Interview With Nancy M. Schlichting, FACHE, CEO of Henry Ford Health System

Nancy M. Schlichting, FACHE, is CEO of Henry Ford Health System in Detroit, Michigan, a nationally recognized $5 billion healthcare organization with 23,000 employees. She is credited with leading the health system through a dramatic financial turnaround and with implementing award-winning patient safety, customer service, and diversity initiatives. Ms. Schlichting joined Henry Ford Health System in 1998 as senior vice president and chief administrative officer. In 1999, she became its executive vice president and chief operating officer. In 2001, Ms. Schlichting assumed an additional role as president and CEO of Henry Ford Hospital in Detroit and is credited with its financial turnaround. In June 2003, Ms. Schlichting was named president and CEO of Henry Ford Health System.

Ms. Schlichting's vision is to create tremendous clinical excellence, a fabulous patient experience, and a great environment for all healthcare professionals to advance their careers. She believes that great people are the key to providing great healthcare and is committed to helping employees become the best possible healthcare professionals. In 2011, Ms. Schlichting was named one of the Top 25 Women in Healthcare by Modern Healthcare magazine. Becker's Hospital Review named her one of its Women to Know in Health Care, and Crain's Detroit Business named her one of 16 Women to Watch. In 2011, Henry Ford Health System received the prestigious Malcolm Baldrige National Quality Award.

Dr. Kash: Tell us about the Henry Ford Health System model for healthcare. What makes it unique and what makes you want to come to work every morning?

Ms. Schlichting: Our people at Henry Ford are our competitive advantage. I have never worked with such a remarkable group of people, and it isn’t just their intellect and professional talent that make them remarkable; it’s their commitment to our community and their passion for supporting a vulnerable population of patients and providing the best possible healthcare. Working with the people at Henry Ford has always been a privilege for me, and I have enjoyed every moment of my 17 years here and 12 years now as CEO.

I think that the model we have is different because of both our founder and our history. We are 100 years old; it is rare for any organization to celebrate a centennial, especially with the challenges we’ve faced in the city of Detroit. An important part of our history is that auto pioneer Henry Ford founded our health system, which is unusual for an industrial icon. When Henry Ford Hospital was formed in 1915, Mr. Ford’s view of the world was to organize our physicians in a way that was not typical at the time and that is still not typical today. He modeled our physician organization after the Mayo Clinic, and today, with 1,200 physicians, we have one of the largest medical groups in the country. This size gives us enormous strength across both primary care and specialty care, and it allows us to deliver care in an organized way.
Physicians work as a team. They are salaried, so their incentive is to provide the best care for our patients as opposed to earning the most money or driving volume. I think that this structure has allowed us to focus on creating value for our patients and purchasers of care and on delivering the highest-quality care at an affordable cost.

The academic mission of our organization is very much a part of our DNA and is why we attract such talented physicians, nurses, and other healthcare professionals. They love being part of the teaching environment and enjoy advancing knowledge and participating in research. I think the academic pieces of our organization are an incredibly strong factor in driving both patients and employees to Henry Ford. Another critical success factor for our system is that we have both the medical group and private practice physicians in our regional hospitals. We also teach osteopathic and allopathic medicine. This makes our model attractive to a diverse group of providers.

We also have an insurance company called Health Alliance Plan. We have owned the health plan for more than 30 years. We believe in the integration of financing and delivery to provide higher-value, higher-quality care and lower costs. In addition to our academic medical center, we have four hospitals across the market, so our geographic coverage is very good. We also have more than 30 ambulatory care sites, including a new concept: a QuickCare clinic staffed by a nurse practitioner and concierge who provide health and wellness services, telemedicine consultations, and an app for real-time appointment making. We have the full continuum—both inpatient and outpatient—and a community care services division that provides a lot of nontraditional outpatient services—retail pharmacies, vision centers, a Program of All-Inclusive Care for the Elderly (PACE), and some traditional post-acute services such as home care and hospice.

**Dr. Kash:** In 2013, Detroit filed the largest municipal bankruptcy case in U.S. history. Detroit has had its share of challenges as a city and a community since you joined Henry Ford in 1998. Tell us about your commitment to Detroit.

**Ms. Schlichting:** I chose to come to Detroit in 1998 because I felt it was a city of opportunity. I grew up in Akron, Ohio, and Akron went through a lot of what Detroit has gone through as a single-industry town (Akron’s economy is based on the rubber industry). So coming to Henry Ford was an exciting opportunity. I wanted to be part of the transformation of Detroit. It has taken a while because we have had a lot of economic strikes against us, particularly with the bankruptcies of two of our major auto companies and, ultimately, the city of Detroit’s bankruptcy. Michigan experienced the largest job loss of any state in the country. It was a difficult time, but I believed strongly that Henry Ford Health System had to be part of the solution.

We are an anchor organization, with close to 10,000 employees in the city. Believing in the future of Detroit was important, so we began investing in the city. We put about $350 million into our Henry Ford Hospital campus, our flagship hospital in Detroit. We opened new ambulatory centers, expanded ambulatory clinics on the downtown campus, and continued to believe that we were part of Detroit’s future. We also began some really creative work in the community: partnerships with
schools, churches, and other community organizations to drive better health outcomes. We began purchasing land around Henry Ford Hospital so we could convert it to better use and improve the neighborhood around the hospital. One result is the construction of a new Cardinal Health distribution center in the targeted development area south of Henry Ford Hospital. We will soon be announcing the next phase of that development, which will include expansion of clinical services at Henry Ford Hospital, as well as affordable and market-based housing and retail businesses. We are committed to doing things that are not necessarily the norm of healthcare organizations because we are a vital part of the fabric of the community and have unique resources to drive needed changes.

