Leading Amidst Uncertainty
A Journey of Contradiction and Paradox
Defining Uncertainty

By Any Name

1. An unpredictable state
2. Not known or definite
3. Undetermined, unsure

Source: Talent Development research and analysis.
Defining Uncertainty

By Any Name

Living in a VUCA World

The United States military uses the acronym VUCA to describe turbulent environments. This term has been frequently used to describe the current state of health care:

- **Volatile:** The rate and scope of change
- **Uncertain:** The lack of predictability
- **Complex:** The interconnectedness and confounding of issues
- **Ambiguous:** The extent to which issues are open to multiple interpretations

The Prevailing Problem of Our Time

Uncertainty at the Forefront

Chief Concerns of Health Care Executives
1. Increased uncertainty
2. Rapid acceleration of change
3. Demise of traditional strategic planning

Top Ten Physician Complaints
1. Uncertainty about the future
2. Financial concerns
3. Medical group or employment onboarding

# A Moment for the Departed

## The Casualties of Allegiance to the Known

<table>
<thead>
<tr>
<th>Certainty</th>
<th>Fate</th>
</tr>
</thead>
<tbody>
<tr>
<td>“There is no reason anyone would want a computer in their home.”</td>
<td>Favored familiar technologies that it created and delayed entering personal computer market; sold in 1998</td>
</tr>
<tr>
<td>– Ken Olson, CEO, 1977</td>
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<tr>
<td>“People like browsing the new release wall, reading the blurb on the back of the box.”</td>
<td>Disregarded emergent trends and turned down offer to purchase Netflix; bankrupt by 2010</td>
</tr>
<tr>
<td>– John Antioco, CEO, 2003</td>
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<tr>
<td>“I do not think that technology...will even vaguely replace the fact that you can come into our stores and there is someone who greets you and is knowledgeable about books.”</td>
<td>Placed all bets on physical footprint and outsourced web presence to Amazon; bankrupt by 2011</td>
</tr>
<tr>
<td>– George Jones, CEO, 2008</td>
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</tr>
</tbody>
</table>

Hardwired to Predict

Brain Uses Past as Prologue

Past

Future

Brain catalogues past experiences into orderly patterns to make sense of events

Brain anticipates and expects pattern to continue into future

Working to Protect

Holding On to the Known

When people believe they are certain, they...

1. Stop Searching
   Underlying Psychology
   Cognitive Closure
   Rushing to an answer to resolve ambiguity

2. Discriminate Against Data
   Exposure Bias
   Being selective in which sources are revered and rejected

3. Willingly Wager
   Overconfidence Bias
   Excessive confidence in one's odds of being correct

...until belief hardens into conviction.

An Ever-Widening Gap

Certainty Warps into Convictions Distant from Reality

As reality changes and convictions harden, the gap between the two grows dangerously wide.

When certainty is first presumed, it may closely resemble reality.
Certainty a Leading Cause of Misdiagnosis

Contributing Causes of Misdiagnosis

- No Fault: 7%
- System Errors: 65%
- Cognitive Bias: 74%

(n=100 misdiagnosed cases)

Misdiagnosed Cases Lacking a Differential Diagnosis

(n=190 misdiagnosed cases)

- An estimated 10%-20% of cases are misdiagnosed, resulting in 40,500 deaths each year.

Source:
In Our Own Backyard

Certainty a Leading Cause of Misdiagnosis

An Alternative Narrative

Embracing Uncertainty Improves Patient Experience

A Positive Correlation

Physician Expressions of Uncertainty

n=43 physicians

Number of Expressions During Visit

Patient Satisfaction

1) $r=0.404$.
2) Sample includes male and female physicians at various training levels.

Benefits of Engaging with Uncertainty

- More positive patient-physician relationships
- Greater information sharing
- Better pain management

A Better Way of Doing Business

Organizations Benefit from Embracing Uncertainty

The Impacts of Organizational Embrace of Uncertainty

Percent of Employees Agreeing They Are:

- Satisfied with Job: 68% (96%)
- Committed to Organization: 75% (96%)
- Aligned with Organization: 59% (88%)
- Cynical About Organization: 42% (29%)

n=800 employees

1) Includes staff at all levels of the organization, spanning technology, finance, health care, government, and transportation sectors.

