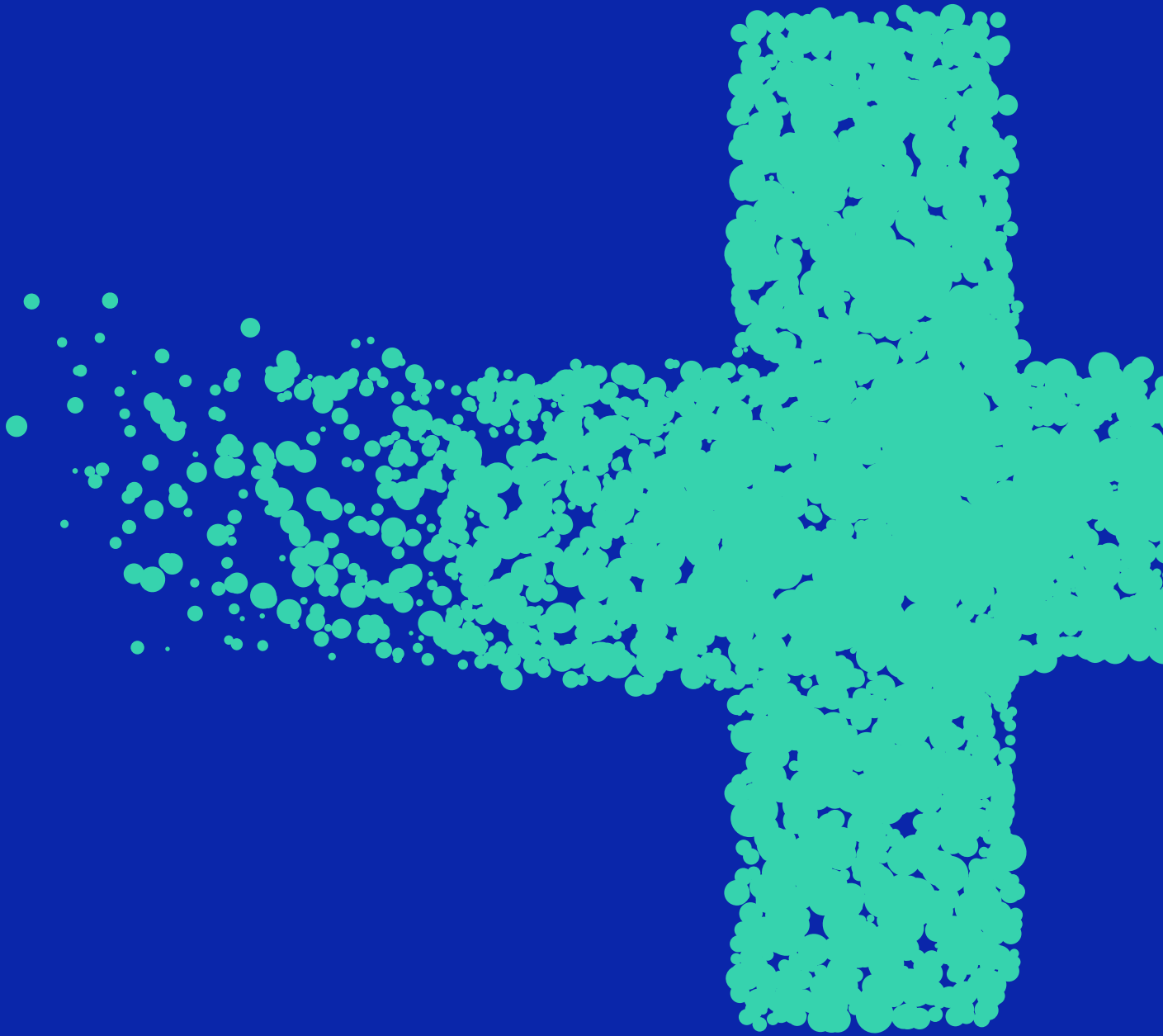




HEALTHBOX

HIMSS SOLUTION



# *Insight Report*

Building Your Organization's Innovation Skillset:  
Actionable Strategies for Enduring Success

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# Introduction to Innovation Strategy

The healthcare industry is evolving rapidly and facing unprecedented challenges to improve quality and access to care while lowering costs. Technology giants like Amazon, Apple, and Microsoft are competing for market share against incumbents. New interoperability and reimbursement rules are changing the way information is exchanged and which services are valued. The trend of seeing payers as providers, providers as payers, and employers as either has accelerated through organic growth and aggressive M&A activity. Global pandemics are reframing the way we think about collective responsibility. Virtual care and telehealth services are changing the basis of competition, offering products and services that make borders invisible and location irrelevant, and acknowledging that health happens everywhere. More than ever, the ‘rules’ are changing. These changes and opportunities intensify the need for innovation.

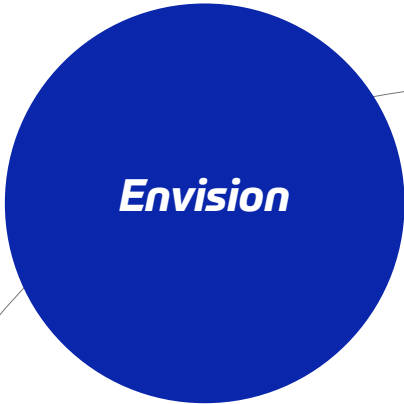
Oftentimes organizations wrongly define innovation as bringing in new technology, as opposed to uprooting systemic issues, strengthening core competencies, or building for the continuously shifting present and future state of healthcare. Innovation is the process of identifying and understanding the root cause of a problem, knowing your own strengths and capabilities, and using them to methodically evaluating what solution is best suited to address it. The right solution may involve refining a process, optimizing the use of an already available tool, or, if needed, building something novel. Regardless, **in today’s healthcare landscape, innovation is a key ingredient in everything from driving new revenue opportunities, to taking cost out of the system, to addressing underlying causes of poor health.** Innovation is so much more than a new technology or product. It is the ability to identify an individual problem of any kind, approach it with a methodology that suits your organization’s skills, and consistently drive improvement and results. Whether the problem at hand is responding to a caregiver shortage, brokering new partnerships to source Personal Protective Equipment (PPE) or supporting the health of your population in their homes, the tenets of the problem-solving approach remain stable. That stability is what makes innovation so powerful, when it’s done well. This basic principle is the reason health systems, and companies in all industries, across the country are investing in innovation.

