Appendix 4*

HUG – Geneva University Hospital

by Raphael H Cohen

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In spring 2011 Bernard Gruson, general director of the Hôpitaux Universitaires de Genève (HUG- Geneva University Hospital), was reflecting on what had happened since he had been appointed general manager of this 10,000-employee institution in 1999. His main source of satisfaction was derived from successfully uniting a series of different entities into a coherent and respected organization. He was also very happy to see the cultural change that had taken place.

The unification

It all started with a restructuring of a series of independent public entities active in the health sector of Geneva. Since each entity had its own "master" with a certain level of power and autonomy, the reunification meant a loss of power for each of them. As is true every time that turf issues are at stake, resistance to change was considerable. The fact that HUG is a public entity governed by public sector rules and influenced by political parties made the challenge even more daunting.

If this was not enough, there was one more parameter adding substantial complexity. A university hospital has a triple mission: treat patients, train doctors and conduct relevant clinical research in medicine. This means that the hospital is financed partially by social security (for the treatments) and partly by the State (for training and research). Another interesting juggling act!

With diplomacy and perseverance Bernard Gruson had nevertheless managed to achieve the transformation. It had been a painful and bumpy road but there was no doubt that the end result was a success even if many issues were not completely resolved. At this point nobody was referring to the past situation when different entities coexisted but Bernard knew that there were still some challenges.

Since politicians, academics, doctors, nurses, unions, patients, insurance companies and managers do not exactly share the same objectives, Bernard Gruson had become an artist at arbitrating between those various stakeholders' aspirations and resistances. He lost some battles, but overall he won the war.

The Strategic plan

In order to channel everyone's energy and get people onboard Bernard Gruson introduced a 4-year strategic plan. This plan outlined not only the strategic intentions and objectives, but also the managerial philosophy and the different policies which should govern the institution as a whole.

Since such a plan represented a major revolution, one person, Brigitte Rorive-Feytmans, was appointed to manage the process. Together she and Bernard Gruson quickly came to the conclusion that a participative approach would be the only way to go. This multilateral consultation process would substantially slow down the design of the strategic plan, but would also increase its acceptance. With all the concessions that had been necessary to deliver the first plan in 2001, that birth turned out to be particularly painful.

Brigitte's listening skills and sense of diplomacy were instrumental in dealing with the various stakeholders and key players. Her tenacity, combined with a clear vision and a sense of fairness, contributed to the successful outcome of many negotiations. Thanks to her "soft skills" and her humble approach she managed to get the support of many people. She strongly believed that to obtain the engagement of key players, the strategic plan had to become their baby and not hers. And it worked.

Each successive iteration of the plan brought significant improvements and the 2011-2015 edition was a real source of satisfaction for her and Bernard Gruson. It contained a series of major, coordinated, cross-lateral initiatives that would bring HUG to the next level. Since the plan brought clarity and vision it was now recognized as an intrinsic part of the managerial process of the hospital. Many executives would even claim that it would be impossible to manage such a complex institution without a strategic plan. This was a comforting success.

The burning platform

Traditionally, doctors in Switzerland used to prioritize quality of treatment without taking cost into account. Patients were delighted, but insurance companies and the politicians paying the bills were not happy campers. Slashing health-related costs became a political and public issue. By the end of the twentieth century, the health sector in Switzerland had been shaken by several major cost-cutting initiatives.

Sensing that cost management would become a key success factor, in 1999 Bernard and his management team were the first to introduce a cost accounting system in a Swiss hospital. This was another revolution in the industry, but again to lessen natural resistance to change, the implementation had been done as smoothly as possible. Instead of using cost accounting to police treatments it was used as an information system to better understand what was happening. The same small-steps participatory approach ensured a friendlier acceptance by the people involved.

With a budget amounting to CHF 1.4 billion and a difficult economic environment, the inevitable happened: in 2005 HUG was asked to dramatically reduce its operating cost. After intense negotiations Bernard Gruson agreed to reduce the budget by 100 million within 3 years. Since this was not going to be a piece of cake, Bernard quickly came to the conclusion that he would need the talent of the Boston Consulting Group to implement this new major change in care management that would affect everyone in the institution.

This is how "Victoria" was born. Victoria was not a pretty baby but the code name for the cost cutting initiative that would reorganize some departments, reduce the

number of full time positions, change some territories, etc. Plenty of losers and few winners. Nothing to look forward to! But here again the objective was eventually achieved.

