

PRESCRIPTION FOR SUCCESS: LESSONS FROM A WORLD-CLASS LEADER

Retail stands at a precipice, with winners and losers being separated faster than ever before. The consumer is increasingly more informed and opinionated and holds all the cards because of the unprecedented number of available product and brand options. Technology continues to be a major disrupter and the decisive difference between ascendancy and redundancy. And a crowd of traditional, well-established names and an influential group of daring newcomers are all vying to be winners in this bedeviling time for the sector.

There is another industry that has not only faced similar challenges, but where the standout strategies employed by one of the biggest winners hold answers to conundrums the retail world is grappling with today. This may be a surprising corollary at first glance, but we are talking about the healthcare sector.

PICTURE THIS:

A patient enters the hospital, and almost immediately everything starts revolving around the needs and concerns of this person. Physicians from separate specialties work side-by-side to deliver the most exhaustive diagnosis as swiftly as possible. They communicate and consult constantly with each other, while in-house laboratories conduct and prepare test results to share with all doctors in minutes instead of weeks. And in the center of it all, the patient is a consulted, equal, and informed participant in charting the eventual treatment course.

This patient-centric protocol forms the fundamental philosophy behind all practices at Mayo Clinic. This basic principle and its resulting tactics have made Mayo a global leader in healthcare, consistently ranking at the top in multiple specialties. Mayo has been named the number one hospital in the country by US News for the last *six years* and was rated the *best in the world* by Newsweek in 2019.

But it could have all gone very differently if Mayo had not decided that it needed to take calculated risks and transform its business practices in advance of, and to prevent, a business catastrophe at a challenging time for the healthcare industry. The unprecedented transformation path it chose was based on this foundational strategy of putting the patient at the center of every action and every plan.

All actions at Mayo Clinic follow one principle: **Do what is in the best interest of the patient, and the rest falls into place.** The patient forms the hub of the wheel in the organization, while physicians, nurses, researchers, and other staff are the spokes.

PUT THE PATIENT AT THE HEART



Ranked #1 in the world this year¹ **85%** of patients recommend Mayo² **12 of 16** specialties are **top** ranked³

Sources: 1. Newsweek ranking, 2019 2. Mayo past patient surveys, 3. US News & World Report, July 2019

At Mayo, each patient receives an integrated and personalized treatment and care plan, with a unique team of multidisciplinary experts converging to find the best possible solution. The whole organization works on establishing a relationship with the patient – by actively listening, asking clarifying questions, communicating frequently, and including the patient’s point of view in the treatment process. This two-way conversation builds trust.

The retail industry must also invert a decades-old dynamic and create a plan that puts consumers at the heart of all decision-making. According to an AlixPartners survey, consumers have ultra-high expectations from retailer interactions across five elements of any transaction and expect to be placed at the center of these: product, price, access, experience, and service.

Consumers want true personalization and need the product they are purchasing to reflect their own values. They want to be able to validate and compare prices. They want seamless access and the ability to shop through any platform at any time, from any place. Consumers want one-to-one, fully customized service at every step of the purchase funnel – from marketing to making the purchase and, if needed, returns. Finally, they want a seamless experience while transitioning from offline to any kind of online channel. Retailers must have a two-way conversation and forge a relationship built on mutual trust with the consumer.

How can retail create an overarching strategy that puts the consumer at the center? The answer lies in creating a new level of agility.

Luckily, we have a playbook on how to navigate these obstacles and set the organization on a proven path to success. Let’s learn from a world-class rule breaker – Mayo Clinic – and define the implications for retail.

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CONSUMERS’ EXPECTATIONS HAVE CHANGED

SELF-CENTRIC CONSUMER



SERVICE

85%

of customers expect **one-to-one, personalized exchanges** (up from 72%)

ACCESS

84%

of customers want to **shop on any platform, at any time, from any place** (up from 70%)

EXPERIENCE

89%

of customers want a **seamless experience across channels** (up from 81%)

PRICE

92%

of customers want **price that provides value** (up from 86%)

PRODUCT

81%

of customers want **product that represents their values** (up from 69%)