So, if innovation is booming in terms of buzzwords, startups, and raising capital, then why is the industry still failing to deliver it at scale? To answer this question, it’s important to understand the difference between buying innovative solutions and practicing innovation as a way of doing business. In 2019, US digital health startups raised a total of \$7.4B—the second-largest funding year ever.<sup>1</sup> CBInsights published a report showcasing the top 150 digital health companies on the market.<sup>2</sup> This list proves that the market is saturated with innovative solutions. However, these are not one and the same with the practice of innovation.

In a recent survey, 90 out of 150 large health system respondents reported having innovation programs, yet two-thirds of them reported that they scale or implement innovation very slowly.<sup>3</sup> These numbers indicate a significant opportunity to strengthen innovation as a competency across all hospitals and health systems, not just brand-name healthcare organizations. As healthcare becomes more digital, flaunting innovation as a marketing tactic is no longer sufficient. Building innovation skills, expertise, and processes is essential to keeping up with the healthcare demands placed on an overburdened and increasingly unhealthy population.

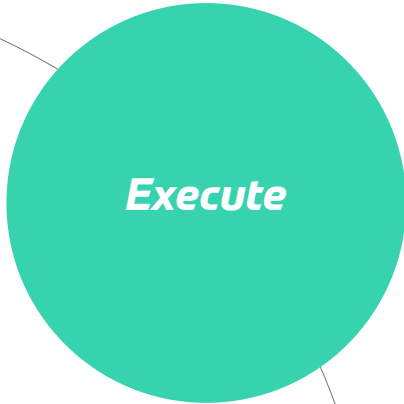
To be clear, healthcare organizations should embrace digital health technologies to solve many of their strategic and operational challenges. However, they must refrain from mistaking innovation for a purchasable asset. External solutions or partnerships may be critical to organizational strategies, but the work to innovate is much deeper than this.

In order to cut through the noise and align on what innovation is and what it is not, Healthbox seeks to make this critical difference between purchased innovations and practiced innovation more clear, and more approachable. In this report, we will delve into core business model innovation, building or refining an innovation program, executing on the innovation vision, and mitigating barriers along the way.



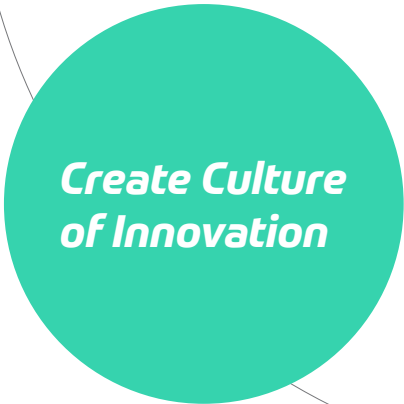
***Envision***

- Establish Your Innovation Intent
- Understand Your Innovation Competencies
- Focus on Core Business Model Innovation
- Define Meaningful Goals



***Execute***

- Design Your Innovation Structure
- Design Governance Structure
- Identify Funding Sources and Propose a Budget
- Create a Thoughtful IP Policy
- Design a Repeatable Process
- Understand the Jobs to Be Done
- Make Build, Buy, Partner Decisions



***Create Culture of Innovation***

- Attract and Retain the Right Talent
- Ask Questions and Listen
- Build Organizational Buy-In and Employee Authority
- Create Longitudinal Support
- Embrace Experimentation
- Provide Incentives and Celebrate Victories



***Anticipate Barriers***

- Priority and Alignment
- Establish Funding and Resources
- Scaling and Change Management

# Envision Your Innovation Strategy

## Establish Your Innovation Intent

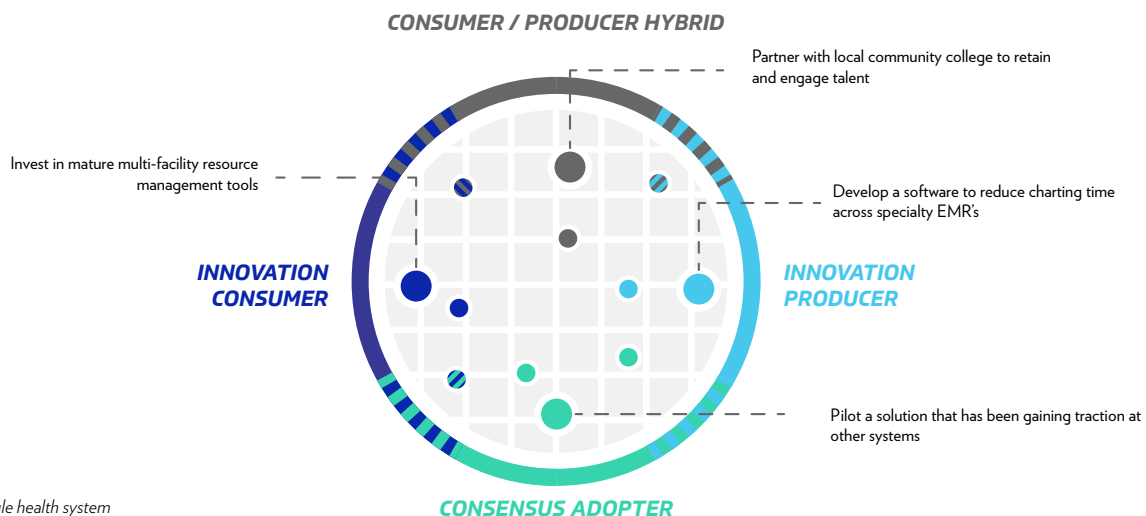
Before implementing an innovation strategy at your organization, it is important to ask yourself why you want or need to innovate in the first place. This will anchor your strategy in a shared purpose and use it to achieve your broader strategic goals. Innovation is not a strategy or a destination unto itself, but rather a tactic that may be useful in executing an existing strategy.