Starting the Journey Toward Uncertainty

Reversing Our Path into the Unknown

The greater and more widespread the embrace of uncertainty is in the organization, the greater the potential for opportunity and gain.

- **Exploiting Uncertainty**: Seizing uncharted terrain
- **Engaging Uncertainty**: Engendering team commitment
- **Confronting Uncertainty**: Balancing personal response

Source: Talent Development research and analysis.
Chapter 2

Confronting Uncertainty
Balancing Personal Response
Navigating Uncertain Terrain

Leadership Action as First Step

High

Exploiting Uncertainty
Seizing uncharted terrain

Engaging Uncertainty
Engendering team commitment

Confronting Uncertainty
Balancing personal response

Organizational Benefit

Low

Degree of Organizational Embrace of Uncertainty

Source: Talent Development research and analysis.
A Role of Inevitable Trade-Offs

Common Tensions Inherent to Leadership

Leaders face the constant challenge of maximizing efforts at both ends

Short-Term Priorities

Long-Term Objectives

Decrease Cost

Improve Quality

Individual Needs

Collective Benefit

Source: Talent Development research and analysis.
Directing Action

Leader as Navigator in the Face of Unknown

In Definition...

Leader (n.)
a person who directs, guides, or inspires others

...and in Practice

Leader expected to be at the forefront of the unknown, despite lack of information and precedent

Directing Action

Leader as Navigator in the Face of Unknown

*Uncertainty Weakens Traditional Toolbox*

**Strategic Plans**

- Plans become stale when circumstances shift

**Forecasting Tools**

- Predictions are futile in the absence of information

**Best Practices**

- Common solutions fail to solve unfamiliar challenges

Source: Talent Development research and analysis.
Fearing the Unknown

What We Can’t See Will Hurt Us

Fear of the Dark

= “I don’t know what’s in there”

Fear of Deep, Open Water

= “I can’t see below the surface”

“Not knowing” is equated with fear; cognitively and biologically perceived as a threat

Source: Talent Development research and analysis.
A Victim of Our Instincts

Understanding the Biology

Brain registers uncertainty as threat; signals adrenal glands

Hormonal cascade triggers the secretion of neurotransmitters, such as adrenaline, throughout the body

Response results in increased heart rate, faster respiration, and elevated blood pressure; immune system is suppressed

Results in:
- Impaired decision making
- Irrational judgment
- Faulty logic

A Victim of Our Instincts

Understanding the Biology

Three Responses to Perceived Threat

Freeze

Run away from threat; find safety

Flight

Combat the threat with head-on force

Freeze

Remain still until threat subsides

Consequences of Imbalance

Uncertainty Causes Leader to Tend Toward Extremes

Pitfall #1
- Stuck in place

Pitfall #2
- Haphazardly dodging the circumstance

Pitfall #3
- Recklessly rushing to action

Source: Talent Development research and analysis.
Pitfall #1

Stuck in the Mud

Inaction Leads to Loss of Authority

Case in Brief: Stark General Hospital

- Large teaching hospital located in the Southwestern United States
- Hospital board does not renew CEO’s contract
- Delays decision making at every juncture
- Hires consultant to help define the qualities needed in a CEO
- Two years later, four leading candidates rejected without public comment
- 37 months after the search began, a new CEO is finally hired

Over 37 months without a CEO
Over a quarter million dollars spent on consultants and hiring firms
CEO appointed after three-year search effort

Source: Talent Development research and analysis.
Stuck in the Mud

Inaction Leads to Loss of Authority

**Downstream Consequences**

Results in:
- Loss of authority
- Weakening of position
- Lack of measurable progress

Source: Talent Development research and analysis.
You Can Run, but You Can’t Hide
An Exercise in Avoidance

Case in Brief: Lannister Health System

- Mid-sized health system in Midwestern United States experiencing financial difficulty and leadership turnover
- Staff and community pressures CEO to address rumors of an imminent merger
- CEO responds with fierce denial of rumors
- 45 days later, health system is sold and public voice declares deception

