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Embracing Innovation in Healthcare

**So why should business particularly those in healthcare embrace innovation. Welcome to focus on the future of medicine on ReachMD, The Channel for Medical Professionals. I am Bruce Japsen, the healthcare reporter for the Chicago Tribune and with me today is Philip Newbold who is the President and Chief Executive Officer of Memorial Hospital and Health System in South Bend, Indiana. In his role operating this mid-sized healthcare system, Mr. Newbold is credited with changing the corporate culture at Memorial, forging alliances with a long list of companies from Wal-Mart to Whirlpool, entities that are often not top priorities for linkages negotiated with hospital executives. Among Mr. Newbold's other projects include Healthworks Kids' Museum and the Innovation Cafe, an on-site deli converted into a unique teaching lab for hospital staffers and outside visitors to learn how to use innovation to revitalize their daily work.**

### BRUCE JAPSEN:

Philip Newbold, welcome to ReachMD, The Channel for Medical Professionals.

### PHILIP NEWBOLD:

Hey Bruce, it's great to be here.

### BRUCE JAPSEN:

Well, I am glad you are with us on the show and if you could just tell us a little bit about Memorial and how you use innovation there because I know that's the thing that you have been quoted widely on in other publications and you regularly (01:30) speak on this issue.

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### PHILIP NEWBOLD:

Well, Memorial has been on the formal innovation journey for the past 5 or 6 years and we actually about 5 years ago developed a formal board-approved innovation policy and it was modeled after a lot of business and industry that we noticed in almost every sector of society across all industries. They all seemed to have R&D functions or innovation policies. They all seemed to invest in their future in a very formal and a very disciplined way, but we didn't really see that in healthcare and particularly not in hospitals and health systems,

so we began to study that and actually had an innovation policy adopted by our board that set aside some resources so that we really could reinvent or re-imagine a better future.

**BRUCE JAPSEN:**

Well, that's interesting too that you say because I mean in my role I also cover pharmaceutical companies, how can a hospital set up a budget for R&D especially a community hospital. I know that teaching hospitals already do research with their clinicians and so forth, but that is an interesting concept.

**PHILIP NEWBOLD:**

What we recommend to all hospitals and health systems is they first go out and do some site visits, we call those ENO visits to really find out how the good players that have been in this game for decades have been very successful in R&D and innovation, how do they do it and so what we do in teams of 5 or 6 and often times take along a board member or a physician, we go and visit places like Whirlpool, like Microsoft, Nike, Procter & Gamble, Intel, (03:00) all kinds of places all over the country taking board members, administrative and physicians, to go learn about the process of innovation, how do they get to be so good at inventing the next thing and coming up with the new enhancements and features and benefits, how do they go about implementing their R&D innovation policies and then from doing a number of those and we have done over 30 of those to innovative companies all around the country, we bring those learnings back and that's how you begin to craft an innovation policy and the policy really has several sections:

1. What's the case for doing it, is this important for our future?
2. Secondly, then to set aside some resources to actually fund some money for people for prototyping and early trials and to get some training done of the staff and so on and then put some metrics down about how you are going to measure innovation. It's ROY if you will and then make sure there are some oversights, so that you can continue to make sure that this is planted during these tough times and so that's what we really recommend to follow. There is a fairly good roadmap, first get out and actually see it first hand, kick the tires, slam the doors, look under the hoods of all these companies that have been so good at it and that's really, really helps you get started.

**BRUCE JAPSEN:**

Are these companies open to having visitors and also if you could give us an idea of perhaps may be something that one your people can back with that you have implemented?

