



Improving The Health of Healthcare One Organization at a Time

What we have learned...

The Positive and Negative Economic Impact
of Front-Line leadership

Tom Olivo

Success Profiles, Inc. &
Healthcare Performance Solutions (HPS)

Right People, Right Roles
HPS



Increase Your Odds of Success with Leadership Alignment



The key Objectives for this session...

- Observations regarding the current workforce economic conditions
- Defining the key attributes of leadership
- Leadership odds of success in specific roles
- Quantifying the impact leadership has on performance
- Strategies and tactics to turn around performance
- A structured approach to performance improvement
- Union vulnerability and how to measure it

Who We Are...



Success Profiles, Inc.



- Established in (1991)
- Primary focus is performance measurement & management
- Has worked in virtually every industry (10,000+ business units)
- Has compiled Business Practices performance data on over 500 healthcare organizations (the largest database of its kind)

Healthcare Performance Solutions (HPS)



- Established in (2002 with Workforce Collaborative)
- Primary focus is Healthcare Consulting/Advisory Services
- Partners have been retained by over 100 healthcare systems
- Has “Alliance Partner” relationships with other firms to compliment the suite of performance improvement services

Who we are...



Observations and Trends

1. Unemployment (structural, frictional and regional)
2. Recession resistant vs. recession proof
3. Industry leaders conditioned to adversity
4. Offsetting pros and cons = neutral
5. Immature and unsophisticated business practices and operational excellence
6. Union issues pending with “card check”
7. Healthcare employment vs. manufacturing

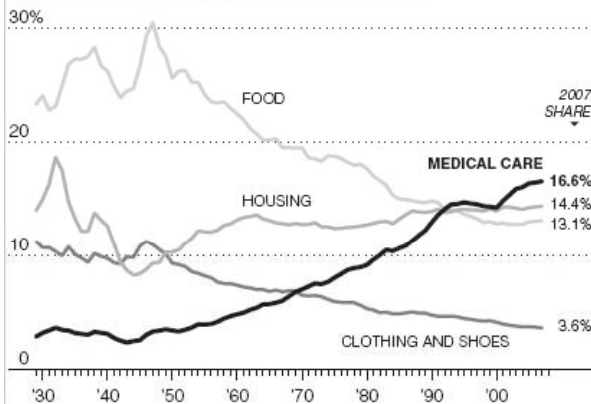
Success Profiles Inc. Research, 1992 to 2009

Getting Squeezed Financially (Discretionary Income)

The Mounting Burden for Health Care

Spending on health care, which takes up more of consumers' income than housing, food or clothing, has risen significantly since 2000. As the economy slows and medical costs continue to rise, millions of people may be unable to afford care.

SHARE OF DISPOSABLE PERSONAL INCOME SPENT ON:

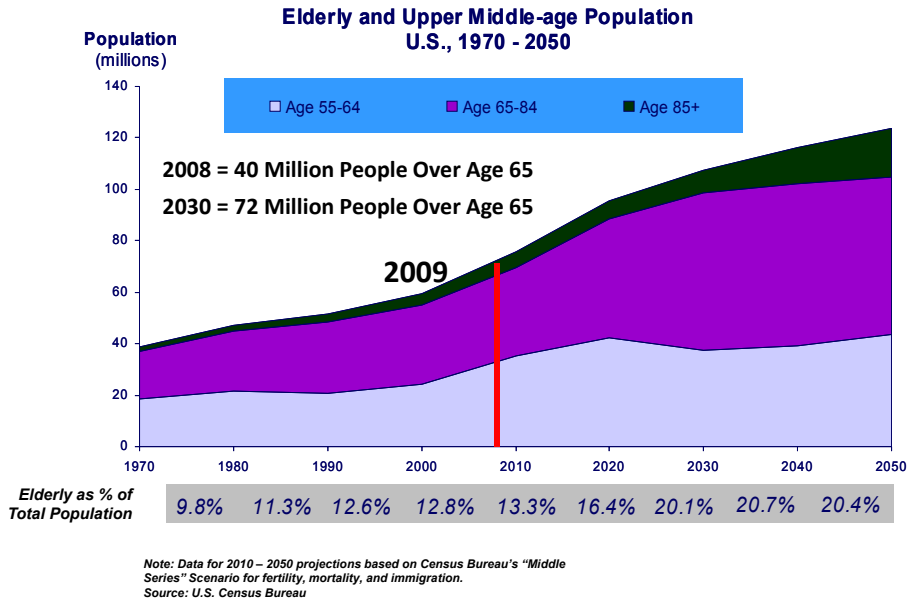


Sources: Bureau of Economic Analysis;
Deloitte Center for Health Solutions Analysis