“We are not actively for sale. We are not seeking a buyer. I’m not here to polish the place up and put it up for sale.” – CEO

Source: Talent Development research and analysis.
You Can Run, but You Can’t Hide
An Exercise in Avoidance

*Downstream Consequences*

- **Results in:**
  - Loss of credibility
  - Serious setback
  - Delay of the inevitable

Source: Talent Development research and analysis.
Impulsive Lockout

Rash Decisions Result in Undoing

Case in Brief: Snow Memorial Hospital

- Mid-sized hospital on the East Coast of the United States
- Nurses and health care technicians go on a planned, temporary strike
- When staff is due to return to work, hospital leadership imposes a lockout to avoid the possibility of future strikes
- Lockout ends shortly after government intervention

Pro:
- Short-term staffing uncertainty resolved

Cons:
- Increased staffing costs by $2,500/day
- Billing for extra negotiation hours
- Damaged reputation
- Swift undoing of action

"Imposing a lockout carries grave risk, escalating the impasse instead of resolving it."

-Government Officials

Source: Talent Development research and analysis.
Impulsive Lockout

Rash Decisions Result in Undoing

Downstream Consequences

Results in:
- Loss of respect
- Lack of focus and direction
- Increased number of mistakes and errors

Source: Talent Development research and analysis.
A Balancing Act
Pulled in Opposite Directions

**Resistance**
The force of perpetual friction; the ability to question, re-evaluate, and learn; the presence of curiosity and discovery

**Momentum**
The force of constant motion; the ability to drive forward; the presence of energy and power

**Erratic**
**Balanced**
**Paralyzed**
**Reckless**

Leading with character requires the strong presence of both forces simultaneously

Source: Talent Development research and analysis.
An Exercise in Duality

Balance and Intensity Provide Character Strength

<table>
<thead>
<tr>
<th>Resistance Traits</th>
<th>Momentum Traits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Humility</strong></td>
<td><strong>Courage</strong></td>
</tr>
<tr>
<td>• Self-awareness of one’s own limitations and lack of exhaustive knowledge and experience</td>
<td></td>
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<tr>
<td>• Willingness to “run to criticism” and ask others for suggestions for improvement</td>
<td></td>
</tr>
<tr>
<td><strong>Adaptability</strong></td>
<td></td>
</tr>
<tr>
<td>• Openness to changing course in response to new information, changing environment, or unexpected barriers</td>
<td></td>
</tr>
<tr>
<td>• The inclination to test new ideas and set new direction when encountering resistance</td>
<td></td>
</tr>
<tr>
<td><strong>Skepticism</strong></td>
<td></td>
</tr>
<tr>
<td>• Willingness to constantly challenge and question current perceptions of performance and the “common wisdom”</td>
<td></td>
</tr>
<tr>
<td>• Constant search for hidden information and deeper insights into what leaders do not know</td>
<td></td>
</tr>
<tr>
<td><strong>Tact</strong></td>
<td></td>
</tr>
<tr>
<td>• Sensitivity to the insecurities and fears of others</td>
<td></td>
</tr>
<tr>
<td>• Sincerity in communication</td>
<td></td>
</tr>
<tr>
<td><strong>Resolve</strong></td>
<td><strong>Optimism</strong></td>
</tr>
<tr>
<td>• Personal goal orientation to step up in leadership situations and accomplish objectives</td>
<td></td>
</tr>
<tr>
<td>• Willingness to do whatever is necessary regardless of level of challenge or opposition</td>
<td></td>
</tr>
<tr>
<td><strong>Optimism</strong></td>
<td></td>
</tr>
<tr>
<td>• Belief that individual effort and action will make a difference</td>
<td></td>
</tr>
<tr>
<td>• Conviction that correct action can and will lead to positive outcomes, regardless of the severity of the challenges to be overcome</td>
<td></td>
</tr>
<tr>
<td><strong>Honesty</strong></td>
<td></td>
</tr>
<tr>
<td>• Fierce commitment to truthfulness</td>
<td></td>
</tr>
<tr>
<td>• Willingness to confront issues head-on</td>
<td></td>
</tr>
</tbody>
</table>

