IT (and Business) Adaptive Challenges

Agility – how can organizations adapt quickly to rapidly changing environments
Themes Addressed

• **Agility** – how can organizations adapt quickly to rapidly changing environments?

• **Capability Improvement** – how does shifting to a capability improvement focus deliver real business performance?

• **Delivering Business Value** – how to effectively partner with the business to deliver transformational change.
Some Context

• Lack of senior leadership alignment around strategy and how to execute
• Growth has slowed or stalled
• Pressure to trim or drastically reduce costs
• Lack of speed to respond to regulatory reform
• Poor business requirements for IT

These challenges are not new but how to attack them has changed.
What’s Different?
Leadership’s Adaptive Challenges

Leadership
(Identifying and mobilizing resources)

Technical Problems
(Current business systems logic and customer set; we know how to fix)

Core Businesses

Adaptive Challenges
(New terrain; limited experience in how to think through to the answer)

Future State Model

Innovative – while being efficient
Busting silos caused by complexity
Big data management
Catching up with the pace of change

Authority
(Power to deliver services)

The Work of Leadership; Ron Heifetz and Don Laurie, HBR

Failure
The Answer

• At the heart of these issues, is a new way to look at the **Strategy to Execution (S2E)** process – without silos – as a collection of inter-related capabilities needed to execute strategy.
  
  — This provide focus and speed for building new business models, designing new processes and managing the projects to get desired results.
  
  — The S2E process imposes little administrative overhead; leverages insights, enables rapid execution, and aligns line and staff functions in a single pass.
Strategy to Execution Process

Strategic Intent
- Corp. Strategy & Mission

Empirical Insights
- Where we Compete
- Value Map
- Scenario Planning
- Vision
- Core Capability Model

Implementation Planning
- Value Contribution
- Heat Map
- Gap Analysis & PoP
- Planning for Change
- Roadmap and Budget
Start
WhatFirst™ - Strategy to Execution

Strategy
1
Value Map Count: 1

Capabilities
2
Model Count: 5

Resources
3
Resource Count: 72

Planning
4
Active Project Count: 9

Execution
5
Metric Count: 0
Key Ideas from the Demo

• Business Capabilities
• Capability Model
• Capability Value Contribution
• Capability Gaps and Heat Maps
Capabilities Defined

• A business capability is “what” the company needs to be able to do to execute its business strategy. For example, we need the ability to:
  – Set rates based on population characteristics
  – Managing populations across multiple sites of care
  – Monitor Disease registries for real-time alerts for spikes in risk
• Capabilities are considered regardless of where they reside inside (or outside) the organization.
## Capabilities vs. Competencies

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<th>Individual</th>
<th>Group or Organization</th>
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<td><strong>Technical</strong></td>
<td>Functional Competencies</td>
<td>Business Capabilities</td>
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<td><strong>Social</strong></td>
<td>Interactive (Leadership) Competencies</td>
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Capability vs. Business Process (cont’d)

Business Capability
- Definition: An organization’s abilities that have potential for development or use.
- Characteristics:
  - Strategic: What an organization needs to do to execute strategy
  - Used to provide focus for taking strategy to action
  - Abstracts or ignores implementation details
  - Very stable; an organization’s capabilities do not change unless the business model changes significantly

Business Process
- Definition: A collection of activities which, when performed together, create an outcome for a customer.
- Characteristics:
  - Tactical: How an organization delivers capabilities
  - Used to document and improve performance
  - Includes implementation detail — “who does what, when, and how”
  - Less stable; implementation details change more frequently
Capability Model Defined

• A Capability Model:
  – Is an organized set of business capabilities (usually across a value chain)
  – Helps visualize the capabilities required to take strategy to execution
  – A vehicle to communicate and coordinate the path forward
Three Capability Types

- **Strategic Capabilities:**
  - The business capabilities related to organizational planning, strategy, and investment

- **Core Capabilities:**
  - The business capabilities identified as delivering the products and services an organization offers to its market. Core capabilities have different value contributions and performance targets: They can be Advantage, Strategic Support, Business Essential, or Business Necessity

- **Enabling Capabilities:**
  - The business capabilities that support the organization but are not sold or offered to the market
Capability Levels

Level One: Capability Families
Level One presents a high level view of the value chain of capabilities.

