

The Hospital is Dead – Long Live the Hospital

(based on a McKinsey article, May 27, 2019)

How to make performance-increasing innovation happen in the Whittington Hospital by designing an Innovation Ecosystem

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The world is changing, and so are hospitals. In response to significant external forces, **innovations in both *how healthcare is delivered* and *how hospitals are structured* are emerging.** Through these innovations, hospitals can better position themselves to survive—and even excel—in tougher conditions.

Nine major forces are involved:

- Changes in patient populations and their needs
- Higher patient expectations
- Recognition that many types of care can be better provided in community settings
- Data suggesting that high-quality care requires high-volume centres, and the emergence of standalone single-specialty centres
- Advances in clinical knowledge and technology
- Impact of digital technologies on how healthcare is delivered
- Difficulties in attracting and retaining an appropriately skilled workforce
- Financial and funding challenges
- Requirements to measure quality

healthcare providers around the world are facing several urgent imperatives:

- to strengthen **clinical quality**;
- increase the delivery of **personalised, patient-centred care**;
 - improve the **patient experience**; and
 - enhance their **efficiency and productivity**.

As a consequence, providers are introducing innovations in care delivery—often to achieve multiple aims. These innovations include:

- adopting **lean and standardised processes** to improve quality and optimise productivity,
- increasing the use of **automation and nonmedical staff** members to change how their clinical workforce is deployed,
- employing **new technologies** to deliver better-quality care at lower cost,
- **involving patients** more closely in care delivery, and harnessing **patient-generated data** to personalise treatments.

For the Whittington Hospital amongst the questions raised by these trends are the following:

- ▶ What are **the most important challenges** given the Whittington's mission, strategy, and quality priorities?
- ▶ **What innovations**, within the control of the Whittington, can help to provide solutions to these challenges?
- ▶ **How** can the Whittington make these innovations happen?
- ▶ **Who** must make the innovations happen?
- ▶ **How can the Whittington design its own single, unique Innovation Ecosystem** to make innovation happen?

The Biomedical Innovation Ecosystem that Makes Innovation Happen

(source: Martin Fransman, *Innovation Ecosystems – Increasing Competitiveness*, Cambridge University Press, 2018, p.286.)

