Joshua Baptist[1] is the largest not-for-profit health system in Southeast Texas. With 26,000 employees and over 5,500 affiliated physicians, it consists of 15 hospitals, including one of the nation's busiest Level I trauma centers and numerous specialty programs and services located throughout the region. Joshua Baptist is the result of a 1997 merger between Joshua Hospital[2], Houston's historic flagship provider of charity care, and Baptist Healthcare System (BHS)[3], a network of acute-care hospitals providing community-based care across the Houston Metropolitan Area.

The business model and culture of the two merging entities could not have been more different from each other. The new organization appeared to be a medical marriage of opposites. Joshua Hospital, situated in the world-class Texas Medical Center, was well-established with a stellar reputation for medical breakthroughs and innovation throughout its hundred-year history. It served as the hands-on classroom for aspiring physicians, nurses and other health professionals through its partnership with a prestigious state university medical school. It pioneered the first helicopter life-flight program which became the model for similar programs in hospitals across the country. It maintained a strong focus on research and innovation, which drove an entrepreneurial spirit of experimentation, the creation of various joint ventures, partnerships, and innovative products and services. With savvy marketing and a cultivated image, the hospital attracted top clinical talent and celebrity patients from around the world, including leaders of foreign governments, politicians, entertainers, billionaire moguls, and even royalty. Its reach was global.

[1] Fictitious name used to conceal the name of the actual entity
[2] Fictitious name used to conceal the name of the actual entity
[3] Fictitious name used to conceal the name of the actual entity

BHS, on the other hand, focused on serving the needs of neighborhood communities with conveniently located hospitals in and around Houston. Its focus on proximity and convenience made it an attractive alternative for local residents wishing to avoid the time-consuming and often expensive commute to the Texas Medical Center. The leadership style was traditional, understated, and very conservative. Compared to the glitz and elite name recognition of Joshua Hospital, BHS's branding appeared more parochial and pedestrian. But, whereas Joshua Hospital's leadership view was focused on expanding services at its one campus, BHS's vision was to become a market leader in the region by creating a fully integrated health system. The merger was the first step in realizing their vision.

Efforts to forge a unified culture and identity were not entirely successful. Vestiges of the "us and them" mentality remain visible today, twenty-one years later. One reason for this was the "confederated" leadership structure of the old BHS where community hospitals were, by and large, autonomous and independent, while Corporate saw itself as the "minimal glue" holding the system together by providing essential shared services. Another reason was Joshua Hospital's political power and influence exerted by a leadership team rarely willing to integrate around any kind of central strategy unless there was a direct benefit.

During the time of my tenure from 2008 – 2017 as the system director of the corporate-based organization effectiveness department, my primary mission was to support a corporate agenda to identify and implement system-wide standards and operating procedures and to drive efficiencies across the campuses. A secondary objective was to support the local improvement efforts of various facilities. The tension between corporate and facility was a constant challenge. The improvements designed and implemented by my team of Six Sigma Black Belts and project managers had to be tailored to fit each unique environment and only to the degree facility

leadership were willing to have the improvements implemented. The organization was matrixed, with distinct departments and business functional areas structured around physicians, nursing operations, non-clinical operations, and administration. Decision making was egalitarian, committee-based, and slow by design. Any change to a workflow or clinical process required ratification by numerous interdisciplinary and service line committees (e.g., emergency department, critical care, pharmacy, radiology, heart and vascular, oncology, pediatric, etc.). This process usually took three months before approval was eventually reached by all parties, assuming revisions were not stipulated, requiring the review cycle to start over again.

During this period the system's strategic priorities centered on growth, quality, and profitability. In stark contrast to other parts of the country reeling from the 2008 housing market collapse, the Houston economy was booming, fueled mostly by the energy sector and a steady flow of immigrants. The region's population increased 20% from four million to five million people. While hospitals across the country were dealing with the economic challenges of declining inpatient volume and revenue, Houston area health systems could not build hospitals fast enough to keep up with the ever-growing demand. These were halcyon times for Joshua Baptist, when patient volume kept going up, along with record profit margins, and improved quality scores. Many senior leaders and mid-level managers alike, buoyed by the success, believed in their winning strategy and were confident bright days would only continue.

At the same time, however, some senior leaders knew financial storm clouds were coming over the horizon. The favorable Houston area economy and population growth, which enabled the organization's enviable profit margins, masked an ever increasing and bloated cost structure. The organization became increasingly top heavy as new levels of management were added to the corporate hierarchy. Existing processes and workflows were stretched beyond what they were

designed to do, which drove further inefficiency and waste, lowered productivity and increased overall operating costs. Longer than average inpatient stays put pressure on capacity and bed availability, which, in turn, forced the system to lose potential revenue by having to turn away increasing numbers of transfer patient requests from smaller regional and rural hospitals which could not provide the specialized care and treatment for some of their sickest patients.

When the price of oil dropped and high paid, privately insured white collar energy workers lost their jobs. It was only a matter of time—18 months to be exact—before COBRA limits would expire and, along with that, a corresponding drop in service volume of previously insured people. At the same time, as if in a perfect storm, the system saw a spike in the number of Medicaid, low income, and uninsured patients arriving in its emergency departments, clinics, and other facilities. Since hospitals must rely on private managed care insurance payors (Aetna, United Health, Blue Cross, etc.) to cover the losses on government-funded programs (i.e., Medicare, Medicaid, CHIPS, etc.), the "payor mix" started to shift and the percentage of patients with private insurance began to go down. Profit margins began eroding with no end in sight.

While the Chief Financial Officer and Finance department leaders were ringing alarm bells, the operations leaders at the various facilities continued to hire more administrative and clinical staff to launch new, innovative medical products and services as well as to further improve quality and customer experience. By 2016, just one year after reporting the highest profit margin and financial success in its history, Joshua Baptist's board of directors approved hiring a change management consulting firm to assess the operational and financial health of the organization. After a six-month study, the findings suggested a sobering diagnostic intervention, i.e., a top to bottom overhaul and restructuring of the organization, significant cost reductions, and more centralized command and control oversight and decision-making at the corporate head office.

To implement the turnaround plan, a new Transformation Office (TO) was instituted, co-led by a physician chief executive and a region president. The office was a parallel system consisting of over thirty projects under an operational steering committee reporting to an executive governance committee made up of the transformation office co-leads, and the organization's chief executive officer, chief financial officer, and chief information officer.

Leadership turnover was swift. First to go was the retirement of the long-standing CEO who oversaw the decade-long rise of Joshua Baptist. His replacement, a well-known and prominent healthcare leader recruited externally from a multi-state, California-based health system, came and lasted just one year. There were other departures: the Chief Financial Officer and Chief Human Resources Officer, two regional presidents, and hospital level CEOs, CFOs, and COOs from four facilities. Through a series of internal promotions, and the rehiring of the former corporate Chief Financial Officer brought out of retirement, key leadership positions were eventually filled with known individuals with proven track records. In total, several hundred Assistant Vice President and director level positions were eliminated (including the vice president of Organization Development, and eventually, my position as well).

The organization is going through a very challenging time. Although leadership has stabilized, the system lacks cohesion and trust. Multiple groups compete against each other to see who can be the first to launch their innovation programs, a culture makeover, a customer experience redesign, three separate operational and process improvement factions, and an entirely detached and rudderless HR/OD department. In the six months I have been gone, my former team has gone through two more reorganizations, the cost reduction goals have increased and the organizational climate continues to be turbulent, ambiguous, and stressful. For the moment I see no evidence of the churning letting up anytime soon.