

# The strategist's bookshelf

## When information technology succeeds as good medicine and effective strategy

Robert Chapman Wood

*World Class: A Story of Adversity, Transformation and Success at NYU Langone Health*, William A. Haseltine (Fast Company Press, 2019) 368 pp.

Health care impacts business strategy in at least two major ways. First, the cost and spotty quality of U.S. care create big problems for business. Second, health care is a laboratory for some of the most complex efforts to use technology. Implementation results in many parts of the medical system have been disappointing, but that doesn't make the initiatives unworthy of study.

In his new book, *World Class: A Story of Adversity, Transformation and Success at NYU Langone Health*, Dr. William A. Haseltine reports on a process that he thinks will improve health care quality and reduce costs through good leadership and strategic management of information technology. Moreover, he thinks the method can be used to solve technology and management problems in many other kinds of big organizations.

Haseltine, a former Harvard Medical School professor and a biotech entrepreneur, argues that the recently transformed system at New York University Langone Medical Center represents a model for medicine everywhere, driven largely by a new kind of information system. He says not only medicine but retailers, manufacturers, service firms, universities and research

organizations can benefit from the new way of managing tech.

### The Langone case

A dozen years ago NYU was a laggard among medical centers. In the 2000s, US News & World Report ranked it 34<sup>th</sup> for research. A consulting group ranked it 60<sup>th</sup> for quality and safety. Famed investor Kenneth Langone, whose imagination and money supported creation of Home Depot in 1978, was chairman of the NYU Langone Medical Center and has donated hundreds of millions of dollars. NYU president John Sexton asked Langone to help transform the Medical Center's position.

In 2006, Langone backed an unusual choice for Medical Center chief executive. Dr. Robert I. Grossman was running the radiology department, not a standard path to top management. He had dramatically improved its technology and reputation, but had never trained as a manager. Langone's assessment of Grossman: "When I saw how well he managed his department, I got really excited," Langone told Haseltine. "I thought, 'This guy has got a lot of bandwidth.'"

### Excellent technology management from a surprising source

Haseltine argues that organizational leadership and IT can work far better and do far more than they do

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in most organizations today, a bold message coming from a healthcare leader. The field struggled with the rapid adoption of electronic health records (EHRs) over the last decade, and many systems have worked poorly. Government mandates and subsidies have led to confusing digital products that waste doctors' time.[1]

But Langone and Grossman have done with EHRs exactly what electronic medicine originally promised: created easily understandable data that, for example, helped NYU to rise from No. 60 in quality and safety to No. 1 among big medical centers in six years as measured by the health care performance improvement consulting firm, Vizient.

NYU had spent \$40 million to install an Eclipsys medical records system just before Grossman was promoted. Grossman quickly decided to get rid of it. For \$180 million, NYU installed Epic Systems' Enterprise Epic, a comprehensive system that required extensive data input but could "encompass ambulatory care, inpatient services, scheduling, and billing," Grossman noted. "People thought I was crazy," Grossman admitted. Just installing Enterprise Epic would take three to four years. "I said, 'Yes, but we need an integrated information management system.' What can kill you in information technology is managing the interfaces. The cost of the people you need to manage the interfaces is high. It never works."

NYU chief information officer Nader Mherabi told Haseltine that NYU

invested \$700 million in IT over seven years – in an organization with \$2 billion in revenues at the project's start in 2007. NYU sought to identify key performance metrics for each unit of the organization and create "dashboards" that would tell everyone how each was performing in real time. Chandrika Tandon, management consultant and NYU board member, said Grossman's system caused her to change her fundamental thinking. "I used to agree with other management experts who argued that once a leader gets past managing five or six or ten indices, he is not managing anything... There are too many variables," she said. "Bob has shown me that it is possible to manage many, many indicators simultaneously and effectively."

