Exploring the Interface of Organization Design and Work System Design:

Creating Sustainably Effective Organizations

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Some of Sue’s focuses

- Widely known for organization design and effectiveness and large-scale change research
- The design of knowledge-based firms
- Knowledge creating systems
- Sustainability and how to design complex collaborations to foster it
- Examination of the research process itself
- How to create academic/company partnerships to yield useful knowledge
Some of Chris’ focuses

- Agility
- Strategy formulation and implementation
- Organization design
- Longitudinal evaluation of strategic change
- Sustainability and how to design complex collaborations to foster it
Dr. Terry L. Martinson

Executive Regional Medical Director, Fairview Medical Group
Fairview Health Services

- Dr. Martinson provides operational and clinical leadership for the northern region of the group practice consisting of 250+ clinicians spread across 26 clinics in the greater Minneapolis St. Paul metro.

- The Fairview Medical Group is a 500+ clinician multi-specialty medical group, part of Fairview Health Services

- Currently engaged in rapid cycle innovation to redesign the care delivery model to deliver on the Triple Aim of excellent clinical outcomes, exceptional patient experience, and decreased total cost of care.
Strategy & Design: Star Model

Adapted from: Galbraith (1994)
Frequently Asked Questions

Where do process redesign, “lean,” six sigma and employee engagement fit in the organization design framework?

Our leaders don’t want to take time to worry about all these elements of how the organization is designed: They want to know who is accountable for what.
Core Premises About Organizational Effectiveness

The resources of the organization must be configured in an organization design that fits the strategy of the organization and enables the capabilities/key work processes required to deliver value to the stakeholders.

Effective work systems must be designed to deliver high quality services and products while consuming resources efficiently.
Sustainably Effective Organizations

Enterprises that are sustained by solid financial performance, while improving:

– the lives of people
– the health of the communities in which they live
– the condition of the planet

Have the capability to flexibly reconfigure both their organization and work system designs
Three approaches are particularly important in organizations that are continually able to adapt and innovate to be sustainable.

- **Flexible, high performance work system design**, including socio-technical systems approaches, lean designs and six sigma approaches that build quality, reliability and efficiency into the routine processes of the organization that deliver value to customers—and process for continual improvement and reengineering of processes.

- **Lateral work structures** that cut across the core units of the organization and allow resources and knowledge to be flexibly combined to focused on problems and opportunities.

- **Agile management systems** that allow rapid, multi-stakeholder approaches to strategy, innovation, organization redesign, and change implementation.
Sustainable Healthcare—What is It?

Our *working definition* is that healthcare is sustainable if:

The eco-system for the provision of healthcare outcomes operates to

– continually increase health, societal, and ecological value,

– function with a viable economic model, and

– conserve resources for future generations.
Sustainable Healthcare: Why is it so Important?

The health of healthcare strongly relates to the sustainability of our economies and societies, and of the natural environment:

• Healthcare competes against other purposes for scarce societal resources
• Healthcare sector performance impacts almost every member of society and every business sector
• A thriving economy depends on a healthy workforce at an affordable cost
• Healthcare impacts and is impacted by the health of the natural and built environments—both as polluter and as the antidote to disease that is triggered by toxic and unsafe environments.
Two Kinds of Work

The Organization is a system with inputs and outputs.

- The **Core Work of the Organization** takes inputs and delivers value (products and services) that customers are willing to pay for. e.g.,
  - Defining the products and services, including innovation
  - Producing and delivering these valued products and services
- **Management work** determines
  - Purposes, strategy, and goals of the organization
  - How resources will be organized
  - How to measure and “regulate” the system
  - How to align the organization
  - How to improve performance and develop new capabilities
Socio-Technical Systems Design

1. Constitute Participative Design Team

2. Specify System Values
   - technical
   - social

3. Map Technical Work Process & Perform Environmental Scan

4. Identify Key Variances (places where the process and resource consumption get out of control)

5. Identify work units/teams to carry out a “whole” piece of the process and to manage their work. Maximize self-containment around interdependencies.

Inputs/Raw Materials

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Socio-Technical Systems Design

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6. Identify organization wide teams to carry out integration and give employees voice

Management Team

Organization Level Training Team

Organization Level Process Integration Team

Inputs/Raw Materials

Output

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Technological Requirements

- Task Differentiation
- Task Control
- Boundary Control
- Variety
- Discretion
- Feedback
- Challenge
- Specified Roles
- External Supervision
- Planned/Scheduled Interaction
- High Specification
- Low Variety
- Low Discretion
- Routinized

Self-Regulating Work Groups

Technical Interdependence

Low Uncertainty Low

Traditional Job Design

Low Uncertainty High

Job Enrichment

High Uncertainty Low

Traditional Work Groups

High Uncertainty High
Technology-Driven Rehabilitation Services
Villa Beretta-Rehabilitation Hospital

Research and Implementation / Technology Strategy

- Bio-Medical Robotics
- ICT
  - Telemedicine
  - Clinical data anytime, anywhere
  - Home monitoring and alerts
- Ecology Sustainability (Healthy Environment)

Social System

- Work Design
  - Roles
  - Responsibilities
  - Location
- Team Design
- Organization Design
- Change Management
- Learning Processes