Most organizations recognize the importance of defining innovation. In a recent report, 67% of large health systems reported they have a system-wide definition of innovation, and the remaining third responded it is something they are working towards.<sup>4</sup> Without a clearly defined innovation intent, innovation efforts risk being viewed as distractions at best, and at worst, as pet projects to be cut when budgets are constrained.

We define the clear articulation of why an organization is devoting resources to an innovation strategy as the ‘innovation intent.’ This intent is more detailed than marketing language that describes

how innovation makes your organization special or unique. Rather, it specifies particular tactics for advancing the adoption and implementation of innovations, depending on the problem at hand. Innovating for innovation’s sake is an unsustainable justification. Innovating as a means to accomplish an organization’s strategic aims is much more durable. As conveyed by the image below, one health system might leverage a variety of innovation approaches, ranging from consumption to homegrown production. Another might seek to develop novel internal processes for improving care delivery, while another might focus on producing new products or services to commercialize. Others may view innovation as a key to recruiting and retaining the best team members and clinical staff in a competitive market. Ultimately, an organization’s innovation intent describes why innovation is a useful tool for achieving specific goals, and thus it will look different for different institutions. For example, at Orlando Health<sup>5</sup>, innovation is a lever to support strategic imperatives - embrace quality and safety, earn physician loyalty, be the best place to work, drive growth and innovation, strengthen economics, and serve customers well.

## Sample Plot of Innovation Methodologies Utilized Over a One-Year Period



\*by a single health system

## Understand Your Innovation Competencies

As innovation becomes core to healthcare delivery - less of a 'nice to have' and more of an essential competency - organizations with an innovation intent can and should execute against their strategies using a variety of innovation tactics. Rather than falling into one siloed archetype (primarily producing or primarily consuming innovation), the majority of healthcare organizations paving the way in effective innovation are consumer/producer hybrids.

Deciding which approach to use in the face of a given problem requires an honest understanding of organizational competencies, as well as a frame of reference for what your organization is willing to invest or develop. In order to gain this foundational understanding, organizations need to ask themselves the following types of questions:

- What capabilities (i.e. vendor sourcing, product development, legal, intellectual property (IP)) do we currently have?

- What gaps currently exist and do decision makers value those gaps enough to make an investment and close them?
- How robust and inexpensive are the vendor solutions already available?

## Focus on Core Business Model Innovation

Business model innovation, defined simply as the way an organization creates, captures, and delivers value,<sup>6</sup> looks different depending on an organization's priorities and willingness to take on risk. However, the necessity to leverage innovation to solve problems is the same. Success today is no guarantee for the future. Some of the most historically successful organizations have found their performance difficult to sustain when faced with disruptive forces. 'Disruption' here is a relative term. A new product or business model is disruptive only relative to an existing product or business model. Consider, for example, that only three of the S&P 500 top 12 companies in 2000 are still in the top 12 today.<sup>7</sup> Further, consider the prediction that half of the current companies on the list will be replaced in the next ten years.<sup>8</sup> Business model innovation is the survival strategy for how to overcome disruption's potency: strengthening the core of your organization while building for a future that will inevitably be different. Organizations that develop their innovation competencies while simultaneously maintaining the strong foundation of their current business are better positioned to develop a sustainable and purpose-aligned innovation strategy. Think Best Buy, Netflix, and Microsoft.

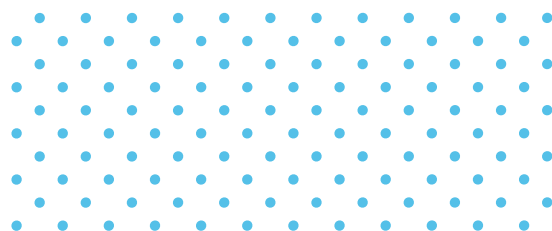
## Define Meaningful Goals

Defining meaningful goals requires thoughtful reflection. If an organization's goals are constantly shifting to chase the latest national trend, it is unlikely that investments will yield long term dividends, nor will the team driving toward these goals feel grounded and clear on where they are headed. Create goals that are contextualized within the local market, competition, and communities your organization serves. Think critically about where the organization can win versus where it may be foolish to invest when already up against a goliath. National innovation trends may or may not make sense to pursue in a more localized market. For example, purchasing the latest sub-specialty robotic surgery equipment may be innovative at a national level, but wholly unhelpful in gaining primary care market share in a middle market that has one dominant academic or tertiary care provider.

Part of defining goals is choosing metrics that will be used to measure success. It is helpful to nail down the right set of metrics for innovation initiatives before the process begins. It is also critical to ensure the necessary people, processes, and technology are in

### EXAMPLES OF ORGANIZATIONAL COMPETENCIES

| Organizational Competencies   | How They Enable Innovation  |
|-------------------------------|---|
| Tech Transfer Office          | Enables commercialization through licensing agreements that generate revenue  |
| IP Policy                     | Incentivize employees to share their ideas  |
| IP Counsel                    | Advise employees on the protectability of their ideas   |
| Research Institute            | Act as a center for the advancement of medical delivery and the overall research and development of novel therapies and ideas   |
| Solution Sourcing             | Act as the liaison between internal problems that need to be solved and existing solutions in the market, ensuring an understanding of the competitive landscape for internally developed ideas |
| Prototyping Lab (3D Printing) | Quickly and inexpensively test early product ideas  |



place in order to measure impact, track progress, and leverage data to support these activities.

