Just as our amazing turnaround has not happened overnight, neither did our descent to such dismal satisfaction ratings occur quickly. A variety of factors contributed to our downturn, including poor management decisions, changes in the healthcare industry, and other distracting pursuits that ultimately proved more harmful than beneficial. These factors, combined with lack of vision, caused us to lose our focus as a healthcare organization.

We had meandered into the last decade of the twentieth century, maintaining our status, as I like to put it, as an “outstanding mediocre hospital system.” We were doing okay, although our accomplishments were not especially noteworthy. With the unique challenges that the next few years brought, however, our status, even as “mediocre,” came into question.

I often refer to the period of the early 1990s as “Merger Mania.” The “bigger is better” philosophy reigned in the business world, and the healthcare sector eagerly bought into that ideology. We at Baptist Health Care became convinced, along with most in our industry, that we needed to form partnerships with other companies to create larger and stronger organizations if we were going to survive. We began seeking potential partners as we attempted to prepare ourselves for the future of healthcare.
Our leadership team spent about five years in major merger discussions. We looked at three potential partners and held untold numbers of strategy meetings with board members and the senior management team. We met frequently with staff from the other organizations, calculating the potential savings of merging information systems and dreaming of increased negotiating strength and purchasing power. However, all three times, our grand plans fell through, and we found ourselves back at the drawing board.

Although none of these talks led to a deal, merger mania affected us on the local level as well. While we had been busy pursuing various state- and regionwide ventures, we had also been actively expanding our local presence by both acquisition and innovation. By 1995, we had successfully added a large community mental health center to our organization, affiliated with two area rural hospitals, and started building a physician company. In three years we had grown from 2,300 employees to over 5,000.

Finally in 1995, after five years of looking off into the distance, our leadership team began to turn its focus toward home. Baptist Health Care was growing; however, we had taken our eye off the ball. The disconcerting survey data that we were receiving was telling us that we had lost sight of our mission. Employees were unhappy with senior management, patient satisfaction was plummeting, and overall morale across the healthcare system was low. Clearly, we had become so obsessed with what was going on outside of the organization that we had forgotten to pay attention to the people on the inside. We had allowed Baptist Health Care to stray from its roots, evolving into an organization that was not performing up to its potential and was not satisfying its employees, not to mention its customers.

As this reality sank in, we began to see that in order to survive, we were going to have to make some dramatic changes. While we had not yet fully identified our problem, much less found the right solution, we were taking our first steps toward improvement. We had acknowledged that things had to change, and we were ready to do what it took to better our organization.

FINDING A COMPETITIVE EDGE

Before we could begin moving toward the change we sought, we needed to assess our present condition. An evaluation of our current position in the market identified some major challenges. Our two local competitors were hospitals owned, respectively, by the Daughters of Charity, an organization
whose $2 billion war chest led the *Wall Street Journal* to call them “the Daughters of Currency,” and the Hospital Corporation of America, an organization with immense equity capital. One of these local systems was at that time making a $300 million enhancement to their Pensacola campus, while the other was in the heyday of its equity accumulation. We were clearly at a financial disadvantage.

We recognized that we could not compete by out-spending our competitors on technology, facilities, or programs. Even if we had possessed the financial means to do so, those things were too easily duplicated, imitated, or outdone by competing organizations. So we asked ourselves: “How can we build a sustainable competitive advantage in our marketplace?” This question became even more critical when we considered that our main hospital facility, Baptist Hospital, was losing market share among insured and paying patients while its share of patients unable to pay for the care they received continued to grow. We began to see that even being as good as our competitors was not going to be enough. In order to survive, we were going to have to be noticeably better than the competition. But we still didn’t know how to get there.

As we were asking these questions and searching desperately for a way to compete, a new ideological wave was sweeping American business. In what looked to us like just another business fad, consultants for Continuous Quality Improvement (CQI) encouraged corporations to strategically focus their efforts on improving quality and service. Not to be left out, we bought into these ideas, although somewhat halfheartedly, hiring a CQI consultant, and establishing a Quality Committee of our board of directors.

Robin Herr, a local plant manager for Armstrong World Industries and member of our board, was named chair of our quality committee. In meeting after meeting he would take the floor and emphatically announce, “Quality can be a competitive advantage!” I remember nodding politely, all the while thinking, “He doesn’t know health care. You can’t measure quality in health care.” I wasn’t sure what the answer to our problems was, but I was sure that it could be found in something much more concrete and measurable than “quality.”

Eventually, though, we ran out of other options. We had already eliminated programs, facilities, equipment, and location as potential competitive advantages. What was left? As we continued to hear the quality message preached to us from a variety of sources, I began to wonder if maybe Robin Herr was right. Perhaps quality was an area where we could shine. I was also
strongly encouraged by Jim Vickery, the President/CEO and my boss and mentor at the time, to grab hold of this “quality stuff” and make it work for Baptist Health Care.

