPQs enable a full and focused discussion on how well the organization is delivering to these objectives and serve as an important bridge between organizational goals and KPIs. Indeed KPQs are used to provide a performance context to KPIs and to more effectively prioritize the indicators chosen.

Such was the importance that the Trust placed on KPQs that it spent about six months from mid-late 2009 on their formulation at the Board level. Formulating the KPQs was a highly inclusive approach that involved many groups of employees, including members of the 55 member strong clinical policy group, meeting with API in order to debate and refine the KPQs and then for these insights to be fed-back to the Board for final approval. “We had to make sure that the Board agreed to the KPQs as these would be the questions on which the Board would base its strategic plans” says Farrar. “If we did not get the KPQs right and agreed at the Board level, we knew we would not be able to transform
how the Board worked or to get the business units and the organization to move forward."

Farrar is completely convinced of the value of KPQ. “If we get the KPQs right then we will know exactly where we need to focus to ensure the delivery of the strategic objectives,” she says. “It has also forced the senior clinicians, for example, to be really clear as to what the answer to the question will be. With that understanding we can better identify the appropriate KPIs and launch the most influential action plans. It actually makes strategic performance management much more real and relevant to senior clinicians,” she adds.

As an example of KPQs, consider the objective “Deliver world-class quality emergency care and other healthcare services.” This is supported by the KPQs of “to what extent are we operating to the highest standards” and “To what extent are we consistent in our service delivery.” A third KPQ is “To what extent are our (core) processes world-class.” About the later KPQ Farrar makes this insightful observation. “If we use the term world-class, then we have to define it. Too often “world-class” is a term that is used without sense of what it means. If we use it in a question then we have to be clear as to what the answer will be in terms of knowing that we are world class,” she says. “This is a difficult challenge as in many instances we will not have the data. But the discipline in finding the data and identifying the answer will be extraordinarily useful in significantly improving our performance to the point where we can confidently assess that we are indeed world class.”

As a further KPQ example, the objective “Our culture: Foster service focused and performance driven attitudes and behaviors,” which appears in the “what else do we need to do well to get there” perspective is supported by six KPQs:
- To what extent are our behaviors service-orientated in everything we do? [across the sites and job roles]
- To what extent do people feel they have the ability to make or influence decisions?
- To what extent do people feel responsible for their actions / empowered?
- To what extent do people respect each other?
- To what extent do we constructively interact with each other?
- To what extent do people receive acknowledgements, thank yous, and feedback?

The Challenges of Selecting Key Performance Indicators

With the appropriate strategic objectives and KPQs in place, the next step in creating the strategic performance management framework was the selection of KPIs which, as with objectives and KPQs should, according the API methodology be confined to the critical few, i.e., those that really indicate progress toward delivery of the strategy and help you answer your KPQs.

For Northumbria Healthcare this raises significant challenge. “One of the realities of life for Northumbria Healthcare as an NHS trust is that we have to report on about 150 performance targets each month to regulators and other bodies,” explains Farrar. “This is mandatory and we must comply with this.” But importantly she adds: “However, these targets will not make up our performance framework.” Rather they are rounded
up in the “we will deliver excellence is safety and compliance,” objective and composite KPIs around “regulator rating”, “regulatory feedback” as well as “our own stretch targets.”

The board still has to receive the data pertaining to those 150 targets, explains Farrar. “But the question that will be at the top is “are we delivering excellence.” There will then be pages and pages containing the mandatory information that they need each month.

**Strategic Initiatives**

The final component of the strategic performance framework comprises the initiatives (or action plans) that are launched to drive performance forward. Within Northumbria Healthcare initiative selection is work in progress. “We are presently looking to identify the initiatives that we need to deploy in order to deliver the strategy,” says Farrar.

She stresses that it is appropriate that selecting the initiatives is the last step of the process although it should not be seen as the least important as it is typically the interventions green-lighted at the initiative level that ultimately determine whether or not KPQs are answered and the strategic objectives delivered. “Despite their obvious importance, I have said that I didn’t want people to do any work on initiatives until we had finalized the questions,” Farrar says. “The danger is that we would have ended up deciding on what we wanted to do and then working out the question that it would answer. This is back-to-front as we need to know what the question is first and then figure out what we have to do in answering it.”

As part of initiative selection, the relevant executives and directors have been asked to look at those initiatives that they have put in place or are planning to deliver and then asked themselves “which initiatives directly relate to the KPQs and which do not?” The senior team has said that if it is not relevant then get rid of it as it clearly will not be helping us to deliver to our strategy,” says Farrar. This is a powerful way of focusing your resources on the things that actually matter the most.

