

## Nancy Schlichting's unconventional leadership: the comeback of the Henry Ford Health System

Justin Shapiro



Nancy M. Schlichting

**N**ancy M. Schlichting is a retired Chief Executive Officer of Henry Ford Health System, a nationally recognized \$5 billion healthcare organization and recipient of the 2011 Malcolm Baldrige National Quality Award. She is credited with leading the health system through a dramatic financial turnaround and for award-winning patient safety, customer service, and diversity initiatives.

Schlichting joined HFHS in 1998 and was named President and CEO of

the System in 2003. Retiring in 2017, her career in health care administration spans over 35 years of experience in senior level executive positions. Among the many awards received, Schlichting was honored as one of the 100 Most Influential People in Healthcare by Modern Healthcare magazine, as well as named to the Top 25 Women in Healthcare.

**JS:** How did you become a healthcare leader?

**NS:** I had many difficult healthcare experiences since I was young. When I was ten, my mother got sick and was in the hospital for a month. In high school, I wanted to be a doctor. However, at Duke I spent time in the ER as a pre-medical student and decided that the clinical side was not for me. I could not handle the blood and the emotional challenges of the interactions that I observed. It was then that I found a graduate program in hospital administration. As soon as I began coursework in health policy, I knew that was my calling. I am a big picture person. I loved working with clinicians, but I felt I could influence healthcare more in health administration. I never turned back and it has been my work for over forty years.

**JS:** What did you do before leading the Henry Ford Health System?

**NS:** I got an administrative residency at Memorial Sloan-Kettering in New York and then I worked towards a fellowship at the American Hospital Association and Blue Shield Association of Chicago working for the presidents of those organizations. I then went back to my hometown of Akron, Ohio and started as an assistant administrator in operations, but moved quickly to lead strategic planning

for a 650-bed teaching hospital. I was appointed Chief Operating Officer of the hospital at 28. Thirteen years later, I managed eleven hospitals in two states. Then, one day, I got a call from the former Chief Operating Officer of the American Hospital Association who ran the Henry Ford Health System (HFHS) in Detroit. He was a great mentor for years. He asked if I was interested in joining HFHS, and I stayed there for eighteen years. I started there as Chief Administrative Officer, then quickly became Chief Operating Officer, and was appointed CEO in 2003. It has been quite a journey.

**JS:** Governor Whitmer of Michigan tasked you to co-chair the Michigan Economic Recovery Council. Describe that experience and the impact of COVID-19 in Michigan.

**NS:** We started two weeks after the shutdown in March and have been working for three months. It has been an amazing experience. I feel honored and thrilled to have had a chance to contribute to this crisis when I am no longer running a health system. I am privileged to help lead all the healthcare leaders in Michigan. We created robust analytic infrastructure to sort the data behind the decision-making. We are monitoring the capacity of the healthcare system and all the elements critical to ensuring we reopen quickly but safely. Michigan had the third-highest cases in the country and the third-highest deaths. We are now considered one of only three states that are on track to contain COVID. We are currently preparing for the second wave by creating a messaging campaign to keep people disciplined and initiating a public health-business partnership to ensure that businesses abide by best practices.

**JS:** Do you think we should implement a similar lockdown strategy if a second wave occurs?

**NS:** We never want to lock down again. Michigan currently has a 20% unemployment rate. Economically, we are one of the worst-hit states. We are doing contact tracing to hone in on where the hot spots are and contain them quickly.

Nothing has changed over the course of this pandemic other than our own behavior and the tools in our toolkit. We only have six: social distancing, masking, testing, quarantining, contact tracing, and hygiene. That is what we rely on. We must make sure that message is very clear so it does not become a political tool. It is about taking care of yourself and your family.

**JS:** Can you tell me a bit about how you created a culture of innovation and reinvention?

**NS:** In my book, *Unconventional Leadership*, I wrote a lot about innovation. Firstly, you must believe in your people. No one can create innovation at the top but you can create a culture that empowers and inspires people to believe they can do anything. My dad was an inventor and he always told me that innovation is about solving problems. We had plenty of problems to solve in Detroit. At HFHS, we went through difficult financial times. We had to reinvigorate a whole system's morale and performance. We had to drastically improve quality and service. Innovation was a key part of that because we had to be creative. Detroit was a very difficult market during the financial crisis. Michigan had a declining population and the worst unemployment rate in the country.

Detroit is a 4.5 million-person market and only a fraction were coming to HFHS. If we were going to compete, we had to be creative. The first robotic surgery for prostate cancer was done at HFHS. That helped turn around our flagship hospital and grew admissions by 35%. The other departments in the hospital saw that and said, "if they can do it, so can we." Creating that spirit of innovation and having people see that the hospital leadership believed in their creativity empowered them.

The story I used to tell is that one day a woman came to my table and said, "Nancy, have you met my new colleague who came from Colorado?" I said, "No, I have not met her. What are you doing at HFHS?" She said, "Well, I'm working on the global health initiative." I said, "I did not know we had one, but I want to learn a lot more about this. This is fantastic!" I later found out that the department of infectious diseases head had attracted talented people from around the world doing great things under the radar. People watch if leaders say yes more often than they say no. Many people have ideas that they never bring forward because they are afraid of the answer.

**JS:** How did you foster the next generation of healthcare leaders and innovators?

**NS:** Young people will invest in their health system when they believe in it and feel part of it. Innovation happens when you attract innovators, so investing in a positive culture allowed us to attract the best young people. They saw what we were doing and wanted to be part of it.

We also looked at our leadership structure and did a lot of succession planning. We worked to develop talent from within and attract talent from outside. I hired Gerard van Grinsven, who used to run hotels for Ritz Carlton, to be CEO of our new hospital in Detroit. People thought I had lost my mind, but he had a unique vision. If we had not hired him, our West Bloomfield Hospital would not have been so successful during one of the biggest recessions in our history.

**JS:** Why did you choose a hotel executive to lead a hospital as opposed to a well-known healthcare leader?

**NS:** I have known Mr. van Grinsven for years. He always demonstrated impressive leadership. He was thinking of working with another healthcare company on hospitality, but I insisted he work for us. People thought I was crazy. I initially thought he could oversee service, but we decided to appoint him CEO of our new hospital. We surrounded him with the best medical and nursing talent. He opened 27 resorts globally, while most hospital administrators have never opened one hospital.

**JS:** What do you think is the next big disruptor in healthcare?

**NS:** We are living it right now: Telehealth and the retailization of healthcare. We were doing telehealth at HFHS way before anybody else. We brought in a retail consultant because we had to learn how to be more customer-focused. This pandemic is going to drive disruption and we ought to embrace it. The data shows that telehealth improves access tremendously. If we can do things more quickly and cost-effectively, everyone in our community can access our services.

**JS:** What advice would you give to young and emerging healthcare leaders?

**NS:** Learn as much as you can as quickly as you can, including frontline work. When I graduated college, I worked as a nurse aid for \$3.25/hour. Understand the roles of all healthcare workers. Get exposed to innovative ideas, read about leadership. Pay attention to everything: good, bad, and ugly. Weigh in. Get involved quickly.

**JS:** What is the next step in your health care journey?

**NS:** I serve on ten boards. I am very engaged in doing this work with the governor. I write articles and do a lot of speaking. I just want to contribute. I do not think I will take another big job. But I want to help in every way I can whether in DC, Michigan, Duke University, or the Detroit Symphony. These are some of the things that I am working on and I am enjoying myself.