If quality and service were truly going to be our competitive advantage, I knew that we would have to be able to measure them. Change happens much more slowly (or not at all) if you fail to keep track of where you’ve been and how far you’ve come. When we examined our current assessment tools, we found that we did have at least one instrument already in place to measure quality—our quarterly patient satisfaction surveys. These surveys measured how we rated against our peers in the area of customer service, an important quality indicator in healthcare.

So we decided that we could start there, with a new, strategic focus on service excellence. We said, “Let’s build a service culture that will be very difficult to duplicate or compete with.” We pledged that we would outperform our competitors by providing a level of service that our community—and even our nation—had never experienced before.

And that is how the turnaround began. Our organization reached a crucial turning point on the day that we committed to providing the highest level of customer service possible. While it may have gone unspoken at the time, that commitment to service excellence included a willingness to make the difficult changes necessary to get there. We knew we had a long road ahead, but we were ready to start moving in the right direction.

While turning our focus to service excellence may sound like a noble endeavor, it was born largely out of desperation. In effect, we heeded the sage advice of author and consultant Peter Drucker: “You don’t have to change—survival is optional.” We knew that without drastic changes, we would not survive; thus, creating a culture committed to service excellence was no less than a survival strategy. We saw no other option. In hindsight, I am convinced that there was no better option; service excellence should have been our focus from the beginning.

Another fortuitous part of this puzzle fell into place just as we began this journey eight years ago. Around that time, I began the transition into a role that better fit my management style. Jim Vickery, who was just the second CEO in the forty-eight-year history of Baptist Health Care, asked me to assume the role of Chief Operating Officer (COO) as he began to anticipate retirement.

I say this new role fit my style because I reveled in numbers and believed that objective survey data had the power to drive improvement. So, as COO, I began to look even more closely at the customer service
measures that we already had in place. At the time, you had to have a strong stomach to digest the data we were getting. Our patient satisfaction scores in the eighteenth percentile meant that eighty-two percent of the hospitals in the survey were doing a better job of pleasing their customers than we were.

There was certainly room for improvement, and we believed that we might have found the key to turning those scores around. We had become convinced that an intense, unwavering focus on excellence in customer service would give us the competitive advantage we were so desperately seeking. Now the question was, “How do we get there?”

**FOCUS ON EXCELLENCE**

In October 1995, I walked into our board meeting and promised that we would raise our patient satisfaction scores from the eighteenth percentile in patient satisfaction to the seventy-fifth percentile in nine months. This was a radical but (I hoped!) achievable goal, and I believed that creating some quick wins was crucial to our success.

When I walked out of the room after making that announcement, one of my senior officers took me aside and said, “Do you realize what you just did in there? You set us up for failure!”

Part of my reason for sharing this is that nine months later, when we had not only reached the seventy-fifth percentile but surpassed it, that officer was no longer with the organization. He and a handful of others who were unwilling to completely embrace our new culture had to be replaced. Those who remained, however, experienced the satisfaction of achieving that first challenging goal, and it only made them hungry for more.

How did we achieve such a tremendous turnaround so quickly? We discovered that the key to patient satisfaction is to focus not on patients first, but on your employees. We quickly realized that the satisfaction of our patients was directly related to the satisfaction of our employees; only happy, fulfilled employees will provide the highest level of healthcare to our patients. Therefore, we reasoned, “all” we had to do was find a way to satisfy every employee, who would then in turn create happy customers. With that determination, we faced an even harder question: How do we fill our organization with satisfied employees?

Every aspect of an employee’s job, from compensation and benefits to management and supervision to reward and recognition, affects his or her
overall job satisfaction. Therefore, an environment that breeds satisfied employees must be satisfying in every area. We were beginning to see that employee satisfaction was an all-encompassing goal. We were not going to find a quick fix; what we needed was genuine, “from the ground up” culture change.

The “aha” moment for me came when I recognized that all the deals we might make, all the joint ventures and all the mergers, and all the improvements in our financial position wouldn’t mean much if our employees were miserable. We had to make our hospital a place where they were happy to be and happy to serve, and that would only be possible through a radical, thorough cultural transformation. True transformation would require a commitment from all of us. Creating a culture built on service excellence would demand some painful adjustments in our leaders and in our organization; every individual from the mailroom to the board room would have to wholeheartedly embrace our new cultural ideals. We knew that this kind of radical shift would never happen without a great deal of hard work, but we believed that the end result would be worth the effort that it took to get there.

