

# Re-engineering Healthcare



As featured in  
*The CEO Magazine*  
For more info visit  
[theceomagazine.com.au](http://theceomagazine.com.au)

With a background in engineering, George Savvides is adept at transforming companies. As managing director of Medibank, George has radically re-engineered the organisation and its approach to healthcare.

Images by Estelle Judah Photography

**R**ethinking and re-engineering Medibank's approach to healthcare and its role in the healthcare industry has been an all-consuming focus for George Savvides and his executive team. Since joining the company as managing director 11 years ago, George has brought the business back from the brink and revolutionised the way it deals with customers, suppliers, and partners. George has also held governance roles with World Vision internationally and is now the local chairman of that leading NGO, viewing healthcare challenges from a global humanitarian perspective.

*The CEO Magazine* spoke to George about the transformation that Medibank has undergone over the past decade and the passionate purpose that will shape the next.

***The CEO Magazine:*** You started your professional life as an industrial engineer. What are some of the salient points of your career?

**George:** My father, being a very practical sort of guy and a

tradesman, taught me a few trade skills along the way. We built our family holiday house together. I loved it. And we spent a lot of weekends together doing things rather than playing sport, though I did get involved in hockey. That influenced my approach to my professional career, and engineering fit into that continuum well. I was determined to study engineering at university, but I really struggled to get in over the threshold for the University of New South Wales. I just got over the line and the first year was very challenging for me. By the time I was nearing the end of my four-year degree, I was receiving high distinctions.

I guess the DNA for a career in healthcare was cast from my very first job. It's a more topical conversation now, but my first job was a group industrial engineer role looking after four factories in Sydney. The exclusive employment in those factories were people with disabilities, both intellectual and physical.

The thing that appealed to me about that job was that I could express my skills as an engineer in constructing products and

production lines for people. But the individuals themselves had special needs, so it was a much more satisfying dimension to be able to connect the person with the job, make it fulfilling and meaningful for them, draw out their talent, and overcome their constraints. I was in that role for four years, and we built a few more factories and won a number of big contracts during that time.

I completed an MBA at the University of Technology, Sydney, and they've made me a luminary since then. I appreciate that; it's the only thing that Hugh Jackman and I have in common [laughs].

That first role led to more formal production roles in terms of manufacturing businesses with Westinghouse and McPherson. My first role on the healthcare side was with CIC and I was promoted to the role of CEO of the healthcare division. I then moved to Melbourne to head up the Smith & Nephew organisation, a multinational healthcare company based in the UK, to run their Australian and New Zealand operations. My wife and I and our little boys moved to Melbourne, and more than 20 years later, we're still there. >





I was then invited to lead Sigma Pharmaceuticals as CEO, where we undertook a number of ambitious acquisitions and listed the company on the ASX in 1999.

In 2000, I moved to Medibank, where I initially joined as a board member before finally assuming the CEO role, which I've held for the past 11 years. I'm a five-year guy, so that's quite unusual for me. But I suspect if you look at the journey of Medibank at the halfway five-year mark, we had finished the first assignment of fixing the broken business through financial re-engineering. I inherited a \$175-million loss, but we got it to a healthy profit and got it growing steadily as market leader.

**What was your battle plan for those first five years?**

The first five years of the Medibank assignment were initially about survival and stability. It was making significant losses and it almost got to the point where it needed a regulator to intervene. For a government-owned entity, that's not a good look. We didn't have any doubts around what our purpose was as an executive team: We knew our purpose was to restore the financial strength and reputation of the company and avoid a meltdown.

We were able to do that. We engaged our staff, asked them to

*"We discovered our purpose was for 'better health'. We committed to a journey of transformation in the second five years to grow from 'health insurance' to 'health assurance'."*

- George Savvides

be our consultants, and invited them to propose the solutions to product and service and operational efficiencies. They then became our agents of change, and we ended up with a series of 30 or 40 quality action teams across Australia.

Within six months, we deployed around \$40 million of bottom-line savings that came from the ideas of our staff. We had no problem getting their engagement and commitment to execute their ideas either, as they came from the very people who were in charge of execution. They just needed to be validated, approved, and empowered to make those changes.