Level Two: Generic Capability Groups
Level Two capabilities are the generic capabilities essential for strategy delivery. This level is useful to explore the relationship with the Value Map and completeness of the model.

Level Three: Specific Capabilities
Level Three lists the specific capabilities. Here, an organization assesses performance, makes sourcing decisions, addresses gaps, etc.

Provide solutions along the care continuum
Capability Value Contribution

- Capabilities contribute differently to strategic value and should be nourished and sourced accordingly.
Capability Heat Maps

- A Heat Map is a visualization of an organization’s capabilities, indicating the level of attention required for each.
- High heat suggests required investment.
Case Study

Provider Response to Healthcare Reform
Scenarios: Plausible Futures

1. Nirvana - maybe
2. Churn & Earn
3. Death Spiral
4. Only some survive

Fee for Service

Fully Integrated

Global Capitation

Reimbursement

Fragmented Delivery
Common to Multiple Scenarios

• Identifying and contracting with right partnerships
• Aligned incentives
• Lower costs and deliver value
• Standardize processes, clinical pathways

• Manage Patient data and infrastructure
• Stay patient and patient need focused
• Diversify revenue streams
• Run focused clinical centers of excellence
**Scenarios: Navigating the Compass**

- **Migration path**
  - Stay viable in any scenario, while beginning the migration towards the nirvana state of population-based reimbursement and integrated delivery along the care continuum.

2. **Churn and Earn**
   - Opportunity: Geographic monopoly
   - Risk: Misaligned with mission, education

3. **Death Spiral**

4. **Only some survive**
   - Opportunity: Sole survivor
   - Risk: Managing financial exposure

1. **Nirvana - maybe**
   - Fully Integrated

Adapted from “HealthCare's Catch 22”, published May 2013 (internal white paper)
Provider Value Map

Population Health
Improve health and increase the number of lives attributed to Acme through an accountable / integrated Health System & Network relationships.

Value-based Care
Create the environment necessary to improve quality and cost performance and align the clinical, research, and educational missions.

New Payment Models
Move to population based payment models and align work force with new models; consistency achieves better operating margin.

Strategy Shift

Adapted from “HealthCare's Catch 22”, published May 2013 (internal white paper)
Capability Model: A Value Innovator

1. Shape the Business Environment
2. Assemble solutions along the care continuum
3. Optimize operations infrastructure
4. Empower the patient experience
5. Provide value-based Healthcare
6. Manage Payment Model

Adapted from “HealthCare's Catch 22”, published May 2013 (internal white paper)
Key Technology Challenges

Challenges in creating a single client record, to ensure that identification of citizens is consistent and reliable, including services and outcomes.

The need to integrate existing systems on different platforms, ensuring interoperability.

Increasing demand for services, constrained resources, and increasing client expectations.

A way to address major business problems without resorting to a risky “rip and replace” approach.

Communication with remote and mobile patients, employees, systems and/or locations.

Efficiently understand costs and opportunities across an array of payment models.
Journey Map
Building the Future State Model requires working on all elements. Think of the elements as being connected by slack ropes; if you start pulling on one component, you will soon be constrained by one of the others.
About Accelare

• 2001 Founded in Boston, MA. ≈35 Consultants
• Name is derived from the Latin word accelerāre to go faster; to cause greater activity, development, progress, advancement. At Accelare we are all about speed to results. Accelare deploys Agile and Scrum techniques in all of our methods.
• Key contributors to the Business Process Management Movement and worked on the best-selling books of Michael Hammer and James Champy including ; Reengineering the Corporation and X-Engineering the Corporation
• 2008, Accelare acquired the Capable Company, whose leaders authored The Capable Company and Measure Up!
• 2009 Accelare’s work was featured in the June 2009 Harvard Business Review article, The Next Revolution in Productivity co-authored with Microsoft.
• 2010 Accelare launched WhatFirst™ the first Business Architecture Design and Collaboration tool. Whatfirst is now in the early adoption phase by over 100 companies.
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