

**B**EFORE HIS APPOINTMENT AS PRESIDENT and CEO of the Cleveland Clinic in 2004, Dr Delos “Toby” Cosgrove performed 22,000 surgeries as a heart specialist at the nonprofit medical practice.

Two years into his tenure as CEO, Dr Cosgrove oversaw a move that seemingly lacked the delicate touch one expects from a world-renowned heart surgeon: in Dr Cosgrove’s words, Cleveland Clinic “got rid of all its employees.”

Instead, everyone working at the world’s second-largest private medical practice became a “caregiver.” Mandatory training sessions and discussions accompanied the name change, which cost an estimated 20-plus million dollars to implement. More than a decade later, the organization has an annual operating budget of \$8 billion and 52,000 caregivers worldwide – and still boasts zero employees.

The rationale behind the move? One, it helped unify the organization’s team of workers across the world. And two, changing how employees thought of themselves helped change the quality of care they provided. “Everybody here is, in one way or another, directly and indirectly involved in taking care of patients,” Cosgrove told Brunswick in a recent interview. “And it’s important that everybody feels they’re involved.”

Data suggests the initiative worked on both counts. In 2008, Cleveland Clinic’s patient satisfaction scores, measured by the US government, were in the 32nd percentile. In 2016, it scored in the 79th percentile.

And its caregivers are engaged. While employee surveys are often ignored in other companies, Cleveland Clinic’s 2017 survey had an 85 percent participation rate. A clearer demonstration of team members’ interest and investment in the company: Cleveland Clinic’s turnover rate in Ohio – including retirements, deaths, and departures – is only 5.5 percent. The average turnover among hospitals according to PwC’s latest report, was 17 percent.

If its approach to engaging employees is distinctive, so too is its structure. Cleveland Clinic is a group practice. Its 3,600 group members elect leaders and participate in decision making.

Another uncommon practice: Cleveland Clinic’s doctors are salaried, receiving no bonuses or financial incentives. This means physicians don’t make money by ordering tests or performing operations. All doctors sign one-year contracts and receive annual performance reviews – standard

in the business world, but not among Cleveland Clinic’s peers.

The Cleveland Clinic’s three-part mission of clinical care, research, and education is “a bit like a tricycle,” says Dr Cosgrove. “The big wheel is clinical care – that’s the name of our organization; it’s what’s on the door. Our education and research support and strengthen the clinical practice.” Though they play supporting roles, the group’s education and research practices are significant: among other initiatives, they provide the only tuition-free medical school in the US and have allocated roughly \$250 million toward medical research.

Dr Cosgrove has announced he will step down from the CEO role at the end of 2017, but will

Cleveland Clinic CEO **DR DELOS COSGROVE** talks with Brunswick’s **ANITA SCOTT** about better healthcare through teamwork

# Employee-free HOSPITALS

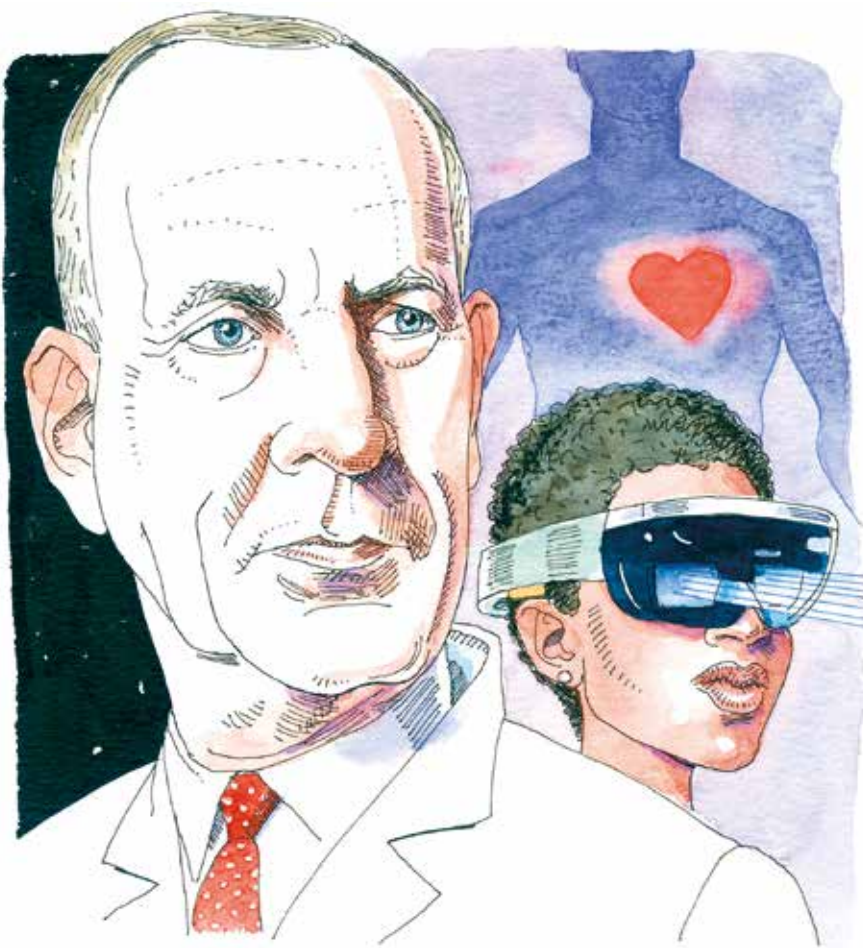
stay on in an advisory capacity to help the incoming CEO. In our discussion, he told Brunswick how Cleveland Clinic’s model is evolving through technology and teamwork to match the ever-more complicated demands of healthcare.