**Dr. Kash:** We teach health systems leadership as part of master’s programs in health administration, we research leadership styles and impact, and we keep improving on leadership skills as part of professional development. What does leadership mean to you and what does it imply for an effective healthcare administrator?

**Ms. Schlichting:** I have been a student of leadership for a long time and have typically learned from leaders outside of healthcare. I had a fascination with American presidents and other government leaders. I’ve been intrigued by investors and innovators, including Thomas Edison, Clara Barton, and Henry Ford. So I’ve always read about people who were doing different kinds of things. These historical figures represent leadership, which involves taking risks and stepping out of one’s comfort zone. Often, what we really teach healthcare students is to be managers, not leaders. There is a big difference. You can manage a lot of things effectively and execute strategies, which are not unimportant by any stretch, but I think we are lacking in leadership in many aspects of our society, not just healthcare. Leadership requires people who can live with a higher degree of change and discomfort because, when you are leading, you are charting new territory.

Often, conventional thinkers, people who do not want to lead, will be critical of those who are leading. We have a remarkable physician leader at Henry Ford who was the first surgeon in the world to perform a nerve-sparing prostate cancer surgery using a robot. Of course, the minute he started doing it, most of his peers around the country were critical, saying the surgery couldn’t work. But it did work, and Dr. Mani Menon attracted patients to Henry Ford Hospital from every state in the country and every continent to undergo this procedure. He also trained surgeons from all over the world, who are now performing this procedure as the standard of care.

Several years ago, I hired an executive from the Ritz-Carlton to be the first CEO of a new hospital we were building. People thought I had lost my mind because they didn’t understand why I was putting someone without any hospital experience in this role. However, to really move health and wellness to a new level, we needed a person who thought differently about healthcare. We had a vision to create a new type of hospital, one that was much more patient centric and customer centric. The success of our West Bloomfield hospital is well known, with people from around the
world using it as a model for creating not just a hospital but a community center for well-being.

Being a leader is difficult because it is often uncomfortable, and you have to bring others with you. As a leader, you have to really engage the organization, and employees and physicians have to believe in you. That often begins with encouraging people to create innovative ideas, to ensure meaningful improvement for customers. To me, leadership is risk taking, having core beliefs, having confidence in one’s own strategies and ideas, and driving great execution. A leader has to be masterful at following through with an idea from beginning to end to demonstrate results and achieve success.

Dr. Kash: You serve on numerous corporate, not-for-profit, and professional boards. Tell us why you serve and how you are able to do it. How do you balance career, service, and family life?

Ms. Schlichting: As a child, I was intrigued by everything and always had many interests and hobbies. I was a jill-of-all-trades and a master of few! I have brought that curiosity and desire to learn into my career and my community service. Part of my interest in serving the community is my belief in giving back. None of us should sit back and not contribute to the communities in which we live. Serving on different boards, whether in banking, in retail, or with community organizations, I learn a lot from my fellow board members and their strategic thinking. What they are doing often informs what I am doing at Henry Ford. People begin to look at you differently when you serve in a variety of capacities because they see you not just as a healthcare person, but as a leader. I think that allows you to contribute in many different ways.

For instance, the mayor of Detroit asked me to chair the advisory committee that created the Detroit Innovation District. I think people saw what I was doing in a variety of ways to drive innovation, not only at Henry Ford but in other aspects of my world. I recently was appointed by President Obama to serve as chairperson of the Commission on Care, and I am honored and humbled by the chance to improve healthcare for our veterans.

Taking on these responsibilities is possible because I am organized, can balance priorities, and can get things done efficiently. I also get up very early in the morning and, on weekends, work on a lot of things outside my regular job; this allows me to participate at a level that wouldn’t otherwise be possible.

For the first 25 years of my career, I did not have children, so I had a lot more freedom than many women have. When I was 51, my partner and I got together, and she had two teenaged children who became an important part of my life. I transitioned off of 10 boards. I was committed to being at home three nights a week to spend quality time with the entire family. We all have to make choices about how we spend our time, and I think you have to be strategic about it. Every year, I review the things I’m doing and ask myself if I’m enjoying everything at the same level and if there are things I should stop doing because of burnout. On the other hand, I want
to continue to learn and grow as an individual, and periodically reassessing how I’m spending my time is helpful.

**Dr. Kash:** What topics would you like to see addressed in the *Journal of Healthcare Management*?

**Ms. Schlichting:** There’s never been a more interesting time in our field than right now. The number of topics is unlimited, but I think disruption in healthcare is important. A lot of potential for disruption exists when patients and consumers of healthcare are being asked to pay more, when pricing transparency remains rare, and when people are confused by their insurance products—what they owe and what their financial liability will be. These factors could be incredibly disruptive to the insurance industry and the provider side. People are seeking out new options with retail clinics and telemedicine, and there are good reasons for that. With the amount of information that’s bombarding everyone today, inspiring people to read the *Journal* requires you to stimulate their thinking and bring new ideas from both inside and outside healthcare. Healthcare executives must understand how to build relationships with all of their stakeholders in the rapidly evolving digital age, as well as how to bring value when the cost of healthcare continues to be a challenge for the aging baby boomer generation and the retail-oriented Generation Xers and millennials. A journal that focuses on these issues and how to disrupt the traditional ways of providing care will attract readers.