The good news was that Victoria turned out to be a great opportunity to let all employees realize that cost was a parameter that could not be ignored anymore. Even if almost everyone at HUG still cringes when the word “Victoria” is mentioned, the “burning platform” delivered the expected results: processes had been streamlined, efficiency had been increased, quality had been maintained, slackness on the job had been reduced had been reduced and… the cost cutting objectives had been achieved.

The managerial challenge

While these structural changes were taking place there was another battle to fight at the same time: the change of culture. Sometimes Bernard Gruson wondered if he was actually a glutton for punishment.

The challenge was to migrate from a hospital culture to a managerial culture. Traditionally the hospital culture was based on a hierarchy where the hospital management had limited influence. Key medical positions were controlled by the University of Geneva. Since faculty appointment automatically determined the managerial rank in HUG, the main criteria for such nominations was academic performance. The consequence was that doctors were promoted into HUG managerial positions whenever they were promoted in academia. Needless to say, managerial skills were not included in the set of criteria granting academic promotions.

The consequence was that most doctors had little interest in management issues; managing people and budgets was perceived as a necessary pain that was hindering the medical practice. In addition, since many interns had a one-year employment contract whose renewal depended on the goodwill of their boss, they had no power or opportunity to argue. The bottom-line result was that there were many management problems.

This had been a source of concern for Bernard but he knew that trying to change the system represented a huge task. Direct confrontation could trigger a nuclear reaction. Starting in 2000 he had frequent discussions with his HR director to find a more subtle approach. They both knew that most MDs were reluctant to attend management-training programs. Ultimately, as being a good or bad manager had virtually no impact on the careers of doctors, why should they waste their time learning to become better managers?

A change of paradigm in training

This was one of the central challenges that Bernard Meier, head of the HUG training center, and Antoine Bazin, his right hand man, were struggling with when they met Professor Raphael H Cohen in 2002. Professor Cohen suggested adapting the course of entrepreneurship he had designed and had been running for both the science faculty of the University of Geneva and EPFL (the Swiss Federal Institute of

Technology, the Swiss equivalent of MIT) in Lausanne, a nearby city on Lake Geneva. Their reaction was first of surprise: doctors should not be trained in entrepreneurship, much less those in a public university hospital!

They were nevertheless intrigued by this unusual proposal and agreed to explore its potential. The idea was to propose something radically different to the doctors: something that would suit their own interest rather than training to suit the needs of the institution. This was a practical application of the WiiifT [1]principle: make sure that doctors find enough benefits for themselves.

After some brainstorming a solution emerged: the MicroMBA[2], a customized version of the study course for entrepreneurship using innovation as a thread. The idea was to teach something exciting enough to attract participants willing to boost their career inside or even outside the hospital. It was targeted to only middle management volunteers. Why volunteers? Simply because they are receptive and willing to learn. If people were forced to attend training courses because their boss told them to do so, they would most likely remain resistant and contaminate the volunteers' level of enthusiasm.

The MicroMBA first taught participants the tools to innovate, then required that they put those tools into practice. After the core theoretical concepts were taught the class was divided into multidisciplinary groups and each group was asked to identify a real innovation that could support the strategic plan of HUG. Identifying the opportunity was only the first step. Each group then had to produce an Opportunity Case, find a sponsor to support this initiative, and convince upper management to obtain the necessary resources and authorizations to implement at least a pilot program if not the whole project.

Since participants quickly figured out that to implement their idea at field level they would need the tools taught in class, it gave them a compelling incentive to learn as much as possible in order to increase their own chances of success. Taking advantage of this high level of receptiveness, the MicroMBA modules included many managerial tools not directly related to innovation but still useful for the projects. The idea was to indirectly teach management and leadership skills that would improve the management practice of HUG managers.

When the concept was presented to Bernard Gruson in 2002, he immediately approved it. He was eager to support anything that could improve management skills even if the approach was outside the box, like this MicroMBA. If such a program could also contribute to the implementation of innovations beneficial to HUG, it would be the icing on the cake. As a general rule he liked audacious projects and he was rather curious to see if this unusual approach would actually keep its promise: low risk with interesting perspectives.

Executive education as a vector for change

[1] What is in it for Them

[2] See www.micromba.org or chapter 17 of "Winning Opportunities, proven tools for converting your projects into success (without a business plan)", 2011, Raphael H Cohen, free download on www.winning-opportunities.org.