These metrics should follow traditional goal-setting qualities, including specific, measurable, and relevant to the broader strategic goals of the organization. Measuring innovation in healthcare, and most industries for that matter, can be nebulous with its varying definitions and expectations. About 16% of organizations say they do not measure anything at all because of their uncertainty related to what should be measured in the first place.<sup>9</sup> It is not about measuring more, but measuring smarter and measuring consistently.

First, align project-level metrics with broader organizational goals and the innovation intent. This will keep innovation accountable to the organization’s overall strategy and will minimize the tendency to innovate for innovation’s sake. It also enables decision makers to prioritize ideas that advance the organization in its intended direction. One way to think about measuring an innovation initiative is to categorize goals into themes that align with both the organizational strategy and the established innovation intent - example pillars may be financial, patient care, and culture/brand. These goals should not be new to you; they fall into the same categories that your business already measures against, but this time, they apply to innovation.

Second, make metrics actionable by tying them to a specific timeline with checkpoints. For example, if an organizational goal is to ‘create a culture of innovation’ then having a specific number of ideas in the innovation pipeline may be a reasonable KPI to measure. But, knowing that a certain number of ideas are in the pipeline as a progress tracking metric, alone without context, doesn’t mean much. If you set relevant timelines and checkpoints, you can start to tell a better story.

Take for example a target of having a certain number of innovation ideas submitted by employees by the end of the year. If the target is hit in just six months, was the program long overdue? Are the application requirements to submit an idea too weak? Should another committee be formed to evaluate the abundance of ideas that exist, or is the influx a one-time occurrence and not a pattern? Was the target too low to begin with? Are the quality of ideas in line with the program’s goals? If the number is below target after the first year has passed, is the innovation program in need of a marketing department support to better socialize the concept? Should incentives be modified to create a more enticing value proposition for participation? Carve out time to review and evaluate the data points gathered to make informed decisions on modifications and the path forward.

Third, define both qualitative and quantitative metrics and communicate them out to the relevant stakeholders. Try to predict how the defined metrics will lead to either resistance or enthusiasm, and be able to explain the ‘why’ behind the targets set and how they will be used. Do not measure for measurement’s sake, but do have a process for tracking and measuring in a way that makes insights easy to leverage. Setting up the right set of metrics can be difficult at first, so view them as guidelines that can evolve if they are not

## How do you measure successful innovation?

One way to think about innovation metrics is to span them across two dimensions - progress metrics and outcome metrics. Below are some examples of key metrics or goals that an innovation program may work towards and track against.

| Progress Metrics                         | Outcome Metrics                               |
|--|---|
| # of filed patents                       | # of companies sold                           |
| # of companies formed                    | # of customers                                |
| # of patient users of adopted solutions  | # of partnerships                             |
| # of clinical users of adopted solutions | Revenue from new products, services, or IP    |
| # of employees engaged                   | Reduction in readmissions                     |
| # of ideas uncovered                     | Reduction in Length of Stay                   |
| # of pilots initiated                    | Reduction in emergency department utilization |
| Improved recruiting                      | Reduction in hospital acquired infections     |
| Improved retention                       | Increased adherence to quality measures       |
| Improved provider satisfaction           |   |

proving useful or telling the right story. There is no one set of standards when it comes to measuring the success of one innovation initiative or program versus the next. No matter the metrics used, it is important to clearly and transparently articulate what they are as well as their purpose.

Lastly, distinguish between financial and non-financial metrics, and recognize the role each plays in generating useful insights. Also note that traditionally non-financial metrics can have indirect financial impacts, like retention, for example. Given the amount of time, resources, and energy poured into innovation, leaders have a tendency to view direct revenue return on investment (ROI) as the sole indicator of a success story. However, as described in more detail below, metrics such as employee retention and satisfaction, number of partnerships formed, brand awareness and reputation, and improved patient outcomes are worthy details that make up the innovation narrative presented to board leaders and the broader community.

# Execute Your Vision

## Design Your Innovation Team Structure

Similar to constructing a well-built house, setting up a sturdy innovation structure is critical to ensure the pipes don't leak and the walls won't collapse a few years down the road. Executing on core business model innovation works the same way; how an organization structures innovation should build upon the innovation intent and innovation competencies outlined in the Envision section. Once a narrower focus is set, governance, funding, and strategic alignment all need to be drawn into the innovation blueprint in order for an organization to stand up to the forces of current and future disruption.

In a recent survey, health systems who had an organizational structure that dedicated separate teams to work on existing business model innovation and emerging business model innovation were much more likely than those without this structure to succeed in breakthrough innovation.<sup>10</sup> Additionally, another study showed that health systems who have a formal innovation process and dedicated resources in place were much more likely to implement and scale innovation quickly than those without formal processes.<sup>11</sup> It's clear that having the right structure matters, and there are a few simple ways to create it.

## Design Governance Structure

Governance is about oversight and accountability. A proper governance structure is put into place so that decisions are made transparently, innovation imperatives operate efficiently, and information flows seamlessly. The goal of good governance is to empower each stakeholder or group of stakeholders to execute autonomously while ensuring that efforts are not siloed. Governance is composed of two fundamental items: the structure itself and the people/roles that the structure includes.

People are an organization's most important asset to drive ideas forward and accomplish strategic priorities. Perform an honest current state assessment of internal resources to determine who has the capacity and skill set to run a successful innovation department or program. Then, think about where you might need to hire or partner to fill the gaps.

Under thoughtful governance, an innovation group can be thought of in three main buckets: 1) committees 2) the core team and 3) the operations team. A senior committee sits above this structure in order to ensure that activities are properly aligning to overarching goals. This committee gives approvals, informs diligence, addresses roadblocks, grants funding, etc. This team may vary in size from organization to organization, but should represent the key functions of the organization at a senior level. The Core Team typically consists of 2-8 team members dedicated to building out an innovation strategy and all the necessary elements that support it. These are the individuals who oversee the strategy, manage the pipeline, and own day-to-day project management of projects in the portfolio. Finally, the Operations Team is made up of the internal and external stakeholders that will own key tasks based on subject matter expertise. Depending on the current makeup of your employee base, it may be necessary to hire additional personnel or contract with external resources in order to fill these roles (e.g., legal

## Innovation Group Composition





counsel, financial analysts, IT, developers, entrepreneurs-in-residence). Getting governance right is a bit of trial and error at first, so if an initial plan doesn't work, allow flexibility to change the plan so it better supports the people and processes involved. See below in the culture of innovation section for tips on how to communicate and socialize innovation properly so everyone is aligned and energized to accomplish the same innovation mission.