Source: Talent Development research and analysis.
Overriding Natural Tendencies

Stronger Footing in the Presence of Uncertainty

Step 1: Breathe
Pause to defuse threat and recognize the paradox at play

Step 2: Temper Extremes
Identify and avoid unbalanced responses

Source: Talent Development research and analysis.
Center Yourself

Path to a Thoughtful Response

Breathe

Taking a literal moment to pause and breathe before decision making helps to:

- Override instinct to freeze, fight, or flee
- Return to a state of rational thought
- Recognize and identify the tensions involved

The Power of the Pause

Protecting Ourselves from Ourselves

Hypothetical Scenario

Shortly after purchasing a piece of equipment for $200,000 that proves to be inefficient, you are offered a highly efficient machine for the price of $10,000. The $200,000 machine cannot be resold.

Group A

Options
☐ Y
☑ N

Group A served as control group

Sunk Cost Fallacy

Group B was 77% less likely to fall prey to the “sunk cost” bias

Group B engaged in 15 minutes of breathing-focused meditation

The Power of the Pause

Protecting Ourselves from Ourselves

A Fallacy Emblematic of Extremes

Resistance

Adaptability

Momentum

Resolve

The sunk cost fallacy is the tendency to continue pursuit of an unfavorable option because of the amount of investment in it to date.

Source: Talent Development research and analysis.
The Double Extreme

Understanding the “Nothing” Response

A study by professors from the Wharton School of Business, University of Pennsylvania, found that decision makers who considered the option of doing nothing were more strongly committed to their choice to act.

“‘Not doing whatever’ may sound like giving up. But what people decide for themselves is, ‘I didn’t have to do it and I decided to do it, so I’ll stick with it for a longer period of time.’”

Jeffrey Parker, Marketing Professor, Georgia State University

Problem Versus Paradox

Differentiating the Approach

Problems

Addressing a problem demands a narrowing of root causes and solutions

Paradoxes

Managing a paradox demands holding contradictions, temperance of extremes

Problems are:
- Solvable
- Measureable

Paradoxes are:
- Ongoing
- Interdependent

Defining and Avoiding the Extremes

Using the Process of Elimination to Narrow in on Balance

- Neither
  - Erratic
    - Trait A absent
    - Trait B

- Balance
  - Defining the extreme responses allows for the balanced response to become more apparent

- Nor
  - Reckless
    - Trait B absent
    - Trait A

Source: Talent Development research and analysis.
### Clarifying the Balanced Response

#### Dangerous Implications for Leadership Character

<table>
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<tr>
<th>Neither</th>
<th>Balance</th>
<th>Nor</th>
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<td>Insecure</td>
<td>Humility</td>
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</tr>
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<td>Timid in position</td>
<td>Courage</td>
<td>Arrogant and</td>
</tr>
<tr>
<td>Fickle</td>
<td>Adaptability</td>
<td>overconfident</td>
</tr>
<tr>
<td>Unpredictable in behavior</td>
<td>Resolve</td>
<td>Rigid</td>
</tr>
<tr>
<td>Cynical</td>
<td>Skepticism</td>
<td>Overcommitted to a</td>
</tr>
<tr>
<td>Disbelieving in the sincerity of motives</td>
<td>Optimism</td>
<td>suboptimal approach</td>
</tr>
<tr>
<td>Inauthentic</td>
<td>Tact</td>
<td>Naive</td>
</tr>
<tr>
<td>Indirect obscuring of the truth</td>
<td>Honesty</td>
<td>Blind to reality of the situation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Blunt</td>
</tr>
</tbody>
</table>

Source: Talent Development research and analysis.
Engaging Uncertainty
Engendering Team Commitment
Conditioning Staff for the Challenge

Leader First, Team Second

- Exploiting Uncertainty
  Seizing uncharted terrain
- Engaging Uncertainty
  Engendering team commitment
- Confronting Uncertainty
  Balancing personal response