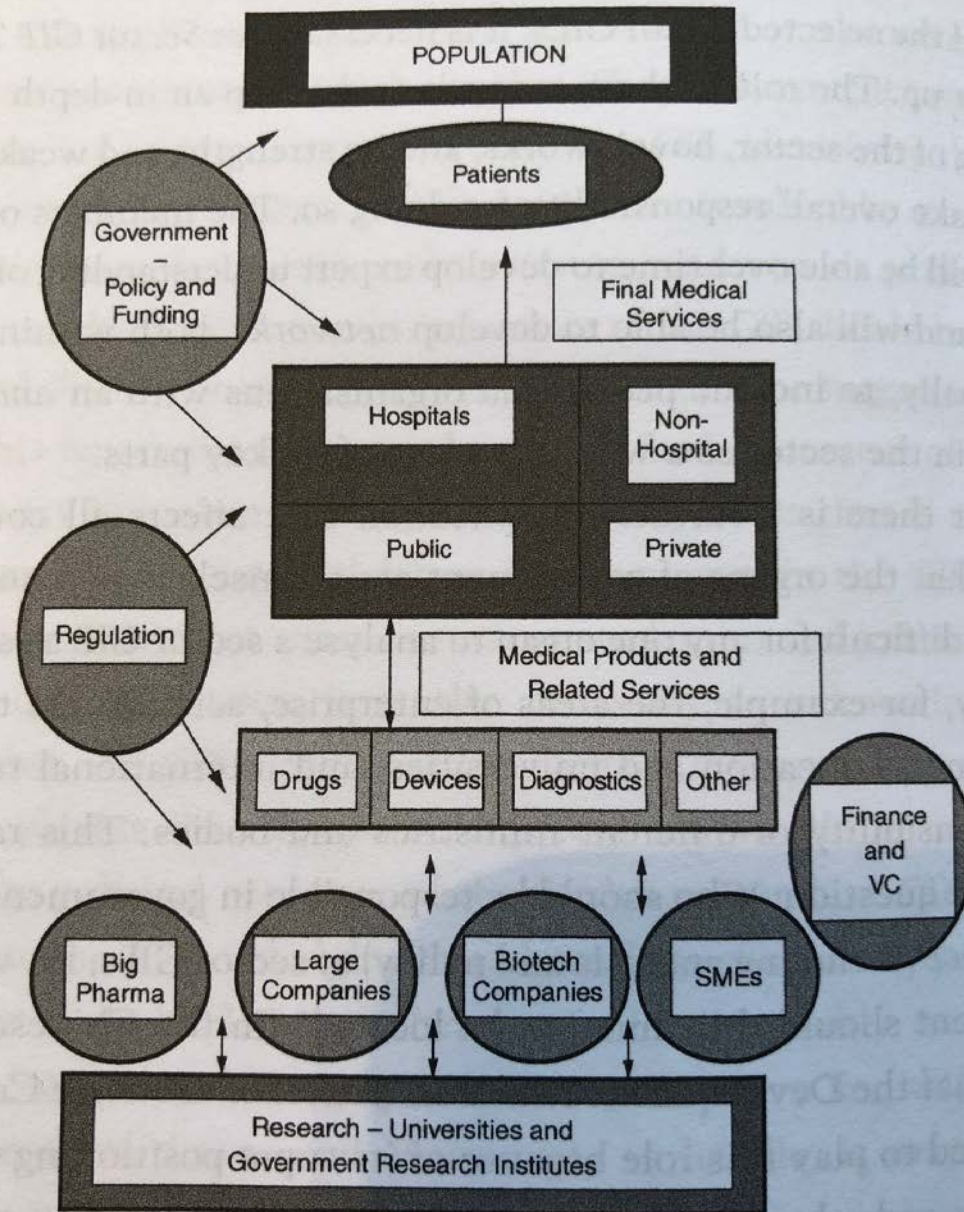


EXHIBIT 9.2 The Bio-Medical Global Innovation Ecosystem

What is an Innovation Ecosystem?

An Innovation Ecosystem consists of the **players**, the **processes**, and the **rules of the game** that make innovation happen.

What is Innovation?

Innovation is one or more of the following:

- new product or service;
- new process or technology;
- new way of organising people and/or things;
- new market, way of marketing, or business model.

What must be done in the Whittington to design an Innovation Ecosystem?

5 Tasks

Task 1: What are the important challenges? Describe the important challenges.



Task 2: Which is the most important challenge? Select the most important challenge.



Task 3: What innovations can help solve the challenge? Generate a number of Value Adding Conjectures (VACs)



Task 4: Which is the best VAC? From all the VACs select the best one/s.



Task 5: How should this VAC be implemented and evaluated? Create a team to implement the VAC. Evaluate the impact.

VACs

► What is a VAC?

A conjecture/hypothesis about what will add value in solving the chosen challenge.

► Why is it important to have a *variety* of VACs?

A variety of VACS gives freedom to 'think out of the box' in creating conjectures. What may at first sight seem like 'crazy, ridiculous' conjectures can be included. The Selection Team will ultimately decide which VAC offers the best chance of solving the challenge. Darwin showed how *evolution* – variety + selection + reproduction – produces the fittest outcomes.

► Where might VACs originate from?

From *players* based inside and outside the business.

VAC Checklist

- ▶ What is the conjecture?
- ▶ How will it help to solve the challenge?
- ▶ What evidence do you have to prove it will help in this way?
- ▶ How much will it cost to implement and evaluate the VAC?
- ▶ What human resources will be needed?
- ▶ What other resources will be needed?
- ▶ How will the conjecture contribute to the hospital's quality and other performance outcomes?
- ▶ How will the conjecture contribute to the hospital's strategy and plan?
- ▶ How will the conjecture improve the hospital's performance relative to those hospitals with which it is most closely compared.
- ▶ What other factors should the Selection Team take into account in evaluating your conjecture?