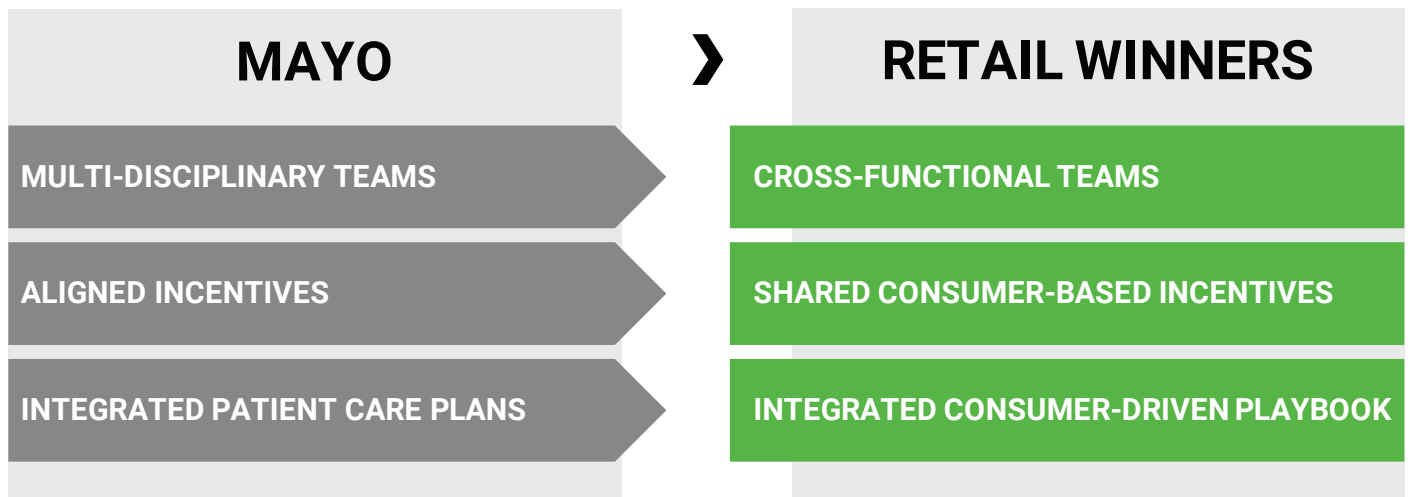
Source: AlixPartners studies of more than 20,000 consumers through surveys and focus groups between 2007 and 2018

LESSON 1: BREAK DOWN SILOS

Mayo Clinic truly believes that collaboration is key to solving problems. Every single treatment team at the organization is composed of doctors from different disciplines who are involved in joint patient care planning without a hierarchy of opinions. Treatment innovation ideas are openly shared during weekly multidisciplinary conferences. And because physicians' and other staff incentives are not aligned to their revenue only, there is no impetus to order redundant medical exams or extraneous treatments. Goals are common across areas of expertise and are not tied to personal success, but to overall patient outcomes. The entire team works from one playbook.

Implementing a similar winning strategy in retail would mean removing barriers that lead to inefficiencies in decision-making. Instead, the focus must be on creating omnichannel teams. For instance, real-time communication between different geographies can help quickly assess what works or doesn't in a certain market and enable appropriate inventory planning. Similarly, more timely sharing of intelligence between the sourcing and product-to-market functions can ensure that materials are promptly available for the season's designs. Retailers also need to reframe incentive structures to center them around consumer satisfaction.

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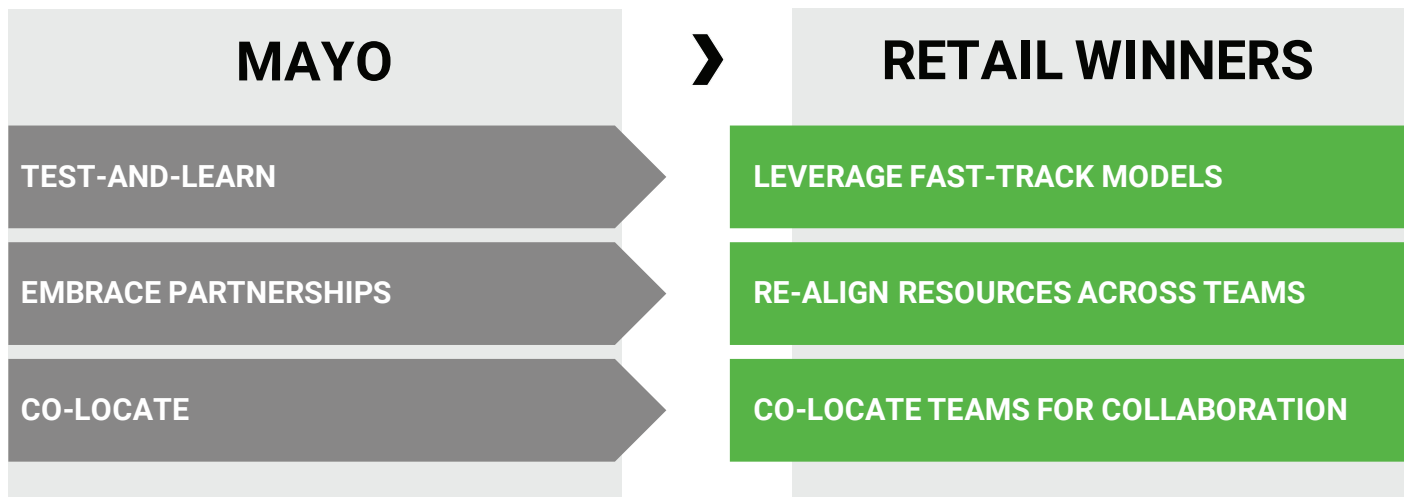