## Why do you think the shift from employees to “caregivers” made such a difference?

We decided that we needed to have something that unified everybody who works here – all 52,000 of our people. Our mantra became “Patients first.”

And we reinforced our belief that everybody, whether you’re a researcher or delivering bedside care, is directly or indirectly involved in taking care of patients. And so we addressed them as caregivers – as a way to get everyone on the same team, working toward the same goal.

That’s important because we believe healthcare is a team sport. It used to be an individual sport, but now it’s too complicated for one person – the total amount of knowledge in healthcare doubles every 73 days. So our culture, the quality of our care, depends on teamwork. And we’re serious about that. All of our caregivers – and I mean all of them – took a day-long course in



communication. And since then, we've seen measurable improvement in both our physician and patient satisfaction.

**You have no “employees” – what else distinguishes the Cleveland Clinic?**

What we try to do is to make this a place that works for doctors, for nurses, for all of our staff, to look after patients.

To give you an example of what I'm talking about: as a cardiac surgeon, I never had to worry about hiring a secretary. I didn't have to sign any contracts. I just looked after patients. That's really what doctors sign up to do.

We support them so they can do that and try to give them the equipment, time, the personnel and support and the facilities so that they can take the best care of patients. That's part of it.

Another thing I always mention is that we are extremely transparent.

**How so?**

For the last decade we've been recording our outcomes – the good, the bad and the ugly – and sharing them, both internally and externally, which

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is our duty as a community resource. We believe in sharing and are always interested in collaborating.

**Have these changes affected the kind of doctors you are able to recruit?**

We attract people who, in addition to being interested in clinical care, are drawn to the fact that we're innovative and willing to support research and education. Have you ever been to Cleveland? [laughs]. Well, people aren't coming to Cleveland for the beach. They're coming to work. And so the people we attract are very committed.

Our main tertiary care campus in Ohio attracts the highest level of acuity care, meaning we get the sickest of the sick patients of any hospital in the US. That sort of meaningful challenge attracts professionals at the top of their game.

**Are your medical schools a large source of your new physicians?**

Not yet, but that's the direction we're headed. We talk about how healthcare's a team sport – we're putting together a medical school on our campus that's bringing doctors, nurses, physician's assistants, all together in one facility. We can begin to teach how to be team players right from the get-go rather than having everybody educated in hospitals and clinics after the fact.

And we're using some interesting new technology there: IBM's Watson will be part of this new school. Artificial intelligence is something we think is going to be a necessary part of the future of healthcare because there's simply too much knowledge out there for doctors to manage on their own.

Another thing we're bringing in there is augmented reality through our partnership with Microsoft and their HoloLens [“the world's first self-contained, holographic computer”]. We're going to be teaching anatomy without the use of a cadaver. Which will be amazing. We're hopeful that we can develop and scale these. Gross anatomy is the same every place in the world. And if you can teach anatomy via a program with HoloLens, you probably can scale it all over the world.

**Who wouldn't do well at Cleveland Clinic?**

For our doctors, we do what's called forced-ranking in their annual reviews. So we celebrate the top 10 percent and we manage the bottom 10 percent. These rankings are done by their

ILLUSTRATION: JOE CIARDIELLO

## DR DELOS COSGROVE

Dr Delos “Toby” Cosgrove is CEO and President of Cleveland Clinic, an \$8 billion healthcare system. He joined the organization in 1975 as a cardiac surgeon. He was ranked No. 14 on *Fortune’s* 2016 “Businessperson of the Year” ranking.

peers. And the people in the bottom 10 percent generally don’t get along here either because they just don’t like it or they often have low emotional intelligence – they don’t seem to get along well with their team, and aren’t collaborative. And here, we’re all about team play.