Source: Talent Development research and analysis.
A Depleted Workforce

Severely Overburdened at Work

Reported Stress Levels, by Position

- Combat Troops: Stress Scale 30
- Nurses: Stress Scale 44

$n=1,865$ nurses

Percentage of Physicians Reporting They Are Moderately to Severely Stressed

$n=2,069$ physicians

- $87\%$

1) Stress Score measured using tested "Impact of Event Scale" for traumatic events

A Disruption at Work

Professional Impacts of Stress and Burnout

- Only 32.6% of nurses are engaged
- 67% of nurses report increased medical errors
- 51.2% of physicians report reduced job satisfaction
- 29.9% of physicians report desire to retire early
- 15% of physicians report lower productivity

Help Isn’t On the Way

Organizations Slow to Respond

“My organization helps me deal with stress and burnout”

Health Care Staff

n=257,837

38% Agree

Physicians

n=2,069

15.7% Agree

# Only Half the Battle

Uncertainty a Contributing Factor

## Top Six Causes of Stress and Burnout

<table>
<thead>
<tr>
<th>Overworked by Demands of Job</th>
<th>Overwhelmed by Turbulent External Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Enough Time to Relax</td>
<td>Fluctuation of Economy</td>
</tr>
<tr>
<td>52.6%</td>
<td>51.6%</td>
</tr>
<tr>
<td>Not Enough Time for Exercise</td>
<td>Pressure of Reform</td>
</tr>
<tr>
<td>50.6%</td>
<td>46.4%</td>
</tr>
<tr>
<td>Work/Life Balance</td>
<td>Changes in Policy</td>
</tr>
<tr>
<td>45%</td>
<td>41.2%</td>
</tr>
</tbody>
</table>

n=2,069 physicians

Current efforts fail to address the loss of control prompted by turbulence and uncertainty.
The Flavors of Emotion

Multiple Manifestations of Losing Control

Disbelief

“There’s no way policy change will pass.”

Frustration

“I’m enraged that we have no say in the adoption of new regulations.”

Pleading

“How can I get out of having to change?”

Despair

“I miss the good old days.”

Indifference

“It is what it is.”

Source: Talent Development research and analysis.
The Five Stages of Grief

Understanding the Emotional Response to Loss

- **Shock**: Preference for false reality
- **Denial**: Misplaced rage and hostility
- **Anger**: Seeking ways to avoid the inevitable
- **Bargaining**: Overcome with sadness, difficult to go on
- **Acceptance**: Return to normalcy

Fast-Track to Acceptance

Efforts Focus on Returning to Neutral

- Town hall meetings to provide outlet for anger
- Excess of transparency to overcome denial
- Negotiate with staff seeking individual solutions
- All efforts geared toward accelerating acceptance
- Celebrations and token gestures to boost spirits

Source: Talent Development research and analysis.
Acceptance Unacceptable

Aiming for Positive Action

Energy
Goal should be a positive and energized staff that is driven toward the future

Acceptance
Acceptance is far too neutral an end state; does not imply action

Source: Talent Development research and analysis.
A Much Needed Migration

Identifying the Ingredient That Catalyzes Action

From a State of Mourning...

- Dwelling in the past
- Without meaning and purpose, distracted
- Disinterested in planning
- Retreating from others, becoming isolated

...to a New Lease on Life

- Excited to learn and explore
- Motivated to step up to the challenge and achieve
- Competitively driven toward the future
- Collaborative and socializes with others

Source: Talent Development research and analysis.
Surprising Solution

Counterintuitively, uncertainty is the ingredient needed to motivate and energize team members for the future.
Taming the ‘Beast of Monotony’

Games Studied in the Workplace

1930s
Organizational scholars first note the use of games in agricultural field work

1950s
Study of machine operators examined “the beast of monotony” and how games helped improve morale and job satisfaction

1970s
Landmark study found the rewards of participating in a game were valued greater than financial incentive