## Identify Funding Sources and Propose a Budget

As with any business transformation, investing in an innovation strategy requires capital and resources. A recent study showed that organizations that have a defined innovation budget as opposed to funding on a project-by-project basis are more successful at scaling innovation.<sup>12</sup> If you don't have the funding or know your budget, you can't effectively identify which projects to take on or pass up.

Organizations might consider creating an innovation 'slush' fund, or a research and development (R&D) budget, to provide funding for new ideas that can be implemented quickly. An innovation slush fund is useful in stimulating innovative ideas without the restrictions of an annual budgeting cycle or operational leaders who have a low appetite for risk. One approach that works well is to allocate budget from across business units into this type of pool for innovation. This way, representation from each business unit is involved in the process, and team members are given devoted amounts of time to work on innovation-related efforts. Effective use of shared resources can be key to the success of an innovation program. Another approach is for organizations to save up a 'rainy day' fund that gets allocated to innovation. No matter how the funds are identified, it is important to expect a significant investment and that some of that investment will be applied to the pursuit of the broader, longer-term goal to reshape organizational strategy around innovation.

Based on this budget, model out short-term and long-term financial scenarios based on the level of investment and return you might expect to see from an innovation strategy, in order to determine a realistic expectation of holistic ROI. This might look different from revenue - perhaps it's cost avoidance or patient/consumer loyalty. The important thing is to decide on a funding source and amount, then track that against milestones and metrics at the department and project level, so that leadership understands the intended value of the investment. Set metrics that push you, even if you won't achieve them.

## Key Roles for an Innovation Department

### Director of Innovation

*Objective:* Source, evaluate and manage organizational development and partnership opportunities with internal and external innovation stakeholders

*Key Functions:* Align strategic priorities, provide program/departmental direction, and foster an innovative culture

### Legal Support

*Objective:* Manage IP policy and legal documents associated with organizational innovations

*Key Functions:* Innovator contracting and communication between organization and innovator stakeholder

### IT Support

*Objective:* Support IT needs associated with launching or piloting innovation solutions, building a dashboard to track and measure progress, and offering consultation on technical aspects of innovation goals

*Key Functions:* Collaborate with system owners and innovator IT teams to ensure the successful integration of digital health innovations

### Investment Associate/Financial Analyst

*Objective:* Perform due diligence, investment, and portfolio management

*Key Functions:* Perform initial innovation assessments, manage inbound funnel, create and manage external promotion strategy

## Create a Thoughtful IP Policy

IP is often overlooked but is fundamental for systems that choose to co-collaborate or build solutions. Organizations need to be thoughtful about legal policies and the perceived and real incentives for partners and innovators. The first priority should be aligning internally to determine revenue-sharing preferences, IP ownership preferences, equity ownership preferences, and potential external legal partners. Once that criteria is established, focus on the following items:

- Establish an IP policy that outlines the organization's approach to all key tenets, including patents, copyrights, trademarks and trade secrets, and that is pertinent to all parts of the workforce, including non-employed physicians
- Dedicate legal counsel to innovation activities, focused specifically on enforcing and building on the enterprise-wide IP policy
- Hold IP training sessions for all employees, encouraging innovation across various organizational verticals
- Create an open and accessible IP guide, giving employees and outside partners visibility to the organization policies

“  
**Products and technologies  
 come and go, but jobs to  
 be done persist over time.**”

— Clayton Christenson

## Design a Repeatable Process

While innovation is iterative by nature, if organizations change the way that they approach innovation every time they encounter a problem, then they are setting themselves up for higher degrees of risk than necessary. There is an element of yin and yang to core business model innovation that may sound contradictory, but in actuality is about finding balance. To successfully execute and scale innovation, create a flexible culture that allows room for learning and growth, but also create a repeatable process that builds trust and leads to meaningful outcomes.

One part of creating a repeatable process is saying no to projects that do not align with organizational goals, or ending projects that are not achieving their expected targets. Saying no to certain projects and having a ‘why’ behind the decision is just as important as saying yes to innovative ideas. Saying yes to everything or letting projects that aren't meeting expected goals run on will only deplete resources and lead to frustration. Leverage timelines and check-points described in the Define Meaningful Goals section to honestly check-in on what is working and what is not.

Consider governance, funding, and an IP policy as baseline fundamentals to have in place, but recognize the key drivers to executing on core business model innovation are people, process, and technology. In order to ensure that these elements are held accountable, transparent metrics will also be key. These metrics will likely be (and should be!) fine-tuned as the program evolves to best reinforce the program's innovation intent. And more pragmatically, metrics are often modified because it can take considerably more time to accumulate innovation data.

## Understand the Jobs to Be Done

Understanding ‘jobs to be done’ is simply about truly understanding what problems an individual is trying to solve. These individuals can also be thought of as customers. Some days the customer is a patient, simply trying to find his/her way to an appointment by relying on clear parking lot signage. Other days the customer is a clinician, desperately hoping to reduce the amount of time he/she spends charting notes after a shift. Either way, the role of the innovator is to understand the problem that the customer is seeking to solve - or the customer's job to be done. One of Healthbox's innovation mantras is ‘fall in love with the problem’ because when organizations understand and anticipate the needs of their customers, they are better equipped to build and improve upon products and services that will not only be effective, but also adopted and implemented by their employees. The tenets of emergency preparedness work the same way, as we saw in the spring of 2020 with COVID-19 responses and innovations. Health systems that understood the job to be done as simply preventing infection and protecting their communities were better able to leverage existing infrastructure, re-vamp staffing models, and shift supply chain capabilities with a sharp focus on patient and team member needs. A job to be done could be part of a clinician's functional task or workflow, but particularly in healthcare settings that are scary and confusing for patients, it can

also include addressing social and emotional pain points associated with the patient experience. Leaders should place equal attention on these often ignored components of problems customers face, as they are key indicators of patient engagement and retention behaviors. For health systems, this translates to patient loyalty, brand reputation, and market share.

