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Business Transformation
in the Age of AI

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In 1993, the most popular business book of the decade, "Reengineering the Corporation" by Michael Hammer and Jim Champy stormed throughout American industry. Creating excitement and fierce controversy, it was the headliner topic of seminars, workshops, and lunchtime arguments. Business Week summarized the power and potential of reengineering saying, "The Internet demands new ways of working, and reengineering is the tool that can create them." In 1995, Champy followed up with a second book called "Reengineering Management," where he summarized how reengineering failed to reach its full potential because of middle management fear of job loss and disruption. National interest in the business strategy began to wane.

Indeed, while working for a children's hospital back then, I had the chance to attend a talk on reengineering in healthcare with my CEO, a wonderful and truly beloved leader. After the talk, he leaned toward me and said something that, to this day, still makes me smile, "How can healthcare reengineer? We never engineered it in the first place!"

Fast forward to 2024, three decades later, and we are now at the dawn of AI, with massive disruption overtaking many businesses. Today, we can say that "AI demands new ways of working, and reengineering is the tool that can create them." Indeed – this is still the opportunity that businesses face today. Reengineering goes by many names – and "business transformation" is the term I use most often.

It is my hope that we learn from the mistakes of the reengineering failure of the 1990s and get it right this time. And to do that, it is my passionate belief that we need to address the human side of business transformation. We need to teach not only process change but also adaptive skills to our leaders, our managers, and our teams. Because change is here to stay, and disruption is speeding up. To stay in business today, you have to know how to implement change effectively. And do it again. And again. Business transformation is not just a skill; it is a habit.

Reengineering is making a comeback.

The analogy I use most often is that, today, many organizations play the game of golf. But quickly, they will be required to play the game of football. And in my industry of healthcare, most people do not yet know how to play football, so they will need help—a lot of help. They will need compassionate leadership to help navigate through a sea of change and disruption.

This analogy applies to many industries, but let's focus on healthcare for specific examples. Playing healthcare football means one team score: group reimbursement, and multiple handoffs among caregivers. So, providers and their staffs will need to know where the patient is on the health continuum and at times be able to predict where the patient's health is headed to minimize costs and improve outcomes. We will have predictive analytics in the future to track patients and calculate various risk factors. But where do we start? How does healthcare start playing football today?

This analogy applies to other businesses today as well – where they are moving from brick-and-mortar organizations to e-commerce business. They need to know where their customer is getting their needs met and how to predict customers' needs in advance.

TEAM-BASED WORKFLOW

Here is a simple set of steps to move from insulated, "siloed" department responsibility to group or team-based workflow.

① Step One: Executive leaders create the vision for change

To understand where the business can go, organizations will benefit fully when their executive teams understand what the transformation can do for the business and craft a compelling vision for change. Few executive teams today look at business transformation as a back-office tool versus a foundational layer to craft culture and drive their strategic initiatives. Too often, the transformation design and build is solely delegated to middle management and analysts who know the operations and technology but lack strategic knowledge and corporate strategy. As a result, many teams have built their transformation efforts based on what exists today versus what is possible, where the organization wants to go. Executive teams that know what is possible and define targets set their organizations up for success.

Solid Design: Is good design top-down or bottom-up? Solid design, which will hold up under pressure,

meets both organizational goals and the needs of those on the frontline day after day. **Direct executive leadership engagement in the design breaks the patterns of the past and avoids building what exists today.** This requires upfront analysis and strategic sessions on where the organization wants to go and defining the desired business outcomes so they can be designed and measured. The executive team sets the directives, communicates the vision, and establishes the framework for what must be measured. Then the frontline team members design the details that include both workflow and the data that they will live with every day.