LESSON 2: EMBRACE SPEED

Mayo believes that a quick operating model enables fast decision-making, eliminates waste, and ultimately saves lives. A test-and-learn paradigm is in the Mayo DNA: in 2018, there were 12,760 original research studies and 3,067 clinical trials for trying new treatments. All disciplines in the organization are focused on speed and there is a culture of true partnership among doctors, clinicians, and scientists. The hospital system also places diagnostic laboratories as close to operating rooms as possible so that test results can be conducted fast, diagnoses made quickly, and patients kept updated in real time. Operating rooms also come equipped with viewing lofts that enable rapid and transparent sharing of best practices.

How does this apply to retail? Winning retailers are becoming even faster and more profitable by applying new speed models. They are doing this through embedding test-and-learn capabilities within the culture of the organization and continuously integrating customer data into strategies to keep iterating and improving. Retailers that embrace speed develop a culture that incorporates multiple product development models and create teams that can seamlessly leverage this flexibility. A truly fast and efficient process also values and proactively utilizes internal and external partnerships.

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LESSON 3: ACCELERATE INSIGHTS

At Mayo, there is a well-established structure and process in place for sharing information that leads to quicker treatment planning. Dashboards create timely visibility into information and recognize outliers, which helps make rapid interventions. Mayo's cross-discipline physician teams ask smarter questions and look at more advanced tests because of the available technologies, and this leads to better results. Almost 88% of patients seeking a second opinion at Mayo receive a new or refined diagnosis. The hospital system is also switching the old paradigm of compulsory visits to the doctor's office to a new standard of telemedicine and remote monitoring. In 2018, more than 39,000 telemedicine consultations took place within Mayo's system and 1.6 million secure patient messages were sent on its app, minimizing emergency visits and hospital admissions.

Digital tools and dashboards have become common in the retail world, but it is even more critical to look at the right metrics and ask the right questions. The quality and scope of available metrics is advancing, but many retailers have not yet changed the way they evaluate performance. The retailer of the future needs to invest in advanced analytics applications across all operating areas with the goal that employees make decisions based on predictive modeling and automated learnings rather than spend time extracting learnings. And these investments into advanced digital tools must be understood and championed by the top leadership of the organization.

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YESTERDAY

TODAY

**METRICS TO
MONITOR PERFORMANCE**



**CONNECTED INSIGHTS
TO DRIVE DECISIONS**



**PREDICTIVE MODELING
AND AUTOMATION**

Mayo Clinic took a risky and previously untested approach to changing its way of operating by focusing on all three basic principles at the same time. It paid off richly. Mayo is known globally for being best in class and the first option patients turn to when they need quick, thorough, and effective solutions, especially when dealing with more complex and serious problems.

While the three maxims are individually helpful, when adopted together, they prove completely transformational.

It is time for retailers to truly embrace the concept of agility and take bold steps in breaking down silos, embracing speed, and accelerating insights. Individually, each of these ideas helps make incremental improvements. However, embraced together, the three principles can change the game. This cohesive, new operating model defines a retailer's AgilityEQ. Today's opinionated and option-rich consumers will not hesitate to switch loyalties if they feel that they are not being heard, their needs are not being met quickly enough, or if retailers do not seem to understand them. But there is growth and success ahead for those retailers and brands that break today's retail rules and are willing to create a new, agile model with the consumer at the center.

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AGILITYEQ

01 Break down silos

- MULTI-DISCIPLINARY TEAMS
- ALIGNED INCENTIVES
- INTEGRATED PLANS

02 Embrace speed

- TEST & LEARN
- EMBRACE PARTNERSHIPS
- CO-LOCATE

03 Accelerate insights

- CREATE DASHBOARDS
- CHANGE THE METRICS
- RE-SHAPE DECISION-MAKING

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ABOUT US

For nearly forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

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