Today, I can testify that creating an environment where employees are empowered to perform at the highest level has resulted in more than an inspired workforce. It has resulted in customer satisfaction ratings that are consistently in the ninety-ninth percentile—the best in the industry. Not surprisingly, these ratings have earned us considerable recognition.

Nearly all of Baptist Health Care’s affiliated organizations use the Press, Ganey and Associates survey, the largest such database in America, to measure patient satisfaction. Incredibly, our Gulf Breeze Hospital has ranked number one in inpatient satisfaction for eight consecutive years. Gulf Breeze Hospital’s Emergency Department has ranked first in its category for over three years. Inpatient scores for our affiliates Atmore Community Hospital, D. W. McMillan Hospital, and Jay Hospital combined have ranked second for most of the last five years. Our Baptist LifeFlight air ambulance service has had the top score for air ambulance programs for over two years. Scores for our comprehensive outpatient facility, Baptist Medical Park, have been in the top one percent since its doors opened three years ago. In 2004, Baptist’s affiliated behavioral health services provider, Lakeview Center, was named number one in customer satisfaction by Mental Health Corporation of America for the fourth straight year (see Figure 1.1).

I remind you that we began this quest for performance excellence not because we wanted to gain national recognition, but because we wanted to survive. We believed that in order to compete in our market, we had to
discernibly differentiate our services from the competition. The results of these efforts have surprised even us, and they are not limited to customer satisfaction scores; our finances have been affected as well. In a Baptist Health Care system review in June 1998, Moody’s Investors Service noted that “investments in management training and cultural awareness are now beginning to generate favorable results in terms of new revenue and patient volume.” Over a five-year period, we experienced an increase of nearly five percent in market share.

How have we achieved and maintained such amazing levels of patient satisfaction? By discovering we will never have satisfied customers without an engaged, motivated, and satisfied workforce. In the Introduction to this book, I referred to the poor results we received on our employee satisfaction survey in 1996. In that survey, across eighteen categories, our employees ranked us below the norm in thirteen areas, with an extremely low view of top management.

As we learned to support and empower our employees in ways that they could recognize and appreciate, they responded even more positively than we could have hoped. Eighteen months after receiving those disheartening employee satisfaction scores, we repeated the same survey. This time, employees rated Baptist Health Care above the norm in seventeen out of eighteen areas. When those results came in, we were told by the consultants who performed the survey for us that they had never before witnessed such dramatic improvement. Two years later, when they conducted the survey again, they told us they had never measured employee morale as high as ours in any organization, anywhere!
We performed the survey again in 2001, after undergoing a significant transition in our hospital’s senior management team. Although we expected our scores to slip back slightly after the transition, to our surprise they actually continued to rise. In 2003, they climbed even higher. Baptist

**Figure 1.2a** Employee Satisfaction Survey Results. (Deviations from Norm)

**Figure 1.2c** Employee Satisfaction Survey Results. (Deviations from Norm)
Health Care employees now rate top management at six deviations above the norm and consistently respond positively to all eighteen categories of the attitude survey (see Figure 1.2).
We look forward to getting survey results now—quite a change from those dark days in 1995. Our employees understand that our cultural transformation is real and that we are genuinely committed to their satisfaction. The depth of this transformation was confirmed for all of us when, in 2003, we became only the second healthcare organization to win the Malcolm Baldrige National Quality Award. We would never have received this prestigious honor without a committed and inspired workforce. Every single employee played a part in earning us that award, and in recognition of their contribution, fifty employees from all levels of Baptist Hospital, Inc. went to Washington, D.C. to accompany us as we received the award from President George W. Bush.

The rewards that we experienced from our phenomenal improvement in employee morale are simply too numerous to count. High employee morale leads to service excellence, reduced turnover, and high patient satisfaction. Those, in turn, lead to loyalty and stability, which lead to sustained productivity and profitability. It’s a wonderfully rewarding cycle.

**THE COMPETITIVE EDGE:**
**SERVICE EXCELLENCE**

I share our story not to boast about how far we have come, but to say that I believe you can do it, too. I am convinced that service excellence can be a competitive advantage for any organization, no matter what service a company provides or what size workforce it supports. When I share the principles that have brought us success with business leaders across the country, they consistently acknowledge that the concepts will apply to their business. More than once, I have been approached by small business owners who confirm my convictions. “I run a five-employee company,” one man told me recently, “but we can use the tools you’ve given us today.”