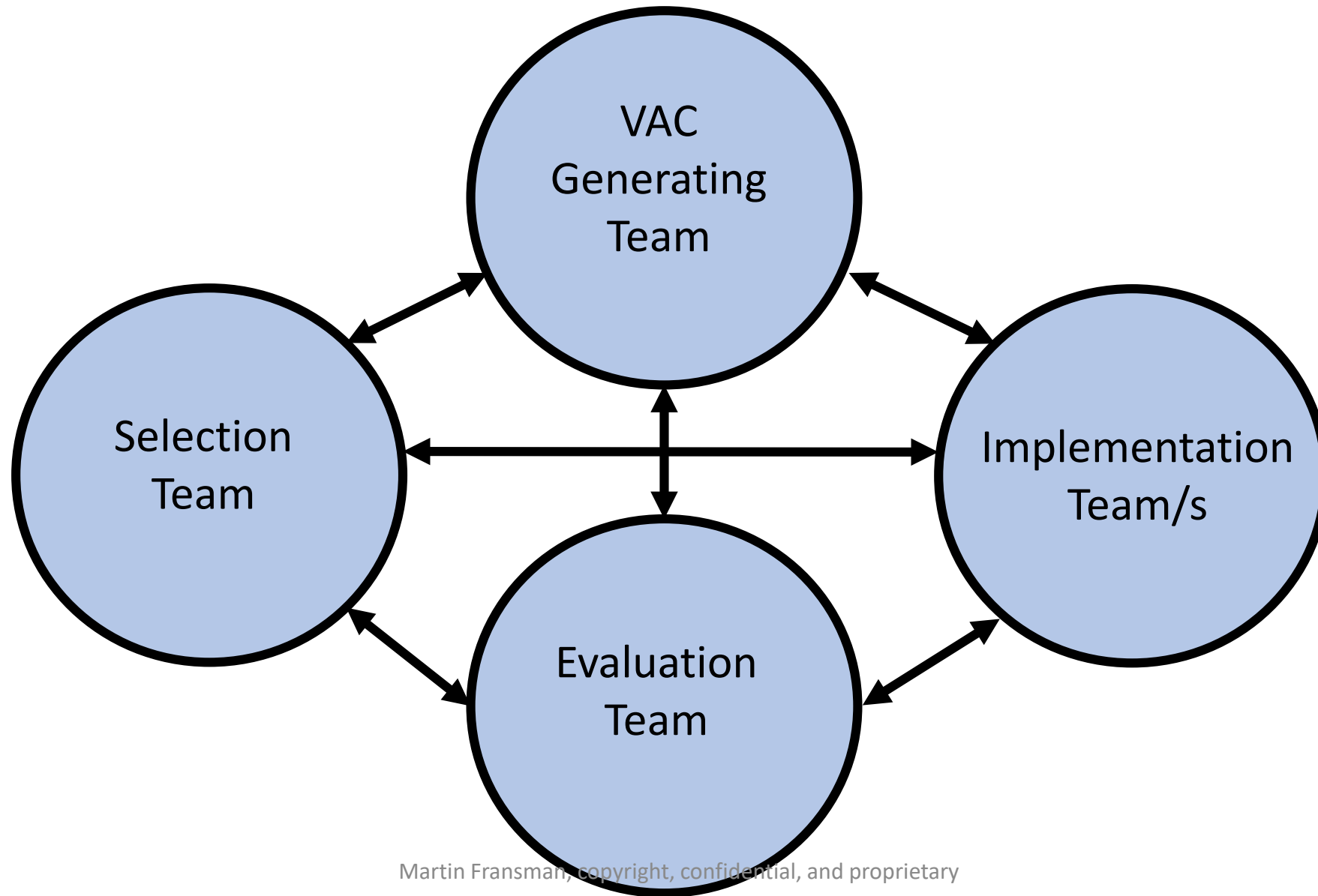
Who should do these tasks?

Answer: 4 Interacting Teams

Four teams should be established:

1. VAC-generating Team. The aim of this team is to identify the main challenges and to generate a variety of VACs. Team members can operate jointly and/or individually.
2. Selection Team. Selects the challenge/s to focus on as well as the most promising VACs.
3. Implementation Team/s. They implement the selected VACs and deliver the resulting services etc to the final users.
4. Evaluation Team. Evaluates the implemented VAC/s and from time to time evaluates the strengths and weaknesses of the Innovation Ecosystem as a whole.

The Health Innovation Ecosystem



Team Membership and Open Innovation - 1

- ▶ The great news is that people not employed by the Whittington can contribute to the carrying out of these tasks. This is called *open innovation* i.e. the Innovation Ecosystem is opened to include players from outside the Whittington.
- ▶ In this way potentially substantial *additional resources* can be brought to bear in tackling the Whittington's challenges.
- ▶ Example 1 is *patient-users*. They are the people who consume-use the Whittington's services. The Whittington already makes great use of this external resource. Whilst the Whittington specialises in *producing* these services, patient-users specialise in *consuming* them. This gives patient-users potentially valuable knowledge on the basis of which to improve these services. The question is how best to mobilise and use this knowledge?

Team Membership and Open Innovation - 2

- ▶ Example 2 is *suppliers*. Just think: The Whittington is a huge purchaser of inputs from suppliers. These include drugs, devices, and diagnostics. But these suppliers also have substantial knowledge, including R&D capability. They are often willing through commercial calculation and/or goodwill to assist in solving challenges.
- ▶ Example 3, *partners*. Partners include other hospitals, community health organisations, and others. They can frequently make significant contributions.
- ▶ Example 4, *universities*. Universities based on their research and training functions can often be very helpful. For example, the Whittington already has a productive relationship with UCL.
- ▶ Example 5, *learning from example*. Other organisations around the world, not only in health, can also contribute by example.

Implementing the Innovation Ecosystem – Who must do What by When?

- ▶ To implement the Innovation Ecosystem and make challenge-solving innovation happen, 3 key questions must be answered: Who must do What by When?
- ▶ This requires choosing people for each of the four teams.
- ▶ In making these choices many considerations must be taken into account. Crucially, if current employees cannot be allocated full-time to a team, and if new appointments cannot be made, then existing staff will have to do the job. But how might they reconcile their current responsibilities with these new tasks? What conflicts are likely to arise?
- ▶ An open-ended session is needed now to discuss these considerations.

Who must do What by When?

1. What are the main problems likely to arise in answering these three key questions?
2. What are the possible solutions to these problems?
3. Are there any irreducible problems that remain unsolvable?
4. Does this imply that it is not possible at the present time to establish a challenge-solving Innovation Ecosystem?

Next Steps

Where do we go from here?