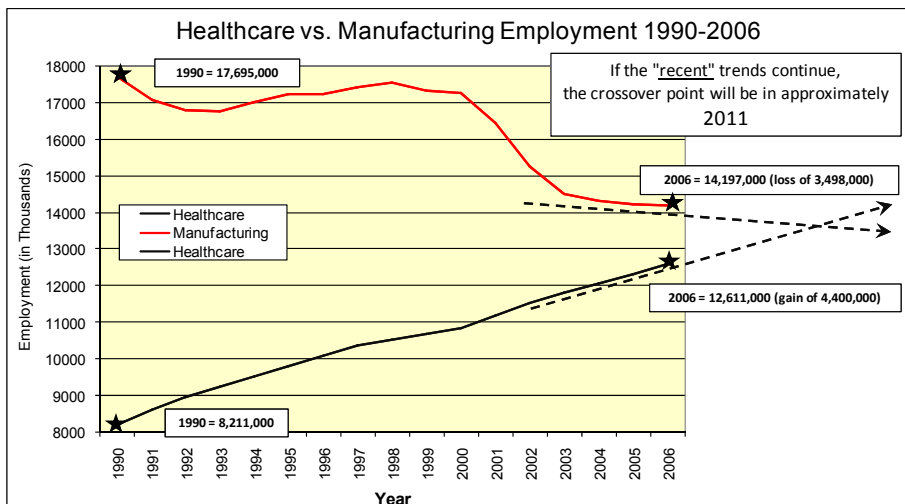
THE NEW YORK TIMES

NY Times, May 2008

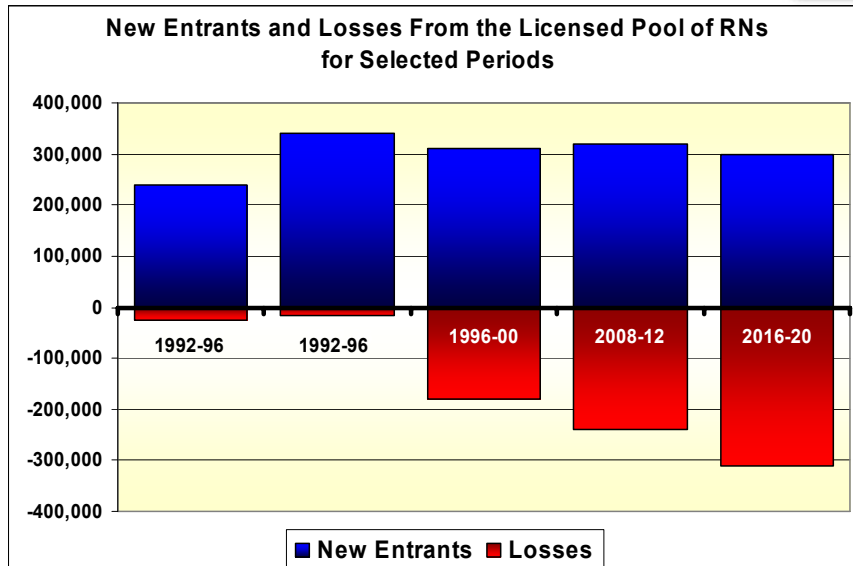
Why We Need to Recruit AND Retain our Workforce