**After that success, what did the next five years hold?**

The second five years were a surprise. It has a couple of dimensions to it. Firstly, the celebration that we thought we were going to have when we finally got the business back on track didn't happen. When we posted the results, the board was happy and we were certainly pleased to have turned the business around. But it just seemed hollow—making a set of numbers isn't really a meaningful exercise; it's the impact you want to make—and by then, we had already set a higher goal for



ourselves: running a company that deeply satisfies the needs of its customers and sets itself apart from its competitors. That is what's really great. We knew we weren't great; we just fixed a broken company. We could now say we were good, but that wasn't enough.

We knew at this halfway mark that we had to discover the core purpose of what Medibank stands for. I know it sounds bizarre, but it was a point of inflection in our journey. Obviously, health insurance is the product we sell; nearly four million Australians are protected by our products. But our longer-term understanding of customer needs and health-cost consequences for an ageing population meant we had some serious unfinished work to do. We found that our customers wanted more from us than just paying their bills.

They didn't want us to be just a health financier or 'bank'; they >

# HAVE A ONE TO ONE with AUSTRALIA

We enable our partners to have conversations with 52% of Australian households every week.  
*Not bad for one card...*





“I get excited about opportunities where they need the leader to lead and not just be a good manager. The stewardship responsibility of leading an organisation requires transformation.”

- George Savvides

wanted the ‘Medi’ in Medibank to be real. Any bank can pay a bill or reimburse a claim, but can they provide access to right care and good outcomes? With chronic disease, can they assist you down a pathway that gives you the integrated care required? Can they answer a phone call at 3am if your son had a fall and you think he might have concussion? We were a payer; we weren’t a player in the healthcare system.

If we can imagine the healthcare system and all its various participants like looking at the various players in a game in some large arena: You look out onto that playing field and there you recognise the hospitals, the GPs, the specialists, pharmacists, and the many others players in the health system. Where are the health funds? Where was Medibank? It’s not on the playing field; it’s in the grandstand watching the game and clipping its ticket well after the game is finished.

We had a conversation across our senior leaders about what our purpose was and what the deep unmet needs of our customer base and sector were. I was so surprised how energised and engaged staff were about this conversation. They instinctively knew that if we could shift our passive, after-the-event relationship with health fund members to a dynamic 7x24-hour health support and assurance relationship, we could be a valuable player more engaged in the health system and more likely to be a sustainable organisation going forward when it comes to dealing with long-term population health costs.

We discovered our purpose was for ‘better health’. We acquired several healthcare businesses that could actually answer these unmet customer needs. We committed to a journey of transformation in the second five years to grow from ‘health insurance’ to ‘health assurance’, our own metaphor for the journey from ‘good’ to ‘great’—not only giving insurance customers the medical payment



certainty they want, but also giving them peace of mind and assurance about the right care, the right direction of care, and 24-hour support.

Customers can call our nurse triage and health advice line if they have any concerns, and we have nurses who operate that line 24 hours a day. We have GP online services and GP after-hours services. We are introducing video consultations between GPs and specialists for patients.

The engagement of staff to our purpose for better health has been amazing, and now touches everything we do. It’s not contained to treating sickness in the health system; it’s fuelled our public campaign #GenBetter, a proactive health campaign designed to encourage people everywhere, despite their level of physical fitness, to make healthy choices that make a difference through small steps everyday. Our purpose has acted as a focal point where we filter our strategic choices and align them to our organisational mission. Our purpose is what drives us. It defines what ‘great’ is, rather than just simply ‘good’. It constantly challenges us to reach higher.



**You’ve re-engineered Medibank, haven’t you?**

How does an engineer end up running a health company? I’ve spent my life re-engineering organisations, transforming them, and continuously improving them into something that’s purposeful and worthwhile. Why would I stop doing that when I got to Medibank—especially when it became obvious that fixing the short-term financials wasn’t going to ensure a sustainable end game.

I’ve been very privileged to lead Medibank over the past 11 years. I get excited about opportunities where they need the leader to lead and be transformative and not just be a good manager. The stewardship responsibility of leading an organisation, its assets, and serving its customers requires transformation to ensure long-term sustainable success. ●