Why am I convinced that an emphasis on service excellence will bring you the success it has brought us? Because quality service creates such a significant advantage against the competition. Through our experience, we have identified several key reasons that unparalleled customer service creates such success. Consider the following four advantages of service excellence:

First, service excellence is created by endowing a workforce with a sense of ownership. This was a foreign concept to us in 1995, and unfortunately remains undiscovered by many healthcare providers in our country today.
Because it is so rare, an organization that is able to create this culture of ownership within its workforce has a high probability of creating a sustainable competitive advantage. The healthcare industry experienced the inverse of this concept in the last decade of the twentieth century when health systems across the country (including ours) began acquiring established, privately owned physician practices. As physicians made the transition from owners to employees, the economic impact—felt nationwide—was disastrous. They taught the entire healthcare industry an expensive lesson about the value of employees maintaining a sense of ownership in their workplace.

The second advantage, which came as an unexpected bonus for us, is that creating a strong, attractive culture results in incredible recruiting power. In a recent nursing orientation session, one of our nurses shared the story of her coming to work at Baptist Hospital. Working as a nurse at another local hospital, she constantly heard stories and comments about the difference at Baptist. Skeptical that any hospital could really be that exceptional, she made a personal, unannounced visit to our campus, not letting anyone know who she was. She walked the halls, talked with families in the waiting room about the care they had received, and questioned employees on duty about their experience working at Baptist Hospital.

After experiencing our culture firsthand, she couldn’t argue with the evidence and was soon sitting in our nursing orientation, convinced that the stories she had heard about Baptist Health Care were true.

This nurse’s story is not unique. Consider these responses from one recent group of new employees when asked to anonymously finish the statement, “I came to work at Baptist Health Care because . . .”

- Of the values, benefits, and reputation of the hospital in the community.
- Of the friendly environment and good working staff.
- BHC was recommended by a friend who told me they had superior customer and employee service.
- I heard that Baptist was a good place to work, and you hear many nice things about them everywhere you go.
- I know people that work here and they love it.
- Of your reputation of excellence.
- All my friends say Baptist has provided the best patient care.
- Of the excellent reputation.
Of the standard of excellence, opportunity to add to it, and to reach out to the people and community.

My husband worked for Baptist and I’ve been waiting for something to open up. I was impressed by the stories he told about the culture.

I was offered another higher paying job at another facility and I chose Baptist because I wanted to enjoy my job.

A great culture attracts great employees, and they become the driving force behind organizational excellence.

The third advantage of service excellence is that it creates loyalty among employees and customers, resulting in less turnover and more word-of-mouth advertising. Naturally, employees who thoroughly enjoy their work will stay with an organization longer than those who are unhappy, and they will also tell others about the satisfaction that they find in their work. Figure 1.3 shows the downward trend that we have experienced in turnover since we began our transformation. Similarly, customers who have experienced superior service at one of our hospitals will gladly tell their friends and family members about their experience, creating new customers for us. Again, this word-of-mouth advertising is more effective than any newspaper or television ad that we could run.

People are most loyal to groups or organizations that help them feel
good about themselves. That is one reason that we place so much emphasis on employee satisfaction; we have found that employees who are happy about their work are happier with their lives. And happy people will remain loyal to the things that have made them happy. In turn, satisfied and motivated employees regularly achieve remarkable levels of customer satisfaction, pleasing our customers as well.

A fourth reason to focus your efforts on service excellence is that it affects the organization’s immediate and extended family. Service excellence that is achieved through employee satisfaction reaches far beyond our employees to touch every volunteer, physician, patient, and patient’s family member. Since we began our transformation eight years ago, our WOW! culture—the acronym means empowering our Workers to become Owners and Winners—also influences our suppliers, partners, patients, and a host of others who come in contact with our organization. Our quest for excellence has become such a basic part of who we are that all who come through our doors are affected by it.

But the advantage doesn’t stop there; the benefits of service excellence reach outside the walls of Baptist Health Care. I am convinced that employees who are satisfied, even delighted, with their jobs make better spouses, better parents, better t-ball coaches, better Girl Scout leaders, and the like than those who see their work as a necessary evil. The ripple effect that begins when you create a WOW! culture driven by service excellence has results that are more far-reaching than we can know. Again, this kind of impact can’t be easily duplicated by competitors who may enjoy advantages of size, funding, location, or longevity in the market. It is difficult to copy because it is driven, supported, and sustained by the people in the organization.

In your search for the elusive “competitive edge,” I encourage you to define the service that you provide and determine how to become the world’s best at providing it. When you find ways to maximize the qualities that are unique to your organization while remaining true to your basic guiding principles, you will achieve success. The advantages of creating an environment of service excellence are certainly not limited to the health-care industry. Quality truly can be a powerful competitive advantage in any business, but it will take time, hard work, and unwavering commitment to make it happen. In the rest of this book, I want to outline and define the steps we have taken and the tools we have used to establish a culture where excellence is the standard. It is my hope that you will extract and apply these concepts to your business, turning your own workers into owners and winners—WOW!