



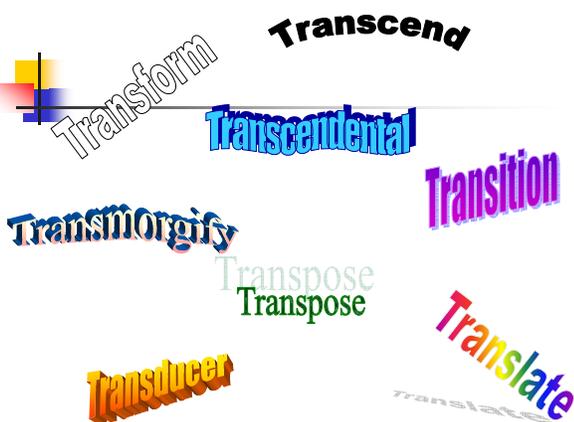
## Transformation Change

Gregory Crow, RN, EdD  
Tim Porter-O'Grady Associates  
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San Diego, CA



## Transformational

- To change markedly in appearance or form, to change in nature and condition (American Heritage Dictionary).
- Occurs when, in their interactions, everyone "raises one another to higher levels of motivation and conduct (Kouzes & Posner, The Leadership Challenge).



## Why Transform Anything?

- The purpose of any transformation is to, through a series of innovations, create a better "goodness of fit" between an organization and its environment.
- The fundamental re-thinking and radical re-design of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality and speed of service (Kouzes & Posner).



## More Important Words

- Fundamental: Why do we do what we do? Why do we do it the way we do it?
- Radical: Getting to the root of things, not making superficial changes or fiddling with what is in place.
- Dramatic: Quantum leaps in performance.
- Processes: A collection of activities that takes one or more kinds of input and creates an output that is of value to the customer.



## From Here to There

- The future is not merely an extension of the past.
- Changes in healthcare are accelerating, and will continue to do so.
- The American healthcare system shifted from an open complicated system to a complex adaptive system.



## From Here to There

- Only complex adaptive systems can adequately meet the challenges of complex adaptive environments.
- Changing organizational structure, and empowering staff and practitioners without providing them with knowledge, skills and abilities to lead will likely make things worse.
- Diffusion of innovation is an excellent vehicle to transform any system.

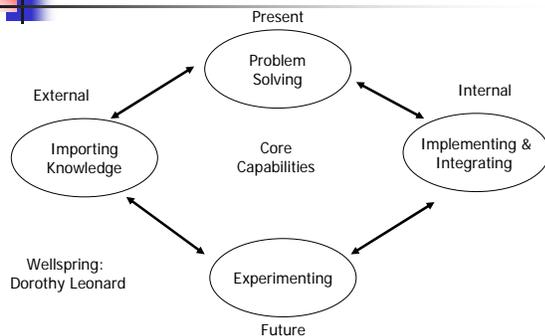


## Diffusion of Innovation

- Relative advantage
- Compatibility
- Complexity
- Trialability
- Observability

Rogers, Diffusion of Innovation

## Building and Sustaining the Sources of Innovation



## Rigid Organizations...

- **Limited problem solving:** exhibit an over-dependence on the strategies of the past; they are "path dependent".
- **Inability to innovate:** have become so paralyzed that no amount of energy can bring about meaningful innovation; they suffer from a terminal disease of certainty, or paradigm paralysis.

Leonard  
Barker

## Rigid Organizations....

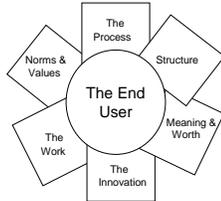
- **Limited experimentation:** all or most innovation is believed to be the exclusive domain of its top executives, the innovation process is subverted into a top-down command-and-control maneuver.
- **Screening out new knowledge:** the few people who control the flow of external information for internal use literally screen out data and information that does not fit their "world view"; they suffer from "paradigm effect" and "stay the course".

Leonard  
Barker, 1992, Paradigms

## Rigid Organizations & Dimensions of Change



## The 7 Essential Elements for Implementing Innovation



Crow, 2009

## The Future Focused Organization

- Top-down, or bottom-up, experimental ideas create the future.
- The ultimate objective is to be able to weave a certain amount of experimentation into the fabric of the organization as a whole.
- The more uncertain the future, the more essential becomes an environment in which everyone in the company is primed for experimentation and learning; the emphasis is on learning and not blame.

Burton & Moran, 1995  
The Future Focused Organization

## To Innovate We Must....

- Be able to separate intelligent failure from unnecessary failure.
- Recognize the role of failure in building knowledge. (Leonard)
- "You never want a crisis to go to waste; it's an opportunity to do important things that you would otherwise avoid." Rahm Emanuel

## Learning From Mistakes: Rapid Cycle Change

- If the action-outcome feedback links are ***short*** and ***frequent***, you are in a good position to learn and comprehend the probable effects of actions on outcomes; short links enhance the ability to improve decision-making by taking corrective action.

Negative VS Positive Feedback

Leonard



## New Knowledge

- Companies cannot build core capabilities without importing some knowledge from beyond their boundaries.
- The ability of a company to recognize the value of new, external information, assimilate it, and apply it to their work is critical to its innovative capabilities.

Hammer & Champy, 1993: Reengineering the Corporation



## Absorptive Capacity

**Depends**  
on...



## Absorptive Capacity Depends On....

- Whether or not you have porous boundaries
- Scan broadly (outside healthcare)
- Providing continuous internal & external interactions
- Whether or not you nurture plenty of boundary spanners
- Whether or not you can adequately fight "not invented here"

Leonard



## Characteristics of Continuously Learning Organizations

- Enthusiasm for knowledge
- Drive to stay ahead in knowledge
- Iteration in activities
- Higher-ordered learning (application)
- Leaders who are willing to listen and learn from anyone or anywhere

Burton & Moran  
Leonard  
Barker  
Kouzes and Posner



## References

- Leonard: Wellspring
- Barker: Paradigms
- Hammer & Champy: Reengineering the Corporation
- Kouzes & Posner: Leadership Challenge
- Burton & Moran: Future Focused Organization
- Drucker: Managing in a Time of Great Change
- Rogers: Diffusion of Innovation