## Gamification in Everyday Life

### A Strategy for Motivating Behavior Change

<table>
<thead>
<tr>
<th>Frequent Flyer Miles</th>
<th>Weight Loss</th>
<th>Scientific Discovery</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>United</strong></td>
<td><strong>Weight Watchers</strong></td>
<td><strong>Foldit</strong></td>
</tr>
</tbody>
</table>

- **Loyalty program offered to entice customer travel via:**
  - status
  - rewards
  - upgrades

- **Program motivates participants to lose weight through:**
  - points
  - support meetings
  - ritualized weigh-ins

- **Online puzzle video game open to public to help expand scientific research in protein folding via:**
  - public rank
  - online community
  - individual progress

Trend of Gamification
Riding the Wave of Popularity

Gamification
The application of typical elements of game-playing to other areas of activity

Gamification by Numbers
70% of world’s largest companies projected to be using gamification
$2.8B in market growth by 2016

Heroes Against Harm Campaign

Helen DeVos Children's Hospital’s Quest for Zero Harm

Hero Assets Linked to Bundles

- Pressure Ulcers
- CLABSI
- SSIs
- VAPs
- CAUTI
- Falls

I am a Hero Against Harm!

I commit to building a culture of safety by:

1. Implementing HAC prevention bundles to significant decrease patient harm.
2. Washing my hands 100% of the time when entering and exiting a patient space/room and holding each other accountable.

Source: Quality Compass research and analysis.
Saving the Day

Recognizing the Superheroes in Every Unit

Case in Brief: Spectrum Health Helen DeVos Children's Hospital

- 234-bed children’s hospital in Grand Rapids, MI introduced the Heroes Against Harm campaign to combat unnecessary harm to patients

- Leadership completes daily rounds and audits on 5 HAC prevention bundles awarding a Pass or Opportunity grade for each audit. Praise is given or feedback is requested in the moment

- Each unit maintains a progress board and a hero doll. Units that maintain a 90% compliance rate for 3 consecutive months receive an asset – mask, crest, boots, etc. – to add to their doll

- Nurses are encouraged to recognize they are heroes while they drive best practices, help identify barriers, recommend solutions, and reduce harm

Source: Quality Compass research and analysis.
Breaking Down the Game

Identifying the Campaign's Engagement Elements

**Goals**
- Reduce patient harm during inpatient stay
- Achieve 90% or greater compliance on monthly audits
- Surface barriers and solutions for bundle compliance

**Activities**
- Each unit receives a foam nurse hero doll
- When a unit maintains 90% compliance for 3 consecutive months, they receive a hero asset—boots, gloves, etc.
- Units compete to see who can dress their superhero first

**Mile Markers**
- Daily audit and executive rounding results recorded on a public leaderboard
- Monthly awarding of assets in team and floor meetings

**Excitement**
- Superhero theme
- Award celebrations when an asset is earned
- Staff feedback is leading to institutional change; participants energized by visible results

Source: Quality Compass research and analysis.
Exploiting Uncertainty
Seizing Uncharted Terrain
Exploiting the Potential of the Unknown

Leader First, Team Second, Organization Third

- **Exploiting Uncertainty**: Seizing uncharted terrain
- **Engaging Uncertainty**: Engendering team commitment
- **Confronting Uncertainty**: Balancing personal response

Source: Talent Development research and analysis.
Recalling the Disconnect

Unquestioned Convictions Distort Reality

As reality changes and convictions harden, the gap between the two grows dangerously wide.

When certainty is first presumed, it may closely resemble reality.

Source: Talent Development research and analysis.
A Parallel Fate for Organizations

Downfall Follows Allegiance to Status Quo

The Lifecycle of an Organization

**Moment of Vulnerability**

When organizations become successful, they begin protecting what they have gained

Organizations that venture into uncertain terrain prosper

Unknown

Known

Decline

Organizations that stay the course of the known guarantee obsolescence

Source: Talent Development research and analysis.
No One Likes to Lose

Loss Aversion a Natural Tendency

**Scenario:** 600 lives are at stake, but an experimental treatment is available

**Group A**
When framed in terms of lives saved, majority of respondents support treatment
- 72% agree to treatment stated to save 200 lives

**Group B**
When framed in terms of lives lost, very few respondents support treatment
- Only 22% agree to treatment stated to lose 400 lives

Playing It Safe

Avoiding Loss Thwarts Greater Gains

Weighing Risk and Reward

☐ 50% probability of gaining $25,000

☒ 100% probability of gaining $10,000

Individuals weigh guaranteed option more heavily than riskier but larger gain.