② Step Two: Team up the Right Experts

After targets are set, make sure the right people are at the design table. Here, these experts will design both the workflow and determine the data to be collected. Often, there is real pressure for leaders and managers who don't have the in-depth knowledge of the technology, process, or day-to-day operations to do the design. And certainly, while they can be included, it is important for solid workflow and data design to include both your executive staff and frontline operations experts. This also includes bringing data science experts (perhaps in your technology department) with your operations experts. Y**our Data Science team knows your data and analysis, and your Operators know how to use the data to improve business.** Bring these people together and have them start to define and articulate what they want to accomplish. This may sound straightforward, but all too often, people are set on what data they want without the clarity of what they want to do with that data. A better strategy for solid data is to be specific and actionable.

Solid Data: Be specific. For example, "increase productivity by 20%" is more nebulous than "measure BP of my patients on Coumadin who have not received a health maintenance reminder in the past 30 days." This takes critical thinking, which means it takes time. But the investment made on the front end will benefit those who receive the results. Narrow the number of initiatives to focus on at one time. A small few (or even one to get started) that are developed well will produce the desired results.

The goal also has to be actionable – you must be able to DO something with the data. Organizations are flooded with information and data today, but not much of it is truly actionable. This can take some conversation and a round or two of critical thinking. Some initial questions to ask include: What actions are you going to do with this? Is the data for research, and if so, who will receive it? Is it for decision support, and if so, how will it be used? A thorough analysis of the actionable data goal includes the basic who, what, where, when, and how questions. Ensure that the answers to these questions for your actionable data are recorded, as you will likely need them later in developing your accountable metrics.

③ Step Three:

A. Design workflows that include the data elements you need to capture.

Once you know your target and what you want to do with the data, you are ready to build or modify the workflow to capture the data elements that you need. Be sure to include operations experts at the table. Only a few operators, likely your opinion leaders, need to be involved in workflow design, but it should be done with them, not to them, or they will not use it. The people who do the work design

proper workflow. When this is the goal, along with holding operators accountable for reaching the target, waste and duplication of effort become more apparent and can be addressed.

B. Identify the handoff points in the workflow

In healthcare, we focus on team-based workflow, so all team members are operating at the "top of their license." Instead of focusing on a provider-only workflow, then building a nurse-only workflow, and a care-coordinator workflow – look at the patient workflow as a holistic picture of the care process and when to capture data. Don't forget to include the patient in the responsibility of the data capture as well – soon health data from wearables will be available for care decisions.

Next, get clear on where in the workflows information is entered and where patient care handoffs occur among the caregiver team. Remember that some end-users may take shortcuts in the system and store data in non-standard fields. For example, if you have hospital nurses who record flowsheet data in different modules of your EMR, you could have data in two places that is pertinent to your analysis. If your analytics team does not know that they have to grab both data fields in their management reports, those reports will lack information, affecting decisions.

A good step here is to run a query or even do workflow observations to see where critical data is being input. Lastly, for critical data capture, reminder flags and automatic alerts can be used. The risk here is "alert-fatigue," where end-users stop paying attention. Fortunately, software design is moving towards preventative alerts and monitors if a step in the care process is overdue.

In summary:

Healthcare organizations that built their electronic medical records in the past are discovering data integrity problems in the system build. It is critical for healthcare leaders and project teams to be aware that a lack of standard workflows and data collection can cause data integrity problems that affect population health and analytics results.

This is not a fault of previous project teams; it is simply because prior EMR implementations did not take into account the goals of our industry today. Instead, we built EMRs to play healthcare golf. Covid changed that rapidly, with record growth in telemedicine and online patient EMR access. Change is happening faster today. Therefore, we have to continuously adjust – we have to learn to play healthcare football.

Like so many industries, the business of healthcare is fast becoming the business of healthcare IT. The walls between IT and the rest of the business are coming down, with lines getting blurred and the speed of change increasing. There will always be uncertainty, and change will be constant. Leaders who transform from within by leveraging technology coupled with changes in business processes and developing change skills will thrive. Leaders who take the reins of change find it less painful than to go back to a past that does not exist or trying to stay the same.

As business transforms, adaption skills become more comfortable, and leaders will find that creating their future is easier than predicting it.