Bernard now has no regrets because every year the MicroMBA produces a group of agents of change. In addition, the beauty of this program is that it pays for itself: the four to six projects produced yearly by each class are a measurable return on investment. In fact since the returns turned out to be higher than the cost of the MicroMBA, this executive education program has become a virtual profit center.

The recipe that made the EPFL entrepreneurship course one of the most popular of the school was replicated at HUG: teaching by humor. This approach, pioneered in Geneva by Professor Cohen, was one of his "secret weapons". Since participants were having fun, these lessons were a nice break for the participants who really enjoyed the overall experience. Another characteristic of his MicroMBA is that all the trainers are pracademics[3] with an entrepreneurial background. This not only gives them the legitimacy to teach the tools to innovate, but they are also a real source of inspiration for the participants.

The first pilot turned out to be a success, even leading to the publication of a peer reviewed article in French. Over the years the MicroMBA has been improved and has now become a pillar of the executive education strategy at HUG. Bernard Gruson was also proud to know that this concept, first pioneered at HUG, has since been adopted by major corporations including Microsoft, Nestlé and Sanofi-aventis.

Encouraging innovation

Innovation has always been one of Bernard Gruson's priorities, but since he had other priorities it had remained in the back of his mind. Once the Victoria project was behind him, innovation could come back on the agenda. He knew he wanted to promote it but did not have any defined strategy to do so. The MicroMBA focus on innovation was another reason that made the program attractive.

When he saw the quality of the innovative projects that were delivered after each MicroMBA session, as well as some of the other employees' initiatives, he acknowledged that managerial innovation should be recognized and rewarded. He thus decided in 2009 to implement a contest for managerial innovation, in addition to existing contests focusing on scientific innovation and quality improvement innovation.

In 2010 when the first managerial innovation prizes were given, it was interesting to notice that 40% of the finalist teams included MicroMBA alumni. This meant that MicroMBA participants who had once been through the process of intrapreneurial innovation continued to be proactive and successful agents of change looking for opportunities to innovate. This confirmed that customized executive education can successfully be used as a lever with a lasting effect to boost innovation and change.

Since one of HUG missions is to produce state-of-the-art research, science-based innovation was always encouraged at HUG and the results were impressive. What was less successful was the ability to deploy those innovations on a larger scale. This prompted the creation in 2009 of a specific HUG Innovation Office dedicated to managing, promoting and capitalizing on innovation. It was staffed by a scientist to assess the scientific merits of technological innovations and by Sandrine

[3] http://en.wikipedia.org/wiki/Pracademic

Hertzschuch, who had been supervising the MicroMBA after Bernard Meier's departure but who also had obtained the Diploma in Entrepreneurship & Business Development at the University of Geneva designed and managed by Professor Cohen. This dynamic team very quickly boosted the innovation initiatives at HUG. Staffed with the right people, a team focusing on stimulating and supporting innovation can do wonders.

The resources bottleneck

In 2010 Bernard Gruson was frustrated by the many requests for resources brought to the board of management that had to be refused because they were not thoroughly analyzed and convincing. He asked Gérard Zufferey, head of the training center, and his soon-to-be successor, Didier Jaccard, to find a way to upgrade the standard of those requests. They came to the conclusion that a request for resources was very similar to presenting an Opportunity Case at the pre-project stage of an innovation.

They asked Professor Cohen, an expert of this pre-project stage, to customize an Opportunity Case[4] specifically for HUG requests for resources. He and Brigitte Rorive-Feytmans quickly worked out a template that anyone requesting money or resources had to use to submit a request. This template would have to be used for any kind of request, such as more beds in a unit, the acquisition of new equipment, more staff, more space, a new lab, a new specialized unit, etc.

Since this template requires a robust understanding of the different issues that must be addressed before drafting an Opportunity Case the obvious thing to do was to teach the IpOp Model[5] to all administrators responsible for submitting new proposals and requests for resources.

When this training took place in 2011 all participants understood that allocating resources or authorizations required a clear document addressing all of the decision-makers' concerns. It also provided a common language to all the participants for the pre-project stage. Since this same terminology was also used by the many MicroMBA participants and the Innovation Office, it allowed better communication between all the HUG innovators now sharing the same methodology.

