

# Transforming Social Organizations

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## Reforming Dutch healthcare as an example

Transforming a social organization is not as easy as making a turnaround in a privately-owned company. What are the blocking factors and what are the levers to make a successful change? The following case and some other examples from Dutch healthcare might answer these questions.

by Bas van der Velde, Rijnconsult

### **Changes in the Dutch healthcare system: less money, more participation of clients**

Care for the elderly, youth and mentally disabled people in the Netherlands is facing a huge challenge. Compared to other European countries, the Dutch have far more institutionalized care. Because of our aging population, big reforms are necessary to guarantee financial sustainability of the system. Central government did so and made a blend of decentralizing – allocating responsibilities and budgets to local governments, budget cuts and a policy of letting clients and their caregivers »participate« more. The latter means: do more yourself. Of course in the long run, technology will help to innovate care processes. In the Dutch healthcare system, there is not one clear party holding the power to initiate and coordinate these kinds of reforms, like the NHS in the UK or other caregivers, as we saw in the USA when we visited Kaiser Permanente. Without a clear leading party, a difficult game of co-operating individual institutions remains.

One of our clients foresaw all these changes and started a project in the middle of 2012 to redefine their vision and strategy. It is an institution for housing and caring for mentally disabled people, with a turnover of around € 110 million and 2,000 employees. ►



### Case: transforming a regional institution for mentally disabled people

The first step was to have a dialogue with all employees in the organization on the trends and developments in the environment and their impact on the organization. We gave interactive input on what is happening in the outside world and used »dialogue maps,« to come to conclusions with the management, the (para)medical staff, the non-executive board, maximally mixed groups of employees, etc. Rijnconsult developed the dialogue maps and moderated most of the discussions.

A specific step in this project was also discussing these issues with the clients. Of course the input from this group wasn't exactly strategic, but looking back, it provided a lot of insight as to potential implementation issues. After gathering this input, we came up with some simple directions for the future, such as focusing on intramural care, defining core values around the theme of taking care of a good life for clients and giving a little room for entrepreneurial initiatives in new markets created by local governments. These directions were translated into a new organizational model and structure, which included reducing the middle management from around 50 to 12 managers and investing in self-managed teams. Rijnconsult co-developed all of these issues in close co-operation with the board and supported the decision-making process. Once the relevant decisions had been made, (partly new) directors and managers were assessed and appointed to new positions. After this, Rijnconsult continued to have a role in the leadership development, while other consultants helped in the process of making self-managed teams work and introduced principles of lean management into the organization.

### Vision and courage pay off: a role model for other social organizations was born

Today this organization is happy having started this process relatively early and is still alive and kicking. In 2015 the organization qualified for Deloitte's Best Managed Companies contest because of its flexibility within the business model. The organization is also a frontrunner in the use of technology in their processes and is involved in some startup activities at the campus of a university.

### Why are these kinds of changes extra difficult for social organizations?

1. Having a stable budget that increases slightly from year to year does not make an organization fit and agile. These organizations are built on values such as stability as well as management and control and not on innovation and leadership. Since social organizations are also social for their own people, there is usually not a big change in management going on.
  - ➔ In the case mentioned above, a serious dip in the turnover was taken into account and the organization was prepared for it, but looking back, a few years later, the turnover has grown towards € 145 million. Because this organization dared to face a negative perspective, everybody was ready for change.
2. It is more difficult to define concrete KPI's. A commercial organization can define its success by profitability, market share, rebuying rates, etc. but a social organization has a more challenging task when evaluating success. Mostly the output of a social company is not 100 percent related to the expected outcome. For example, offering shelter to homeless people doesn't directly lead to fewer homeless people in the streets.
  - ➔ In the case given, the shrinking budget was a very concrete trigger to change. The strategy was not only defined from a financial point of view, but also in other types of outputs as well, such as client satisfaction, the level of development of the teams, etc.
3. Ideology, from a professional point of view or a political point of view, can lead to ignoring or neglecting what is happening in the outside world.
  - ➔ When working with the client mentioned before, we experienced a lot of this professional ideology, especially in the discussions with the (para)medical staff. In other places, we have dealt with religious opinions or just with people with a big heart. One of our client's statements concerning care for drug and alcohol addicts is: »I have more than enough clients, but I only need the clients who also have a budget.«

4. There is no »market reaction« and clients depend on the services from one institution.

➔ In the case described, we involved the clients in the process. Another example of this is an institution for elderly care where we facilitated lean workshops together with clients and their relatives. This had an astonishing impact on the employees involved, because needs of clients and their families were more simple than they had ever expected. Besides, the solutions they came up with were also quite simple and there was far less resistance to the change from the employees.

5. The tendency to go for institutional survival is big, but the more complex cases in healthcare demand for smart collaboration between organizations; not only at the professional level, but also between organizations.

➔ In our case this topic was dealt with in a simple way. The organization pulled back from some markets, leaving them open for other institutions. In another case, we managed to bring 12 healthcare organizations together in one tender of a big city instead of all of them tendering separately. This, however, was more a unique experience and is not common.

### **What are the levers for change – and are they universal?**

Considering all these examples, we can see a few levers for change in social organizations:

- Go back to the WHY of the company – together with professionals and employees.
- Involve clients (or their representatives) in the new design and daily routines.
- Dare to face a negative future; this might inspire a great one.
- Be willing to make big changes in management (structures and people) and accept the side effects that will eventually come along.
- Self-management can reactivate people, but is nothing new! Accepting this makes implementation a lot easier.

Are these universal levers and lessons? Or are these typically Dutch? It is up to you to decide! ●

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