

# CEO Viewpoint

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**N**ancy Schlichting has been involved in healthcare since she was a teenage volunteer at her hometown hospital in Akron, Ohio. Today, at 57, Schlichting is CEO of Detroit-based Henry Ford Health System, a \$4.5 billion, five-hospital integrated delivery system with 23,000 employees. It wasn't until she earned a public policy undergraduate degree, magna cum laude, from Duke University with a healthcare focus, however, that she realized healthcare was her calling. Schlichting earned an MBA at Cornell University with a dual focus on hospital administration and accounting and completed a residency at Memorial Sloan Kettering in New York.

At 25 she became assistant director of operations at Akron City Hospital and then executive VP and COO three years later, where she demonstrated her gift for collaboration by reducing 250 FTEs without layoffs and successfully managing people 20 years her senior. In 1988 she became executive VP and COO at Riverside Methodist in Columbus, Ohio, and president and CEO five years later. "It was my first time in a growth market," she says. After a brief stint at the newly formed Catholic Health Initiatives—where Schlichting realized she disliked traveling and missed the everyday connection to doctors and nurses—she returned to Akron as COO at Summa Health. Schlichting became SVP and CAO in 1998 and president and CEO of Henry Ford Hospital in 2001 where she is credited for its financial turnaround. In 2003 Schlichting was named president and CEO of Henry Ford Health System, which distinguished itself this year by winning both the Malcolm Baldrige National Quality Award from the U.S. Dept. of Commerce and the John M. Eisenberg Patient Safety and Quality Award from the National Quality Forum and The Joint Commission. She and her partner Pam have raised two teenagers, which "has given me much better balance," Schlichting says.

## How is Henry Ford Health System responding to health reform and payment reform?

We think we're well positioned for whatever health reform brings us. We have a large ambulatory presence including salaried physicians based on the Mayo Clinic model, our own health plan, nursing homes, home care, hospice and retail healthcare. We try to be in all market segments.

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## Henry Ford has a history of being a leader in the move toward integrated health systems, pioneered by SI Chairman Stan Nelson when he led Ford in the 1970s and 1980s. How is Ford responding to today's need to integrate care across the spectrum from hospital to home?

Stan was the visionary by bringing in both a health plan and an ambulatory network. We're focusing on



NANCY SCHLICHTING, CEO,  
HENRY FORD HEALTH SYSTEM

how we can continue to integrate those entities, and many more.

## Henry Ford was awarded the Malcolm Baldrige National Quality Award in April. How has the journey and achievement of this award influenced the organization? What role does IT play in such an endeavor?

We started seven years ago with five applications and one site visit. We're the largest health system to ever win the Baldrige.

There were two main reasons we began this journey. One, it would make us a better organization with excellence at the highest level of performance. Two, it would require us to integrate in a way that would make us a better health system. We had eight site visitors in October who talked to 1,200 of our people. You can't fake this or cram for it. We were absolutely thrilled.

IT is important for Baldrige but everything is important. Henry Ford, which was an early EMR adopter, last year began our journey with Epic which we'll be implementing for the next three years.

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## What factors characterize the Detroit and Michigan markets and how is Henry Ford positioned within those markets? How would you describe your market strategy?

We're in a tough market. Michigan and Detroit face awesome economic challenges with two major auto companies going bankrupt. Even though they're back, the state still lost close to one million jobs. Detroit is still struggling with significant unemployment although the rest of the state has dropped below 9 percent.

We've tried to contribute to the economy by investing \$300 million in our flagship hospital, expanding our ambulatory resources, increasing community partnerships and creating incentives for employees to live in downtown Detroit. We've also partnered with competitors to create jobs. We embrace Detroit. We have a can-do spirit. If people stop believing there's no future.

## How will your clinical integration strategy drive physician alignment and consumer engagement?

Integration is vital to our success. We have a medical group of 1,200 doctors. We also are blessed with superb leadership among our physicians. As an example, our chief of cardiology is past president of the American College of Cardiology and two of our physicians have led The American Board of Internal Medicine. Our physicians sit at every strategic table in the organization. We want them to lead.

## What's the biggest change you've seen in healthcare over your career?

The biggest change is the improvement in quality. We've now focused on the right work. Thirty years ago it was just assumed that quality was fine. The IOM report was critical by telling us we needed more metrics, more focus on collaboration.

Technology has also changed in an amazing way. When I think back not too long ago, there were no total joint procedures, no open hearts on any patient over age 65. I'm so proud of what we can do today. It continues to be a learning process. Advances in technology and process add much more complexity to care. However, there's no question we're making progress.

## What advice would you give to a young person seeking to enter the healthcare field?

I tell young people, including the four Fellows we recruit each year, that they're entering one of the most wonderful professions. Every day we know we're going to make a difference in people's lives. Healthcare has amazingly smart and talented people. The field is going

to change over time, but this is what makes it so attractive.

## What is the most rewarding part of the work you do?

I've already touched on that. It's having the opportunity to work with great people and make a difference in people's lives.

## If you weren't running Henry Ford, what would you be doing?

I'd be a concert violinist. I was a serious violinist when I was young and I still think it's what I'll do in retirement, perhaps in a community orchestra. I also thought of becoming an orchestra conductor, but I realized that being a CEO is pretty much the same thing.

## What's a favored book that you've recently read?

I just read "Jack Kennedy: Elusive Hero" by Chris Matthews. Growing up in the 1960s I remember well how he inspired people and I really enjoyed the insights and decisions they faced at the time.

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