Regional Cancer Strategy
Västra Götaland, Sweden

23 Cancer Pathways
• Flow of Work
• Movement of Patients Through the System
• Role of Patient
• Composition & Roles of Team

Organizational Design
• Core Units
• Measures
• Strategies
• Communication
• Authority & Governance

Interorganizational Design
• Interfaces
• Cross-Organizational Processes
• Integrated Measurement
• Governance

The “work” of management

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Winby’s Innovation Network Platform

Source: Stu Winby, Sapience, 2012
Accelerating Healthcare Transformation: The Fairview Medical Group Case

Reconfiguration of the Eco-System for Sustainable Healthcare: An International Exploration Conference
Fairview Overview

- Not-for-profit organization established in 1906
- Partner with the University of Minnesota since 1997
- 20,464 employees
- 3,052 credentialed physicians
- 8 hospitals/medical centers
- FMG - 40 primary care clinics
- 55-plus specialty clinics
- Full care continuum (minus payor)
- Transformational journey since 2007

Fairview Medical Group

- Multi-specialty group practice
- 500+ clinicians
- ~300,000 attributed lives
- Physician led
- Chartered in 2008 to deliver different value prop in health care
- Performs in highly competitive and innovate health care market
Fairview Health Systems

Health care reform calls for innovation in medical care delivery and reimbursement. Fairview decides to participate in this reform and notices that other Minnesota health care systems are participating as well.
Four clinics are designated as “pilots” for care model innovation.

Source: Stu Winby, Sapience, 2012
Minnesota Dept. of Health announces standards and deadlines to accelerate certification of primary care clinics
Fairview Health Systems

Fairview Medical Group (FMG) decides to go from 4 to 40 clinics in 10 months

Source: Stu Winby, Sapience, 2012
Big Bang Event

1. Leadership
2. Strategy
3. Decision Accelerator
4. Work System Design
5. Operating Network
6. Feed-Forward
7. Review and Adjust
8. Feedback and Re-configurability

Source: Stu Winby, Sapience, 2012
The Decision Accelerator is an organization capability that drives both execution and innovation. The DA is a creative, knowledge rich, technology enabled, highly collaborative conference where participants in a network create solutions to complex business problems.

This capability generally does not exist in traditional organizations, yet it provides a source of advantage – reduced time to value (speed), maximized resource productivity (costs), accelerated stakeholder commitment (empowerment), and increased social capital (integration).
FMG’s Optimized Learning Network

A Care Team (CT) consists of physicians, physician assistants, nurses, schedulers, and others. CT’s “huddle” once a day.
FMG’s Optimized Learning Network

A “block” (clinic) consists of CTs at the clinic and meet once a week to share learnings and performance.
FMG’s Optimized Learning Network

A “neighborhood” consists of geographically clustered clinics that meet once per month. What can we learn from each other? How is our population’s health?
The “town” consists of all the neighborhoods and meets once a quarter to share best practices and performance.
FMG’s Optimized Learning Network

WIN Bank

Health Insurance Plans

Center for Effective Organizations

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Big Bang Event

1. Leadership

2. Strategy → MOBILIZE

3. Decision Accelerator

4. Work System Design → ACT

5. Operating Network

6. Feed-Forward

7. Review and Adjust

8. Feedback and Re-configurability → ADAPT
Iteration Plan

1.) LEADERSHIP
2.) STRATEGY
3.) DECISION ACCELERATOR
4.) WORK SYSTEM DESIGN
5.) OPERATING NETWORK
6.) FEED-FORWARD
7.) REVIEW AND ADJUST
8.) FEEDBACK AND RE-CONFIGURABILITY
Check interdependencies & share best practices
60 Day Iteration Plan

1.) Leadership
2.) Strategy
3.) Decision Accelerator
4.) Work System Design
5.) Operating Network
6.) Feed-Forward
7.) Review and Adjust
8.) Feedback and Re-Configurability

Check interdependencies & share best practices
Neighborhood Meeting

Check interdependencies & share best practices
90 Day Iteration Plan

1.) LEADERSHIP
2.) STRATEGY → MOBILIZE

4.) WORK SYSTEM DESIGN

3.) DECISION ACCELERATOR

5.) OPERATING NETWORK

Mobilize

ACT

ADAPT

6.) FEED-FORWARD

7.) REVIEW AND ADJUST

6.) FEEDBACK AND RE-CONFIGURABILITY

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Empirical Process Control

FMG Case

- Technical system variance control
- Social system variance control

Iteration Planning (compared to project Plans)
- Iterative
- Time-boxed
- Feature-based
- Incremental

Reflection

Outputs go into the bank

Work Tasks / Iteration Plan

Clinic “Iteration” Plan

30 Day iterations and reviews/
90 day (3 iterations) for completion
of steady state one.

Increment of Functionality

Steady – State #1 Requirements

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Innovation, Optimization, & Diffusion

- Care packages
- New technology apps
- New competencies
- FMG “Innovation Bank”
- Best practices
- Work flows
- True North

Innovation
• Design work
• Creative process
• Rapid cycle iterations
• Fail fast

Diffusion

Optimization
• Efficiency
• Effectiveness
• Lean
• PDCA
• Engineer

Diffusion

Best Practice
• Standards
• Consistency
• Reliability