According to the late Clayton Christensen, a Harvard Business School Professor and the world’s foremost authority on disruptive innovation, in order to identify jobs to be done, start by organizing customers into the following categories and asking the following questions:

- *Yourself*: Why do you do what you do?
- *Current customers*: Why do they buy your product?
- *Non-customers*: Why do they not buy your product?
- *Former customers*: Why do they no longer buy your product?
- *Compensating behaviors*: What are inconvenient workarounds people use because there’s no product that fulfills their job to be done well?

Once organizations master the foundational layer of comprehending the problems to be solved, the next step is to conceptualize experiences that best serve their customers based on those jobs to be done. This is called integration - determining how to marry customer needs with business solutions in order to provide customers better experiences that address their jobs to be done. After the integration step, an organization can focus on building a brand of purpose, or in other words, a brand that customers immediately think of when they need to solve the problem at hand. Think of the pyramid below as a prerequisite to execution.

The jobs to be done framework can be applied to a variety of strategic decisions, but it is particularly helpful when making build, buy, or partner decisions.

### Make Build, Buy, Partner Decisions

When making build, buy, or partner innovation decisions, first understand the problem you’re trying to solve, and then pick the tool in your toolkit that has the highest probability of getting you there (i.e. build, buy, or partner). Healthbox encourages organizations to reflect on the ‘why’ behind build, buy, or partner decisions before



Adapted from the HBS Online Disruptive Strategy Course

allocating valuable time, resources, and people to executing on a plan. Additionally, Healthbox promotes building as a last resort in most scenarios. This advice may seem counterintuitive; however, this is not to say organizations shouldn't build products to take to market. Rather, in setting out on the path to do so, they should think long and hard about how their internal solutions will compete in 'the wild' with existing products. The route to successful commercialization is a longer road and heavier lift than most organizations are prepared to handle, so it's crucial if 'build' is a chosen option that they have done proper diligence vetting other options. Scan the market, talk to industry peers solving similar problems, and ask employees what they use or have used at other organizations as solutions. If buying isn't an option (i.e. market doesn't offer the right solutions), and building internally isn't a competency at your organization, find an organization that already has the process down for building and consider partnering with them.

## MinuteClinic: Solving for the Jobs to be Done

*Copied from HBS Disruptive Strategy Course*

Another great illustration of jobs to be done is found in CVS Pharmacy's MinuteClinic. The job to be done that MinuteClinic serves can be articulated as, 'help me to quickly and conveniently get the healthcare I need without seeing the doctor.' For MinuteClinic, here is an example of how the job to be done pyramid could be filled out:

1. *Job to be done:* Help me quickly and conveniently get the healthcare I need without seeing a doctor.
2. *Experience:* Every aspect of the service must allow the patient to get their job done in a quick and convenient way.
  - a. The clinic shouldn't take long to get to
  - b. Filling prescriptions should be simple
  - c. The healthcare provided should still match the healthcare that one would receive from a doctor
3. *Integration:* MinuteClinic should...
  - a. Put their clinics in city centers where patients go often
  - b. Place clinics near pharmacies
  - c. Hire nurse practitioners who can give "doctor-level" service for simple illnesses
4. *Brand Purpose:* The name MinuteClinic will resonate with anyone wishing for quick healthcare.

The CVS MinuteClinic originated with a simple job to be done and has grown into a successful business.

# Create a Culture of Innovation

## Attract and Retain the Right Talent

An organization is only as strong as its people. Having the reputation of 'innovative' and the habits to support the claim is one way to attract and retain top-notch talent. In fact, forty-seven percent of Gen Xers<sup>13</sup> and 42% of millennials say they would leave their current job for a "more innovative environment." With more than 50% of employees changing jobs every one to five years, and an increasing affinity to work for a company that offers a strong sense of purpose<sup>14</sup>, providing an environment where employees are encouraged to think outside the box and creatively problem solve helps meet a few basic human needs: the desire to be heard, the innate drive to imagine and create,<sup>15</sup> and lastly, the quest for knowing you're making an impact. Individuals will continue to imagine, create, and build new realms of possibility with or without organizational support. In short, it pays off culturally and monetarily to be the door people come knocking on to collaborate on developing innovative solutions, as well as the gatekeeper to ensuring IP doesn't sneak out the back exit.

## Ask Questions and Listen

Another simple yet underestimated tactic to building an innovative culture is asking thoughtful questions and listening intently to the answers. Actively exploring employee and partner experiences, knowledge, and perceptions can serve as a type of current state assessment while simultaneously establishing a culture of curiosity and openness. It sets the precedent that everyone is learning, and that learning can happen at all levels of the organization. The following questions are good starting points to ask of patients, providers, employees, other industry experts, and partners.

- What frustrates you about our current operations?
- What pain points stand in the way of our goals?
- What do you want to change?
- Why does it need to change? (And then ask why again a few more times!)
- How do we get everyone on board?
- How do we make everyone feel involved?

Segment the answers by participant groups, and arrange the responses into themes. Give value to the information gathered, even if it conflicts with preconceived notions about the current state or path forward

“

***It's not about money. It's about the people you have, how you're led, and how much you get it."***

— Steve Jobs

## Build Organizational Buy-In and Employee Authority

One of the greatest barriers to creating a sustained culture of innovation is leadership resistance and achieving organizational buy-in. The key to transforming your organization is to bridge experimental processes to operational ones. As discussed in previous sections, building employee authority can happen by offering attractive IP incentives for entrepreneurial employees, creating a program that provides employees dedicated time to work on innovatively solving problems, or by having a formal process to gather new ideas.