Source: Talent Development research and analysis.
So, What’s Stopping Us?

Structural Barriers, Uncertainty Paralyzing Proactive Strategy

**Slowed by Structural Barriers**

**Challenge of Incumbency**
Inertia, daily challenges of managing the organization, slow pace of change

**Institutional Memory**
Past experiences with value-based contracts may cause hesitation

**Responsibility to Community**
Mission, role in community requires conservative decision making

**Feels Like a Lose-Lose**

- “Too Far, Too Fast”
- “In Over Our Head”

So, What’s Stopping Us?
Structural Barriers, Uncertainty Paralyzing Proactive Strategy

The Yoke of Previous Success

“The current model of health care delivery has generated trillions of dollars of revenue, as well as a large employed workforce and entire new ancillary industries...These previous successes have a strong gravitational pull, and subvert the desire to develop or use innovative approaches to render change. Many—who are either emotionally attached or, more likely, financially yoked to the old models of care—are encouraged to adopt a siege mentality, i.e., ‘We can wait this out... and then get back to business as usual.’”

Roy Smythe, Contributor, Forbes

An Eager Volunteer

Walgreens Runs to Uncertainty

Leading Lessons

A Different Attitude

Attitudes Towards Uncertainty—Above and Below the Line

<table>
<thead>
<tr>
<th>Unknown</th>
<th>Known</th>
</tr>
</thead>
<tbody>
<tr>
<td>Run <strong>toward</strong> it</td>
<td>Run away from it</td>
</tr>
<tr>
<td>Value the <strong>new</strong></td>
<td>Value the <strong>old</strong></td>
</tr>
<tr>
<td>Regard as <strong>opportunity</strong></td>
<td>Regard as threat</td>
</tr>
</tbody>
</table>
Introducing Entrepreneurship

The Exemplar of Exploiting Uncertainty

Emergent Trends

Untested Markets

Unfamiliar Customers

Entrepreneurs use uncertain inputs to envision and create tangible, innovative outputs

New Products

New Applications

New Ideas

New Services

New Approaches

Source: Talent Development research and analysis.
A Flurry of Activity

No Shortage of ‘New’ in Health Care

AdhereTech

"Smart" pill bottle sends patient reminders when doses are missed, increasing medication compliance

$2.5B+
Funds investors put on the table for health care start-ups in 2013 alone

Price comparison service for health care, helping employees get the most out of their health plans

Twiage

Twitter-like platform enables relay of information between ambulances and hospitals, streamlining triage

Epion Health

Mobile health solution synchronizes patient and physician data during visits, improving communication

Imitating the Masters

Organizations Harness Power of Entrepreneurial Thinking

Average-Performing Organization

- 43%
- 57%

Top-Performing Organizations

- 68%
- 32%

Top-performing organizations enjoy competitive advantage through deliberate use of entrepreneurial thinking in day-to-day business

### Entrepreneurship Diagnostic

**Step 1:** Assess each statement below and check the box that best represents your level of agreement.

<table>
<thead>
<tr>
<th>Structure for Risk</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Absolutely Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I calculate what I can afford to lose before taking a risk.</td>
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<tr>
<td>I take risks that are observable by others.</td>
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<tr>
<td>I solicit new ideas for projects, programs, and processes from my team on a regular basis.</td>
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<tr>
<td>I strongly encourage my team to take risks.</td>
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<tr>
<td>I entrust staff with ownership over new projects and programs.</td>
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</table>