**PHILIP NEWBOLD:**

Well, we have never been turned down for any (04:30) company we have ever tried and so the answer is I think yes, you obviously start with those that may be or in your supply chain where you are a customer of someone else, that's how we did and then you begin to network and broaden from there. When you come back, you often come across opportunities to test products or services with these companies and we have a number of those underway. We came back from Steelcase, for instance, and we saw an opportunity to develop something called One of a Kind. It was a way of thanking donors and those that had made large gifts to either hospitals or universities to and we put together a joint program that's actually a product called One of a Kind that helps thank donors and that was something that just came out of one of these site visits. Other times we came back from one around with Underwriters Laboratories where we actually began to then develop a home well water testing kit that uses our nurse call center as the 800 number nationally for answering questions about the quality of well water once it has been tested. So, there ends up being all kinds of different venture opportunities. There are good ideas. GE Medical taught us perhaps a new set of tools to use and new methodology. We bring all that back, we adapt it and fit it to our organization or community, but there are loads of organizations looking for hospitals to test something, looking for them to partner, looking for them to get in front of some lead (06:00) customers and users and I will say why not your hospital

and health system, why not your community. People really looking for this kind of partnership out there today.

**BRUCE JAPSEN:**

When you think about the well water initiative for just a moment, you know now that's when everybody is interested and it's called the green initiative, let's make sure this is safe and I am sure you in South Bend area, you probably have a lot of rural patients from rural areas and so it turns out to be a good outpatient public health initiative and also a marketing tool, doesn't it?

**PHILIP NEWBOLD:**

It covers 3 or 4 and those are the most powerful where you have both won us a community benefit and a safety issue, #2 it does have some value by positioning yourself, taking care of the needs of people whether they are in rural areas or anywhere else where the quality of water may be an issue and actually from those well water testing we have actually moved in to an another program and these things do evolve overtime into one of having a water certification initiative where we certify the quality of hospital water by using Underwriters Laboratories and also moving that to perhaps nursing homes, perhaps colleges and universities, and as you can imagine with the whole ecology green movement, there are lots and lots of opportunities to take these out of one segment and move them into another, but you have to be looking for these opportunities and you do that by having these great visits where you get to know one another and then bringing those ideas back, but the key thing Bruce is you gotta act on them. So many (07:30) people go on visits or they go to conferences, they hear good ideas, but they don't do anything with them and we are big fans of getting them into a prototype, getting them in front of a lead customer or user, and then seeing what happens and that's again some of the basic principles of innovation that makes this really, really not so risky, but more imperative at this point in time.

**BRUCE JAPSEN:**

**Well if you are just joining us or even if you are new to our channel, you are listening to focus on future medicine segment on ReachMD, The Channel for Medical Professionals. I am Bruce Japsen, the healthcare reporter for the Chicago Tribune, and with me today is Philip Newbold who is the President and Chief Executive Officer of Memorial Hospital and Health System in South Bend, Indiana.**

He joins us from South Bend and we are talking about innovation and ways that people in the healthcare industry, which quite frankly is not always thought of as being innovative and focussing on the future. You were just telling us about how you have a budget for innovation and I think that's important for our listener's out there particularly doctors who go to a lot of conferences and then they might come back to the hospital with a good idea, but yet there is no money to fund it, is that kind of where you guys were out there, if you guys came back with some innovative idea, at least you would have some money to help them see it through.

**PHILIP NEWBOLD:**

Yeah, more importantly than the money also is the fact that we actually do training around innovation so that we teach innovation principles. There are some methodologies that you can follow and so instead of turning that idea over to somebody else, we actually encourage the people to have the ideas or bringing them back to become champions and take that (09:00) idea and get into a methodology. We will give you some resources, we will give you some support and coaching and help and all of that, but to have them move this great idea through all of the stages and actually get it implemented, we think that's the best model of all, that's really what we saw when we did all of our visits across corporate America. It wasn't so much the idea as it was developing this group of champions, people who are passionate about their new ideas and just passionate about a new way of doing things or thinking of things and so those are the ones you want to develop, those champions, and then make sure that you support them every way possible, make heroes out of them if you will and that's what everybody in America is looking for how to develop these innovation champions inside organizations so

that they can get their ideas implemented and then get on to the next one and the next one after that.