## Create Longitudinal Support

According to a recent study, there is a correlation between health systems that have a formalized innovation structure in place and the ability to implement and scale innovation quickly.<sup>16</sup> That being said, it typically takes at least five years to realize hard ROI when investing in an innovation strategy. Creating a culture of innovation inevitably means large investments of time, capital, and labor, all of which are often constrained in healthcare. That's why having processes in place to ensure resources are being devoted to projects with the most potential for success is crucial to success - both for maintaining longevity and showing team members that their innovations have continuous structural support.

Flexibility is also critical to maintaining momentum, as there will inevitably be time and resource constraints that stall innovation. Innovation projects fall outside of the typical scope of work for most employees, and because of this, they will struggle without allocated and dedicated support from an assigned team. Employees who are championing innovation initiatives must possess the autonomy to step outside their roles when necessary and deprioritize other work. Once the adequate level of support is put in place, the momentum that sparked an innovative new project can become self-sustaining.

Expect resistance, then combat it with transparency, communication, and measurable policies or metrics for those who might need more help than others adapting to an innovation culture. Remember frequent communications are critical to keeping the organization feeling connected and operating efficiently.

## Embrace Experimentation

A study on 154 organizations with 3.4 million employees<sup>17</sup> showed that companies who have higher ideation rates are correlated with higher growth and net income. Be the type of leader that becomes comfortable being wrong at times and embraces change.

Innovation requires a shift in mindset to accompany thoughtfully developed guidelines. Expect some innovations to fail, because they inevitably will. According to research, 95% of all product-innovations fail, and 92% of startups fail.<sup>18</sup> Don't only anticipate this failure, but get comfortable with it and encourage it. Leaders who encourage team members to try, fail and try again are able to drive iterative improvement more rapidly and effectively than those who shy away from it. Give innovation room to grow but also to fail fast. Develop funding-to-milestone checkpoints to set clear expectations from the beginning on when to hit pause and when to hit

## ADKAR Model for Change Management

The **ADKAR** model serves as a helpful tool to manage organizational change. Communication is always harder to get right than one might think, so it may take multiple and varied attempts to achieve organizational alignment around the purpose, strategy, definitions, and actions required of innovation. There is no such thing as over-communicating the shared goals and purpose of an innovation strategy.

The ADKAR model refers to:

- **A**wareness of the need for change
- **D**esire to support the change
- **K**nowledge of how to change
- **A**bility to demonstrate skills and behaviors
- **R**einforcement to make the change stick

fast forward. Lastly, internalize the lessons learned from both the success stories and failures, and celebrate them equally as growth opportunities.

## Provide Incentives and Celebrate Victories

As mentioned above, recruiting and retaining the right talent is one key component to maintaining an innovative culture. But once those people are on board, how can organizations keep them engaged and incentivized? Offer incentives for gathering ideas and feedback and/or rewards to those who embrace experimentation or achieve certain milestones. Incentives and rewards can be small tokens of appreciation like shout-outs in meetings or newsletters, a thoughtful gift, or large incentives like revenue sharing agreements or cash bonuses.

Remember to celebrate both successes and failures to encourage employees that learnings come from both losses and wins, and to prevent fear of failure from thwarting good ideas.

## Health System Innovation Teams Embraced Experimentation to Address COVID-19

- LifeBridge Health's innovation team created a textile factory in 5 days to create PPE
- Orlando Health Strategic Innovations team partnered with UCF to 3-D print face shields
- Partners Healthcare Innovation Teams created a Digital COVID-19 screening tool utilized by over 150,000 in under one week
- Jefferson Health's Digital Innovation and Consumer Experience (DICE) group launched 50 projects in response to COVID-19, including outfitting rooms with tablets and Zoom technology to connect patients with family members and address loneliness

Read more examples in "[Innovation Strategy in a COVID-19 World](#)"

# Case Study

## Brigham Digital Innovation Hub's (iHUB) Culture of Innovation

Inspired by Hawaii Pacific Health's "Getting Rid of Stupid Stuff" program, the iHUB created a Decreasing Operational Inefficiencies Together (DO IT) innovation challenge to help uncover daily problems employees were facing. The organization set a goal of collecting 100 ideas, and in less than 6 weeks, they captured more than double what they had planned for, receiving 240 ideas from 160 employees. Eighty percent of ideas came from non-managerial employees. The iHUB approached the challenge with some of the core tenets of building a culture of innovation in mind that empowered employees to speak up and submit ideas.

### Ask Questions and Listen

The goal of this innovation challenge was to solicit ideas from those at the organization who typically don't have their voice heard but who have real problems they want to solve. Leaders at the organization recognized that in order to solve problems that matter, the best place to start is by asking and listening to their employees.

### Create Longitudinal Support

The iHUB is the health system's dedicated innovation department, with team members who are committed to implementing and scaling solutions. The structural support of an innovation hub demonstrates to employees that their ideas have a place to go.

### Build Organizational Buy-in and Employee Authority

The challenge was spearheaded by organizational leaders and identified departmental champions. These groups helped spread challenge-related messaging through hospital-wide email communications and in-person meetings prior to the challenge launch to build excitement and interest in the program. Additionally, in empowering employees to submit their frustrations, they can also count on these employees to help be part of the solution.

### Provide Incentives and Celebrate Victories

In addition to seeing solutions to their ideas and struggles developed, employees who submitted winning ideas were provided iPads and recognized at the department and hospital levels and received a luncheon with Adam Landman, MD, CIO and other Selection Committee members.

# Anticipate Barriers

Barriers to innovation come in all shapes and sizes. Whether caused by different people across an organization or financial and operational roadblocks, obstacles are inevitable. No matter how strong your innovation strategy, it will be impossible to avoid these hurdles, so instead, anticipate them and rise to the challenge. Every leading healthcare organization known for its innovation activities has faced similar barriers before; accept that they are a normal part of the process, and absorb learnings from others' successes and shortcomings in order to mitigate those you come across.

