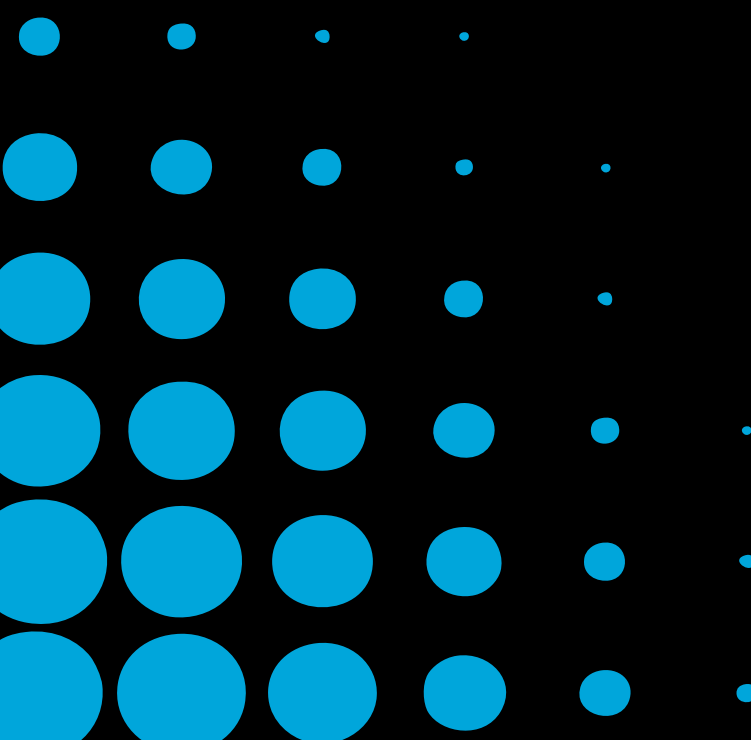


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Case Study: Kaiser Permanente's Healthy Approach to Change

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In March 2007, Kaiser Permanente charged new Chief Information Officer Phil Fasano with driving the organization's technology agenda and leading its 5,600 IT employees. Kaiser Permanente's major health IT initiative, KP Health-Connect—which digitizes and integrates nearly 9 million KP members' medical and administrative information into a single system—already was well underway.

The IT organization was challenged to develop and support KP's goal for a technology-driven, information-based strategy. But the organization's brand suffered, and morale was low. CIO Fasano needed to show IT employees how they fit into KP's "bigger picture" and what behaviors were needed to support the strategy. The CIO went on a series of "listening and learning tours" to launch the organization's vision and share the strategy.

The creation of Kaiser Permanente's Transformation Advisory Group (TAG) in mid-2007 was part of IT's organizational development philosophy around employee engagement. Formally launched in July 2007, TAG aims to help the organization achieve goals, to empower grassroots change agents, and to transform to a constantly learning and adapting organization. The TAG numbers approximately 50 employees across IT, ranging from mid-level managers to individual contributors who were selected based on the following criteria: respected across their organization/team; well connected and networked; energetic, enthusiastic, and engaged; and potential to be a "change agent."

In an effort to apply a proven process for managing

the transformation, KP also sent two of its management staff to a workshop on developing change management skills. "I was familiar with Dr. John Kotter and the change model he's had out for years," says one of those staffers, Karen Yolton, director of IT Communications. "But choosing the program was somewhat serendipitous. We were putting together the TAG, and I had seen a New York Times article on Leading Bold Change. So I and a peer traveled to one of the trainings to see if there was anything we could use. One element we liked was the sense of fun, that this was for ordinary people and not necessarily an academic model that couldn't be followed. This was important because we were pulling people from operations who hadn't heard of Kotter or the model. It gave us a common language."

Soon after leaving the two-day LBC workshop, the KP managers decided to use Dr. Kotter's 8-Step approach to help IT navigate through its transformation. KP employed LBC workshop designer/consultant ISB Worldwide to train the TAG team members in late summer and early fall 2007 with the assistance of the original KP leaders certified through the LBC program.

In a series of three one-day workshops ISB Worldwide and KP staff took groups of approximately 35 KPIT TAG team participants through the training. A first step was to get support and approval from the highest echelons of KP. As such, "there was at least one executive sponsor at each of the trainings," Yolton says. "This participative support from executives is vital, particularly for folks who have been with the company for a while, because we have to overcome their cynicism and make them still feel safe."

During the sessions, participants reviewed the "Our Iceberg Is Melting" parable interactively, then had fun fishing sessions in which participants caught Gummi bears in their mouths. "This was done to break down barriers and loosen up the room before identifying their iceberg and figuring out what success would look like around each of the 8 Steps," explains Yolton, who admits to identifying with Buddy "because he took on the role of helping wherever he needed to be and didn't need to be at the top" and also with Alice "because she's a pragmatist, looking for the 'how' and looking to solve the problem." Within each workshop setting, the groups were separated into teams that could work on specific team-scaled elements of the overall KP transformation process. At the end of each

session, these teams were charged with completing the Leading Bold Change Action

Kaiser Permanente cont.

Planning document included in the participant guide. The teams were given a 30-day window to report back to their leadership with an action plan for their team's role in the larger initiative. The monthly TAG team meetings kept the LBC process in motion by discussing each team's progress and success.

Today, the TAG meets on bi-weekly calls (which the chief operating officer, as the executive sponsor, sits in on) that are designed to "pull" information from the organization as a sounding/feedback council; to "pulse" the organization and surface hot issues; and to "push" key messages into the organization through active, informal channels. "It is an

investment of time," Yolton cautions.

Occasionally, employees have trouble balancing TAG responsibilities and their jobs, Yolton acknowledges. "We've had folks drop out because they have projects to complete, but there's no judgment. And most of them come back when they can."

One of the best parts of the change initiative and the TAG, Yolton says, is that "within the IT organization, there now are a group of folks who are not management but are seen as being able to provide feedback to executive teams and to get things done. They serve as a pipeline to the powers that be. That's changing our culture."

8 Steps in Action

Some TAG members already have worked through the 8 Steps. "One group used the 8 Steps to align goals with the top of the organization and see how desktop employees' jobs, for instance, connect to the organization as a whole." Here's a look at that 8-Step application:

Step 1: The group made it clear that if the business objectives aren't made for 2008 it will impact folks from a professional standpoint: performance plans, compensation, pricing plans, etc.

Step 2: The group got its regional leaders to make the goals relevant. This included supervisors and managers—the people doing the work.

Step 3: The vision of the organization: Be

competitive, provide the best health care at low costs, incorporate IT.



Step 4: To communicate, the group used the Intranet, publications, and cascaded the message (managers sat with staff to talk about what the goals mean).

Step 5: Everyone had to create a set of goals and input them. Everyone had to have a conversation with their manager to create these goals.

Step 6: "We plan to put the successes on the Intranet and celebrate them," Yolton says.

Step 7: It's an ongoing method. "You have to be fairly prescriptive about aligning goals and managing performance," Yolton notes. "It's not a one-shot deal."

Step 8: "We talk about goals on a quarterly basis," Yolton says.

Yolton says KPIT already is facing yet another iceberg: becoming more adept at forecasting and budgeting. "We're having a meeting to determine that team," she says. "I think using the Kotter change principles could be beneficial to all of KP—not just IT as people are feeling much more empowered."