**Developing a Heat Map**

As a final note about the strategic management framework, note that on creating the plan-on-a-page, the senior management team created a Heat Map (see Figure 2). Essentially this is a color coded version of the map that highlights current performance levels for each objective. It also serves as risk assessment to determine the effort and focus on the organization to deliver the vision. Four color codes are being used at Northumbria Healthcare:

- Green: Everything good
- Yellow: Some issues
- Amber: Bigger issues
- Red: Not good at all

The fact that the original Heat Map at Northumbria Healthcare was based on the observations of the senior team (with some qualitative and quantitative data) has led to an interesting outcome, as Farrar explains. “At the Board level, if we assess performance to an objective as green, for instance, we find that the next level down might provide a yellow assessment,” she says.
“This is a big challenge. It’s the flip side of having the plan-on-the-page and greater clarity,” she continues. “The fact that the Board has not been able to convince the next level down that we are as good as we are or conversely that the next layer have not been able to convince the Board that performance is not as good as it things is an interesting, honest and open position to be in,” she says adding that the differences in opinion will be resolved as the Trust matures with the use of strategic KPQs and KPIs to support the objectives and the collection of compelling and unambiguous data.

**Devolving the Strategic Framework**

A key reason why Northumbria Healthcare decided to implement the strategic management framework was to secure greater performance alignment Trust-wide. Therefore, a series of cascaded plans-on-page have been created within the four business units and support units. Presently these lower level teams have yet to formulate the KPQs: this is work that will be completed in the Spring of 2010. “We expect that most of the KPQs will be devolved from the Board level,” says Farrar. “But some will reflect the local needs of the business units.”
**Future Developments**

Working on devolved KPQs is just one of a range of activities and interventions planned to strengthen and further embed the strategic performance management framework within Northumbria Healthcare. For instance, it has been agreed that all board meetings will be run in line with the plan-on-a-page and KPQs. As part of this the Trust will align its board reporting with KPQs, using innovative reporting presentation techniques, such as using “newspaper headlines” to highlight the most important messages. “And we will move toward strategic reporting to those questions at the Board level rather than monthly reporting to operational performance,” explains Farrar. “The board will focus more on strategy than they do now, where the emphasis is too often on tactical, or operational activities”

Furthermore, during 2010 the Trust intends to purchase a Business Intelligence tool to better enable performance analytics and the sharing of data and information through an intranet-based dashboard. This is appropriate as Business Intelligence is an objective on the plan-on-a-page.

Farrar adds that the intended outcome of introducing the strategic performance management is that: “two or three years from now we will know that we have the right questions and we will be tracking answers to big questions. We will also know that we are collecting the right performance data and acting on our findings.”

**Conclusion and Critical Success Factors**

In conclusion, Farrar points to many reasons why the plan-on-a-page and accompanying framework is proving popular and successful within Northumbria Healthcare. “Firstly, it was very timely for us,” she explains. “We were looking for a new and powerful tool for sharpening our strategic formulation capabilities and the methodology outlined by API seemed, and proved to be, ideal for our needs.”

The organization knows that it has to get the strategy right, otherwise the performance management framework wouldn’t work. “We’ve used it first for the strategy formulation and articulation piece.” She says. “And we are now moving to also use it as a performance management framework.”

Farrar continues that the value of the plan-on-a-page has been immense and one that people recognized straight away. “Rather than having 20 pages of text that describes what the strategy is, we can visualize it on one page and can therefore see what we must do to succeed and we can also communicate that requirement clearly and unambiguously Trust-wide.” She adds that being color-coded is also important as it “really helps to differentiate between what you need to give extra focus to.”

Farrar also stresses the importance of using a skilled external facilitator. “I lead the strategy management and annual planning process,” she says. “Although I am committed that I and my team keep informed as to best practice in strategy management, the fact is that due to other pressures and commitments we cannot keep up-to-date with latest ideas and trends all of the time. This can be provided by a skilled external facilitator, who should bring that knowledge with them to any engagement.”
Finally Farrar says that in the very challenging financial climate that is being experienced by Northumbria Healthcare, along with other public sector organizations, it is critical that employees believe that the strategy they have for the next five years is appropriate and executable. “People have to believe in the strategy, have confidence the organization will make it happen and be happy to be held accountable for its delivery. That's how we will achieve the results we are looking for.”

Endnotes, References & Further Reading


The API Resource Library:

Our Resource Library offers a selection of relevant downloads and links to books, articles and case studies. These have been selected as useful information sources for further reading and to illustrate best practice and leading thinking.

To read more just click: http://www.ap-institute.com/resources.htm