



Academic Health System Builds an Expense Management Capability and Culture

To support its multipart mission, an academic health system creates a culture of financial stewardship to ensure sustainable expense management.

Challenge

A prestigious academic health system faced a stark choice as rising care delivery costs outpaced revenue. While one-off performance improvements provided temporary relief, it needed to fundamentally transform how it managed expenses across its system, instilling a culture of operational efficiency, or be forced to cut education and research funding, compromising its multipart mission.

Discovery

The system engaged Innosight and Huron to build a culture of financial stewardship across the organization. We discovered that driving sustainable change and unlocking critical resources required breaking down organizational siloes and altering behaviors. There were deeply rooted cultural inhibitors such as fear of failure and lack of accountability that needed to be addressed to develop new ways of working and adopt a different mindset.

To begin the transformation process, the system needed a centralized, cross-functional team of senior leaders advocating for sustainable and repeatable cost reduction in their departments and across the organization. We helped create a transformation office to spearhead this effort, as well as specialized teams for critical budget areas like workforce and supply chain, designing them to promote communication across departments.



In tandem, we targeted inhibitors discouraging collaboration in an effort to move the organization towards a new culture of expense management, drawing on Innosight's **research** into habit and behavioral change. This resulted in exercises such as leadership coaching and the implementation of behavioral enablers to encourage risk taking and embrace failure, resulting in greater agility and cooperation across departments.

Impact

The health system's expense management efforts produced immediate financial results, exceeding its first savings goal by 20% ahead of a key deadline and generating a pipeline of cost-saving projects, from tactical vendor consolidations to more strategic overhauls. This demonstrated how aligning expense management with organizational culture and strategic governance can drive significant financial improvements and support long-term objectives.

The work also helped advance a broader transformative effort to encourage greater collaboration across the health system's integrated regional and metropolitan entities, including the consolidation of clinical and academic teams. By developing an expertise in habit and behavioral change, the system is now able to apply those lessons in encouraging cooperation in other areas outside of expense management.

About Innosight

Innosight helps organizations navigate disruptive change and manage strategic transformation. As the strategy and innovation consulting business of Huron, we work with leaders to create new growth strategies, accelerate innovation, and build future-ready organizations. Discover how we can help your company own the future, instead of being disrupted by it. www.innosight.com.

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