<table>
<thead>
<tr>
<th>Resources for Experimentation</th>
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</thead>
<tbody>
<tr>
<td>I help to establish funding that supports the execution of my team’s innovative ideas.</td>
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<tr>
<td>I carve out time for my team to pursue and develop new ideas and projects.</td>
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<td>I connect my team with my extended network to guide and support them in their endeavors.</td>
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<td>I designate physical space for team collaboration and experimentation.</td>
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<tr>
<td>I regularly seek out new resources to increase my department’s capacity to experiment.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Permission to Fail</th>
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</thead>
<tbody>
<tr>
<td>I am not afraid to fail in my own work.</td>
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<tr>
<td>I openly share my personal stories of failure.</td>
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<td>I explicitly communicate to staff that it is okay to try and to fail.</td>
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<tr>
<td>I make contingency plans that account for failure.</td>
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<tr>
<td>I create learning opportunities around failure and circulate lessons to the broader team.</td>
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</tbody>
</table>

**Step 2:** Reflecting on your assessment, answer the prompts below in the space provided:

- How can you personally take more risks or encourage others to take more risks?

- What resources does your team lack to successfully experiment with new solutions? How can you go about securing those resources?

- How can you make failure a more acceptable, productive element of your department?
Operating by a New Strategy
The Entrepreneurial Approach

Four Departures from Traditional Thinking

1. **Start with Available Means**
   Use the resources immediately available

2. **Take Calculated Risks**
   Boldly pursue novel opportunities

3. **Commit to Experimentation**
   Consistently try out potential new solutions

4. **Celebrate Failure**
   Plan for failure and seek learning from it

Source: Talent Development research and analysis.
Principle #1: Start with Available Means

Means: Starting from Scratch, Not from Wealth

Ensuring a Timely Start

**An Endowed Endeavor**

**Misconception:** Entrepreneurs have unlimited resources at their disposal

**Reality:** Entrepreneurs identify and use the resources that are immediately available to them—money, time, expertise, network—to forge ahead despite constraints

Risk: Calculated, Not Careless

Understanding Risk to Realize Potential

**Misconception:** Entrepreneurs take untethered, all-or-nothing risks

**Reality:** Entrepreneurs calculate risk by balancing affordable and acceptable loss and sharing it with stakeholders, guaranteeing they will never lose more than they can afford

Experimentation: Dogged, Not Lucky

Fostering Curiosity and Dedication Toward Breakthrough

Lucky Break

Hard-Earned Breakthrough

Misconception: Entrepreneurs make it on one big idea

Reality: Continuous trial and error inches entrepreneurs closer to achieving their vision; insights into risks and potential solutions are derived along the way

Principle #4: Celebrate Failure

Failure: A Prologue, Not an Epilogue

Leveraging Failures to Inform Success

Game Over

Important Clue

**Misconception:** Entrepreneurs refuse to fail

**Reality:** Entrepreneurs use failure as a valuable input that provides information and clues about their environment; sharing and discussing failure ensures that learning results from it

Lip Service Won’t Cut It

Entrepreneurializing an Organization Must Be Deliberate

**Hardwiring Entrepreneurialism**

**Structure for Risk Taking**

Provide an organizing principle or program to facilitate calculated risk taking

**Resources for Experimentation**

Ensure that the necessary tools are available to support team in their new pursuits

**Permission to Fail**

Allow others to try new endeavors with the expectation that some will fail, provide learning opportunities

Source: Talent Development research and analysis.
Entering the Dragon's Den

Popular Game Show Inspires Novel Ideas

Permission

Leadership invites staff to propose and develop untested ideas

Structure

"Pioneer" teams pitch innovative ideas to leadership; executives vie for opportunity to sponsor

Resources

Teams given support and resources needed to embark on project development and implementation

Bolstering Outcomes and Revenues

Pioneer Teams Drive Major Impact

Fracture-Related Mortality Rates

![Chart showing a 28% decrease in mortality rates before and after pioneer team intervention.]

Revenue from Hospital Services

![Chart showing a 4% increase in revenue with an additional $110,000 per year.]

Pioneer team develops new suite of services for hip fracture patients:
- Tries new specialized air mattresses
- Expedites X-rays
- Provides consultations with Trauma Coordinator

Pioneer team reinvents food services:
- Offers healthier options
- Experiments with international foods
- Creates more convenient seating for staff and families