### Steps to the solution

Haseltine says the most important "lever of change" at NYU Langone was "cultural transformation," and not surprisingly the steps Grossman took bear resemblance to those of other cultural transformation advocates like John Kotter.[2] But other advocates of cultural transformation have not shown how to pair it with a genuinely new, effective approach to tech. Some of the major steps Grossman took are:

**Defining the vision.** After he was named dean and CEO, Grossman moved quickly to define a vision in a few words: "a world-class, patient centered, integrated academic medical center." The short vision would play a profound role in the transformation because big decisions and driving metrics would be based on it. A consulting firm led

discussions of the vision throughout the organization to test it, and efforts to improve the quality of communications helped the centralized system to work effectively.

**Cleaning house.** Grossman fired five of the most senior managers the day he assumed office. Many others were asked to leave soon after. "Bob was probably the only chief executive officer I have ever worked with that I thought was proceeding too quickly, and I have worked with more than 40 CEOs," said Tandon. But Langone said he told Grossman, "Do whatever you have to do as quickly as you can. ... " Grossman and his team had developed measures of what "world-class" medical centers did, and began hiring replacements who "have what it takes to transform."

**Moving quickly to choose and implement technology for comprehensive systems management.** Though technology goes unmentioned in the vision, rapid technological system development was central. It provided the information and communications to enable the organization to work better. The key criterion for selecting the technology: could it deliver a comprehensive, unified understanding of important processes and performance.

**Drawing a comprehensive roadmap and following it.** Eighteen months into his tenure, after many personnel changes but while technology was still being built, Grossman drafted on a single hand-written page what he called a "road map" for creating a world-class medical center. It was a schematic of the elements of the system and how they would relate. Patient care, discovery and education were at the center, and supporting elements surrounded them. This elaboration of the vision helped provide a basis for defining relationships and metrics and creating dashboards.

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## “Haseltine argues that organizational leadership and IT can work far better and do far more than they do in most organizations today, a bold message coming from a healthcare leader.”

**Expansion.** As NYU Langone began working better, a major expansion was launched, giving NYU more research institutes, new medical specialties and more ambulatory care centers. From 2007 to 2016 revenues rose from \$2 billion to \$7 billion a year. “I think a key element of our current success is centralization,” Grossman said. “The programs of each department must be consistent with and support the vision and mission of the entire Medical Center. Each department chair understands the broader institutional perspectives.”

### Learning from NYU’s success

It’s plausible that the NYU approach can radically improve performance through tech in many other kinds of large organizations. So far, there are only a few well documented examples of firms that have achieved a dramatic improvement in cost, user experience and quality through technology. Walmart under Sam Walton and, more recently, Amazon are two examples.[3]

These took decades to achieve success, however. NYU seems to have shown clearly measurable achievement in a few years.

### Missing details

A weakness of Haseltine’s book is that he does not provide fine detail in ways that business and health care strategists surely need. He does not give examples of exactly what a typical dashboard includes, nor does he discuss implementation difficulties. He also unnecessarily overstates NYU’s success. He repeatedly notes that the university’s medical school was ranked No.3 in the country by *US News and World Report*. That was NYU Langone’s ranking in 2019 for research. But *US News* ranks schools on two dimensions – research and primary care. The primary care ranking, while improved during the Grossman era, was lower.

How well NYU will further advance over time relative to its many resourceful competitors certainly

cannot be predicted. But a transformation has clearly occurred and many elements are working very well. Information technology is delivering much that is often promised and rarely achieved in healthcare or other large organizational settings. Langone and Grossman seem to have designed and delivered a potent process for initial success.

### Notes

1. See Fry, Ericka, and Fred Schulte. 2019. “Death by a Thousand Clicks,” *Fortune* 179, No. 4 (1 April): 56–73.
2. Kotter, John P. *Leading Change*, (Harvard Business School Press, 1996).
3. See Bjelland, Osvald M., and Robert Chapman Wood. 2015. “To nurture transformational technology, build a community like Sam Walton’s,” *Strategy and Leadership* Vol. 43, No. 2: 41–46 and Stone, Brad, *The Everything Store*, (Little, Brown, 2013).

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