Another benefit of the HUG Opportunity Case is that it also helps the board of management to allocate resources more effectively. With a more mature presentation of each request the decision-makers can analyze them more thoroughly. A more demanding process also eliminated some requests that could not generate a robust enough Opportunity Case. In other words, the tools normally used by innovators were also helping better allocate resources in general.

[4] See chapter 16 of "Winning Opportunities, proven tools for converting your projects into success (without a business plan)"
[5] Explained in "Winning Opportunities, proven tools for converting your projects into success (without a business plan)"

The next move

Bernard Gruson knew that the latest initiative driven by Jacques Hertzschuch, the HUG HR director since 2005, and his right-hand man Antoine Bazin, was going to be another major vector for change. After several months of preparation, they convinced the board of management in December 2010 that appointment of managerial positions, including those in connection with the university, would have to take into account managerial skills. In other words, it will no longer be enough to have the best academic credentials and technical skills to be appointed in a management position.

Until now MDs did not have to make any effort to become better managers. This key prerequisite will bring management skills on the radar of every single doctor who has the ambition to climb the hospital ladder. Now that the decision has been made, his next challenge will be to convey the message that even if management training is not compulsory, doctors are encouraged to proactively learn management skills. Upgrading their management skills should significantly contribute to developing a culture of results that improves quality, processes, collaboration and motivation. In other words, an intrapreneurial culture. This was an exciting perspective.

The review

Looking back at what had happened during these last few years, Bernard Gruson was happy with what had been achieved. Three major changes have been implemented: the unification, the strategic plan and Victoria cost-cutting. Since no one-size fits all, each of these used a different and customized change management approach, but all of them ultimately delivered the expected results. One of their beneficial side effects was to let all HUG employees realize that the world had changed and that change inside the institution was inevitable. Many things that may have worked in the past would not work anymore in the future.

In addition a series of more discrete steps have been taken to change the culture and support intrapreneurial behavior. As Bernard Gruson was reflecting on this apparently unstructured approach he found in the 17th chapter of "Winning Opportunities, proven tools for converting your projects into success (without a business plan)", a description of the four pillars required to stimulate innovation in a large organization, he was delighted to realize that he had intuitively implemented at HUG not only each of those 4 pillars but also the Five P's formula for empowerment also depicted in the book.

The first pillar had been the easiest for him: a genuine commitment to innovation. Innovation was in his DNA and he had clearly expressed his support to all convincing innovations or initiatives that would fit with the strategic plan. In addition he had spontaneously implemented the Five P's formula for empowerment which states that for Powerful Performance- the first P- the recipe for success requires:

- a Passionate leader: no doubt about it!
- Permission to innovate: with the MicroMBA, the prize for innovation and the Innovation Office, there is no ambiguity that innovation is encouraged
- Protection: no innovator has ever been punished in case of failure

- a Process: the tools -i.e. the IpOp Model taught in the MicroMBA and to administrators- give a clear and practical process for innovation.

The second pillar to stimulate innovation: employees' motivation to innovate can only be achieved with a managerial style empowering lower levels to proactively come up with improvement proposals. Several moves have been going in this direction. One of them was the MicroMBA, but the other big one was the recent prerequisite for management skills to be promoted. There is still a lot to do but the process is in motion.

The third pillar: an environment that supports intrapreneurship is also shaping up. Here again, several measures have progressively been introduced to support innovators: the MicroMBA and the Innovation Office but also the prize for innovation and some funding for innovative projects. There is no doubt that more support is needed, but here again the direction is set.

The fourth pillar had introduced the IpOp Model taught to MicroMBA participants and to administrators: provision of easy-to-use innovation tools and intrapreneurship education. Other initiatives that each brought their own tools and processes included the Strategic Plan, the quality improvement initiatives, the cost accounting, a project management office and, of course, Victoria. Overall the tools and processes being deployed throughout the organization are actually making a difference.

Successfully introducing intrapreneurship into a public service organization was a great source of satisfaction for Bernard Gruson. Thanks to a supportive and committed team he had managed to change the culture of HUG to make it a more agile organization with an intrapreneurial spirit. There is still a long way to completely achieve this objective, but HUG has now passed the point of no return. If the past has been rich and stimulating, the future looks even more exciting.

Suggested questions:

1. What were the key success factors of each of HUG's initiatives?
2. What else could HUG do to accelerate the momentum?
3. What can be learned from HUG's migration towards intrapreneurship?
4. If you were in Bernard Gruson's place what would you have done differently?