**BRUCE JAPSEN:**

Well, are there any specific ideas relative to physicians and physician groups that you came up of. I did know that you talked about the one-of-a-kind program to thank donors, which just thanking donors is something that a lot of groups don't really think of, how do you do that. I mean you get donors all the time, you are non-profit, I mean are there other ways to get physicians involved and perhaps some ideas that you pass along to your doctors.

**PHILIP NEWBOLD:**

Sure, we have started a big project a few years ago, it's a 40 million dollar heart and vascular center. It's complete with cath labs and peripheral vascular labs and a nursing unit and so on and we got the physicians involved early on through direct observation. We actually hired a company called IDEO and they (10:30) assembled a team that did some observation by following physicians, patients, visitors, and nursing people around for like 3 weeks in our cardiovascular areas to really look at things that we just got so used to seeing. We were completely blind to many of the things that were going on with the patients during their experiences and with the nursing and so on, and once we brought that back and developed some design principles, we actually then prototyped the new patient's room of the future and the new nursing station of the future or the new waiting or gathering areas and so on. When the physician saw that interest in where they work every day and the things that they do everyday, but with a fresh new eye and a fresh new approach, they were very, very happy to participate in the innovation process because senior management and everybody that was interested at every level was actually hands on engaged in how do we design a much better experience, not only for the patient, but for the staff that work there as well and that is a double win and that's what physicians and clinicians tell us that it is so exciting about innovation that it reinvigorates and reenergizes peoples focus around the patient experience.

**BRUCE JAPSEN:**

And some of this may take a little time. I mean it would seem that you know you would want to get physicians involved in new construction projects and whatever, but you have been around in the healthcare industry a long time that's not always the way it is, is it?

**PHILIP NEWBOLD:**

Well, I think physicians are busy people and if you engage them (12:00) in the right places and the right ways and seek not only their input, but also to get them on an airplane or get them in a car and go see a new model or something that's working better than yours, that really opens up a lot of possibilities and that's what we really find people after they leave training programs and so on they get used to doing things in certain ways and the site visits let people know what's possible in new ways that they had never thought about. Their knowledge was not even in this particular area, and if you can actually see it, where they can talk to their clinician friends and find out what it's like to practice there and in this way that's how you breakdown the silos and the barriers. They come back from these site visits and they are ready to go because they have actually seen it at work. So, it's much more empowering, much more engaging than just asking on at kind of a boring meeting what do you think we ought to do about the cath lab tomorrow.

**BRUCE JAPSEN:**

And do you think that this is something that will continue in the future? I mean do you think others will have to adapt because everybody is worried about the economy.

**PHILIP NEWBOLD:**

I think this is exactly the time that the good organizations are going to redouble their efforts around innovation and creativity and imagination around new possibilities and new models and new ideas and they don't have to do it in an expensive way. Much of what we teach and the way we teach it is more like bootstrapping. It's making something out of cardboard and getting it in front of somebody. It's prototyping a new service or coming up with a new way of handling a particular situation and looking (13:30) for opportunities absolutely everywhere and they don't have to be expensive, they don't have to be risky, but you need to engage that innovation engine now during these tough times so that you have something on the other side when we come out of this. You will have a lot of new ideas and thinking this is ready to be implemented that might take some capital, might take a great deal more time to perfect and so on, but now is the time to continue to make those investments in innovation and not to just hunker down and see if we can wait for a year or two until things get better.

**BRUCE JAPSEN:**

With that, I would like to thank Philip Newbold who has been our guest. He is the President and CEO of Memorial Hospital and Health Systems in South Bend, Indiana and we have been talking about innovation on a special focus on the future of medicine on ReachMD XM, The Channel for Medical Professionals.

I am Bruce Japsen, your host. I am with the Chicago Tribune. If you have questions, please visit our website at [reachmd.com](http://reachmd.com), which features our entire library through on-demand podcasts, and I would like to thank you today for listening.

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