



Strategic Simulations Drive Change in Health Care

Written by:



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It is no exaggeration to say that the change being made in the National Health Service in England today is the biggest in its 60 year history. Described by Sir David Nicholson, NHS Chief Executive, as "so massive, you could see it from space," it will place the vast majority of the £80 billion budget in the hands of family doctors, and devolve power from government to local clinician-led groups.

On the other side of the Atlantic, the US is in the middle of implementing 'Obamacare', described as the greatest change in how Americans pay for health care since the creation of Medicare half a century ago. Health insurers will no longer be able to charge the sick higher rates. The law will require everyone to either be insured or face a fine. Generous subsidies will be provided for the poor and huge online health insurance exchanges (Marketplaces) are being created. Drastic shifts in the provider revenue models will now demand health care providers to assume some responsibility for the health of the populations they serve. Signing the legislation, Vice President Joe Biden observed, "This is a big f-ing deal!"



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Leaders in every part of the US and UK health systems will be challenged by these significant shifts. In already complex organizations, the pace of change is extreme. Clinicians trained to be family doctors now have responsibility for the provision of care to hundreds of thousands of patients across intricate conditions and pathways. Industry players will face tough negotiations with both powerful and failing providers — and the consequences of some decisions will be highly visible, emotional and political.

The Strategy Execution Gap

In an environment that demands exceptional strategy execution, agility and innovation, the successful transformation of health care organizations demands effective strategy execution. However, bridging the gap between strategy and results is difficult.

Exceptional strategy execution is not the result of a solitary employee decision or action, but the consequence of a series of coordinated, enterprise-wide decisions

"Leading an NHS organisation has never been so testing and the stakes so high. Having a business simulation that provides a safe environment for board teams to try out different options and different ways of working has never been more valuable."

- Andrew Corbett-Nolan
Chief Executive
Good Governance
Institute

and actions occurring over time. It must be comprehensive and engage the entire organization from the executive suite to the front line. For many organizations, this is not easy. In the past three years, only fifty-six percent of strategic initiatives have been successful, according to recent research released by *The Economist*.¹ For the health care industry, strong execution is especially critical.

In the face of tremendous change, health care organizations will inherit new challenges, compounding already existing pressures. With real constraints around performance measures and targets, health care leaders must balance business-related concerns against delivering health outcomes. Meanwhile, in the broader context of the health ecosystem, everything is interrelated and the decisions of diverse stakeholders are not isolated, but have system-wide implications.

However, if very few leaders can recognize how the system will evolve and fewer can translate that message to their organization, how can health care companies move from strategy to execution? "Our mindsets need to shift from fixing people when they break to keeping them healthy in the first place. Now that has a great impact on clinical pathways and the reimbursement models required," one health care executive reflected. "We need to change the wheels of the car as we are driving full speed down the highway."

At many leading organizations, business simulations are helping to provide valuable insights and accelerate strategic transformations.

Health Care Leaders Are Challenged to Align to a New Reality and Adopt a New Mindset

For Aetna, a leading diversified health insurance company, a high-impact, customized experiential learning initiative proved critical to success. To allow the top 300 executives to understand the dynamics of the new environment, align around a shared vision of the future, and build the capabilities required in the coming years, the company leveraged a business simulation to explore the challenges of execution in a safe environment.

Mark Bertolini, Aetna CEO and President, reflected on the value of the simulated experience. "When you are thinking about what you are doing tomorrow, the next day, or even five years into the future, I think the most important thing to do is to focus on the customer and their unmet needs. The BTS simulation allows you to make decisions about your business based on macro-level trends and changing consumer behavior in a safe environment without risking real customer relationships and shareholder money," Bertolini explained. Aetna is far from alone in recognizing the value of this innovative methodology.

Strategic Simulations Help Enable Bold, Courageous Action

Doctors, hospitals, commissioners, insurers and government have found simulations to be a powerful tool supporting health care organizations through these radical reforms while creating a common understanding of the future of health care. Effective business simulations have the power to take a company from strategy to results by aligning the organization to the strategy, building the right mindset to approach execution urgency and purpose, and developing the required capabilities.

"We partnered with BTS to rebuild our simulation program that models our business so we can practice making decisions in a new and different marketplace. Their program helps us improve the execution of our new strategy and to achieve the results our shareholders and customers expect."

– Mark Bertolini
Chairman,
CEO and President
Aetna Inc.

In a simulated, risk-free environment, real-world dynamics and the consequences of decisions become clear. Leaders can test responses to political and emergency events, and understand the unexpected consequences of decisions, before they are required to take action under pressure in a complex world and under intense scrutiny. "We got side-tracked by the numbers and the performance..." observed a participant during a recent simulation. "We lost our strategy in the mix and the noise of what we need to do. It's making me think about going back to the core values of improving health outcomes and the health of people." Another leader added their perspective, "Normally it takes you years to experience that sense of investing and seeing the benefits later on – seeing that condensed into two days is incredibly valuable."

By engaging so many different organizations and diverse stakeholders in the experience, a simulation provides a unique opportunity to learn, experiment, and develop relationships with others in the health economy. The best returns come from involving the whole ecosystem in the dialogue, debate and decision-making. As one leader explained, "it changes the way you think about what you do every day. You get an understanding for how you contribute to the ultimate goal."

Simulated Experiences Help Deliver Real Results

All over the world health care is going through tremendous change. Bold, courageous action, agility, and innovation will be necessary to survive the legislative shifts, severe budget restraint, and cost inflation. While high level documentation of the operating framework has been published, not enough is being done to engage people in the system. Health care organizations would benefit from:

1. **Aligning** people around new metrics, clinical pathways and strategies that often times involve people outside individual silos
2. **Shifting the mindset** of health care professionals and executives towards how to keep people healthy
3. **Developing new capabilities**, from business acumen to strategic thinking, innovation skills and leadership, to effectively compete in this volatile reality

In an environment that demands exceptional strategy execution, agility and innovation, business simulations are capable of transforming health care organizations and delivering meaningful results.

About BTS

BTS focuses on the people side of strategy, working with leaders at all levels to help them make better decisions, convert those decisions to actions and deliver results. At our core, we believe people learn best by doing. For 30 years, we've been designing fun, powerful experiences™ that have profound and lasting impact on people and their careers. We inspire new ways of thinking, build critical capabilities and unleash business success. It's strategy made personal.

For more information, please visit www.bts.com.

¹ The Economist, "Why Good Strategies Fail: Lessons for the C-Suite", The Economist Intelligence Unit Ltd., 2013