### How unusual is it within the industry to have doctors on salary?

Very unusual. There are an increasing number of physicians who are salaried, but there aren’t very

many group practices where people are salaried. It’s very unusual, if not non-existent, besides us, in medicine.

### How did this model evolve?

It started very similar to the Mayo clinic, actually. Four gentlemen who fought together in France in World War I came back to Cleveland and pooled their resources and formed the Cleveland Clinic in 1921. They realized that they could do better working together than they could in their independent practices.

And the model was pretty much the same at that point. Everybody was salaried and fully employed. And they just kept plowing whatever additional resources the institution had back into the institution. And it has just continued to grow since.

### When you talk about grading your physicians, is there an incentive for them to talk about preventative care?

Oh, absolutely. And I don’t think you can talk about it unless you model that behavior. To give you an idea of how seriously we take this: we do not hire smokers. We do random drug testing. We’ve changed the food we sell in the cafeteria, and don’t sell any sugary drinks.

We give out incentives for people to keep their weight under control. We manage disease in terms of hypertension, diabetes, asthma, smoking and obesity. And we give financial incentives for people to take care of themselves.

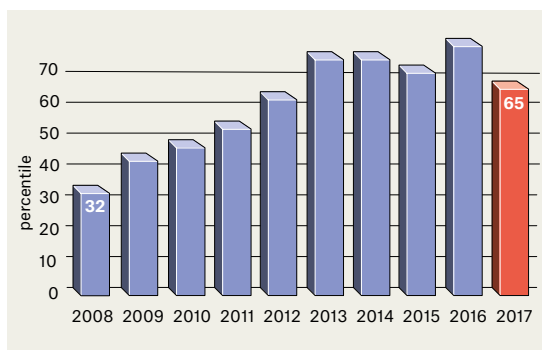
So we have rolled some of this out into the community. And again, we’ve seen measurable improvement. Incidents of smoking in our community have gone down from 25 percent to 15 percent.

A decade ago we appointed the first Chief Wellness Officer in a US hospital, to begin to drive the wellness for both our communities and to our caregivers. And we have seen the incidents of hospitalization, emergency room visits go down. The number of sick days go down. The cost for insurance goes down.

This has been over about 10 years that we’ve developed this, but, you know, we are still maniacal about this today.

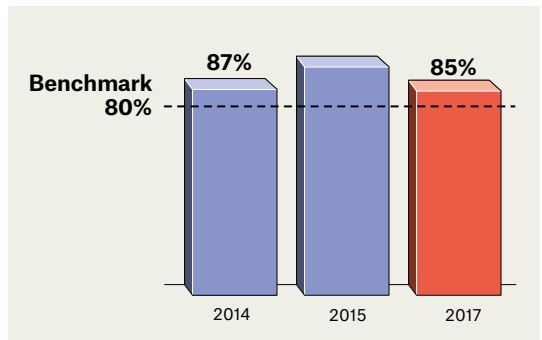
**ANITA SCOTT** is a Partner in Brunswick’s London office, specializing in financial, corporate reputation and critical media issues. She also focuses on public affairs and advises on broader stakeholder issues.

## PATIENT SATISFACTION



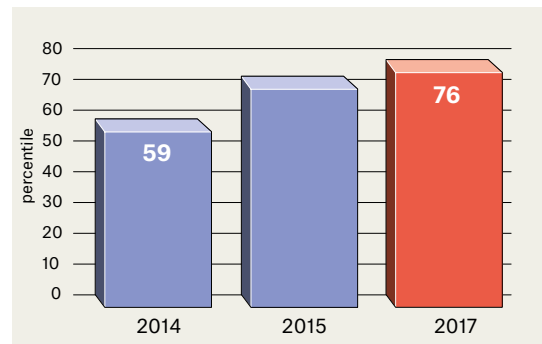
Patient satisfaction scores in the US, compiled by the government, are quite a mouthful: HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems). Since 2008, Cleveland Clinic has gone from the 32nd percentile to the 79th percentile, in 2016.

## CAREGIVER SURVEY PARTICIPATION



In each of the past three internal surveys that Cleveland Clinic has conducted with Gallup, it’s had participation rates of 85 percent or higher. In 2017, nearly 40,000 caregivers gave feedback.

## CAREGIVER SURVEY ENGAGEMENT



One of the areas where Cleveland Clinic has seen sharpest improvement: caregiver engagement. Almost 20 percent more caregivers feel engaged in 2017 than they did in 2014.