Common barriers to innovation can be thought of in the following three categories.

- Priority and Alignment
- Funding and Resources
- Scaling and Change Management

## Priority and Alignment

In order to successfully envision and execute on an innovation strategy, it is necessary to have top-down support. However, it can be challenging to articulate the drivers of innovation activities to leaders who are more concerned with short-term priorities than future success and sustainability.

For this reason, it is important to supplement the discussion with data. Look internally for departments that have proven value through locally-led innovation and use them as smaller testbeds of success. Source examples from external organizations to make the case within your own, and reach out to industry leaders for success stories that can strengthen your message. Even look outside of healthcare; learn from other industries that have shifted their focus and innovated their business models, and draw parallels that can help prioritize your own efforts.

Once innovation is prioritized, leadership must align on an innovation intent that will trickle down throughout the organization and infect the culture that will drive these activities. Leadership sets the tone from which an innovation culture can flow, so it is important

to alleviate any resistance in the c-suite before expecting the rest of the organization to align and rally around innovation. Identify any underlying reasons for resistance, and discuss them openly and honestly. Eliminate reservations by establishing accountability and setting timelines and metrics that are owned by individual business leaders. The governance structure should be designed to enforce this accountability.

## Funding and Resources

Budget is a challenge in any major business transformation. As discussed above, modeling potential futures for the program's ROI will be critical to making a case for dedicated funding and resources. It will also require an understanding that operationalizing an innovation strategy means a continued long-term devotion of resources to its execution. Organizations often struggle with this, because it's one thing to assign 50% of an administrative FTE to innovation, but it's another to (1) do the same for a clinical team member or (2) provide meaningful enough funds to invest in the innovation efforts (whether internal or external).

Recognizing that compensating clinician time may never become a reality at some institutions, it will be important to create alternative incentives for employees to devote time to innovation activities. At some organizations, such as Cleveland Clinic, one of the value propositions for physician staff is policies that support employee-led entrepreneurial endeavors. At others, like Intermountain Healthcare, innovative ideas are celebrated and showcased, and a portion of the revenue generated is returned to the department of the innovator, which incentivizes departments to have employees participate and encourages many clinicians to take part. At health systems like Mayo Clinic, the revenue share policy is attractive enough to incentivize the extra time and effort from staff.

All of these examples, however, are not possible without an ongoing budget to fund innovation activities. While ample fuel might not be available, it is critical to make the case that without some kindling, the innovation fire will not even start, let alone grow. If the ROI models don't overcome the barrier of obtaining funding, look



to your organization's Foundation or Grants team, if applicable, to collaborate on ways to acquire the necessary funds. Ultimately, there is nowhere to go with an innovation program if funding is not made available and resources are not encouraged to take part in the culture of innovation around them.

## Scaling and Change Management

Innovation adoption and implementation is one of the most challenging barriers of all. Care providers are already overburdened physically and emotionally as it is, so gaining support from clinical staff to get trained on or implement the next process or new device can be a justified, yet real roadblock. However, by establishing a compelling innovation intent that speaks to the goals of not only organizational leadership but of team members, this becomes a manageable risk. Communicate your intent broadly and put it into terms that are meaningful to providers and staff, including tying innovation to patient outcomes. This will help to get clinical champions on board to shepherd the innovation strategy from leadership to the rest of the organization.

Beyond communication, culture is critical to the success of an innovation strategy. If done right, a strong culture of innovation can be the supportive infrastructure the strategy needs in order to become a reality. The discussion on how to create a culture of innovation above includes many lessons learned on how to do so effectively and should be considered a foundational layer on which any other activities will rest and thrive.

Once clinical champions have been identified and organizational culture has been infused with the innovation intent set at the top, tactical next steps at the ground-level include piloting and scaling.

Health systems are experienced with pilots but often find it challenging to transition from the pilot stage to scaling a validated solution. It is important not to lose momentum after a pilot. If the results were positive, then build on that momentum - communicate to the broader organization the positive work that was done and generate interest in expanding it to other areas. If the results pointed out issues, then gather the team, prioritize those issues, and make a plan to develop another version and pilot again. And, if these issues are insurmountable, then make a decision to discontinue that project. No matter which route you go down, be decisive, clear, and communicative. Bring others along with you in the decision-making process and determine as a collective how best to move forward, rather than leaving people uncertain of next steps and ownership post-pilot.

# Looking Forward

We suggest taking stock of your current state - evaluating the resources you have and what you're willing to invest in this effort, gauging your organization's bandwidth for new projects based on existing initiatives, and understanding if there's an appetite for innovation from your team. Look around, listen, and learn before deciding to move forward. Also recognize that whenever you do start to have those first envisioning discussions, you will be a long way away from your desired future state. Investing in innovation is a long-term and iterative process. It can be extremely fruitful, but it must be nurtured and grown over time.

## Conclusion

The world is changing rapidly - as evidenced by globalization and disruption. While acknowledging that organizations may face varying budgetary constraints to invest in an innovation program, it is critical that institutions start exploring the ways they can enter into innovation practices now, as a producer, consumer, or both

(i.e., hybrid). We've seen that the most effective efforts have a clear strategy and understanding of how innovation supports their strategy, are well-defined and organized, and manage risk alongside accountability. Building innovation competencies is essential to business model survival, but also to the health of local and global communities. Creating a culture where people trust each other, embrace risks, and think creatively to tackle problems are required of company environments today. Setting up the right governance and funding structures are imperative for organizations to act efficiently and in a coordinated manner. Tracking and measuring metrics to inform decision-making and improve care are necessities to advance the state of the health ecosystem during normal times and moments of crisis. Achieving the right balance of producing and consuming innovation from the marketplace is not an exact science, but when executed thoughtfully, it can pay long-term dividends and ensure achievement of the quadruple aim.

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