The Latest Workforce Trends

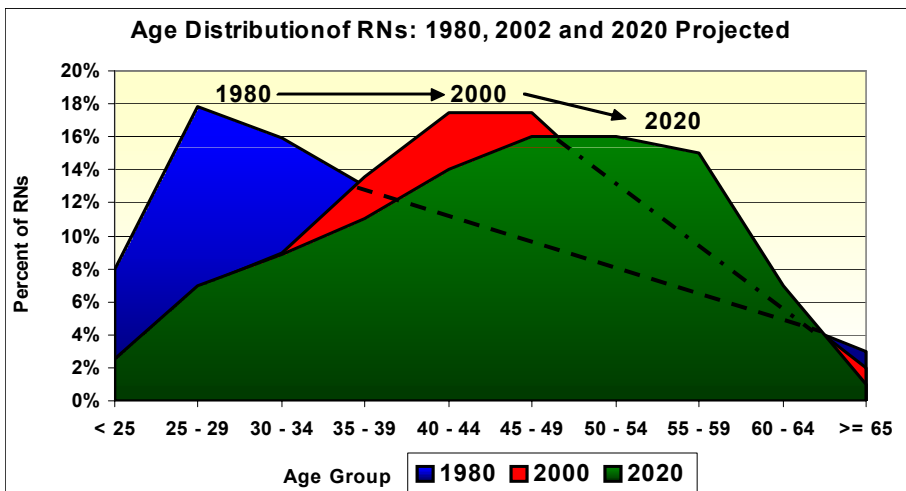


Why We Need to Recruit AND Retain our Workforce

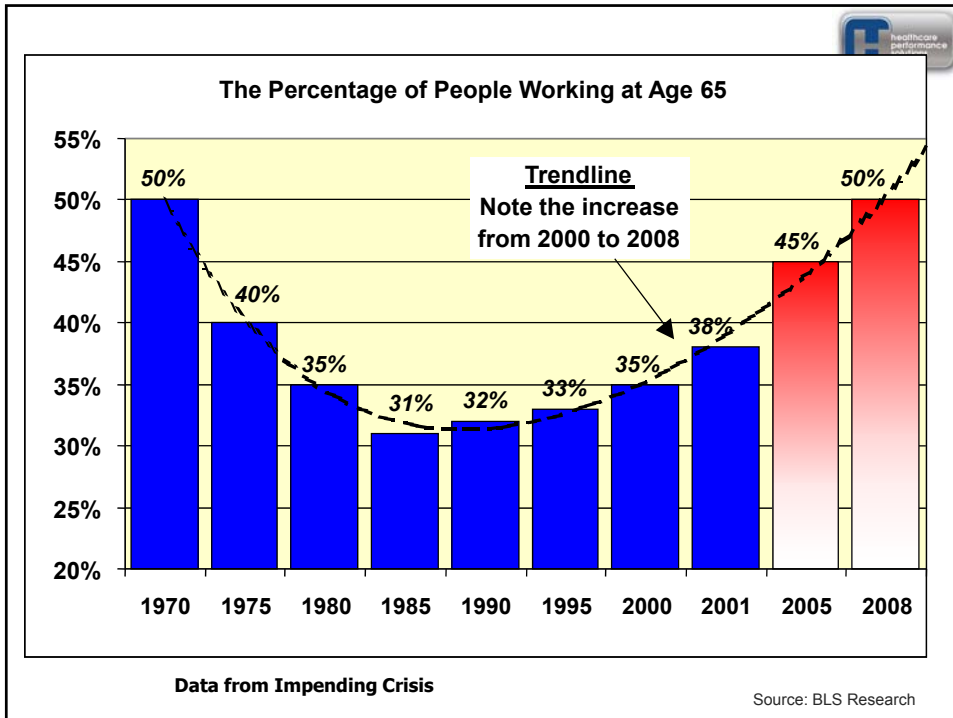


Data from Projected Supply, Demand, and Shortages of Registered Nurses: 2000-2020
HRSA, July 2002

Why We Need to Recruit AND Retain our Workforce



Data from Projected Supply, Demand, and Shortages of Registered Nurses: 2000-2020
HRSA, July 2002



The Most Effective Protocols

“Evidence based medicine” is the discipline of providing consistent protocols of care that are most appropriate for the specific ailments/symptoms and medical conditions that people experience.”

“Evidence based business practices” is the discipline of providing consistent leadership decisions and improvement interventions based upon objective performance criteria and demonstrated results.”



“If success in a capital-intensive business comes from primarily making the right investment decisions, success in a people-intensive business comes from hiring the right people and putting them in the right roles that make them most productive.”

*The Surprising Economics of a People Business
Harvard Business Review, June 2005*

Success Profiles Inc. Research, 1992 to 2009

Key attributes of Leadership

The “7 habits” myth

“Any **valid and reliable** attributes of leadership when applied to the same population of leaders will ultimately produce the same rank order distribution of performance.”

Success Profiles Inc. Research, 1992 to 2009

Observation



When Hiring, Appointing and Promoting, We
Tend to Confuse the Following...

Knowledge

Competency

Education

IQ (Intelligence)

#1 *Experience/Tenure*

Skill

Talent

Success Profiles Inc. Research, 1992 to 2009

The Visual Display of Quantitative information That creates real “Business Intelligence”



“We have found that business leaders don’t relate well to and are not motivated by statistical coefficients and academic correlations. They need practical and applied causal links and measures of performance that they can readily see and relate to logically and emotionally. Do the measurement tools need to be scientifically valid and reliable? YES. Should the data be presented in a way that is less effective, often confusing (with information overload) and difficult to interpret? NO.”

Our solution = The “Eye Chart” suite of Business Intelligence tools.

Success Profiles Inc. Research, 1992 to 2009

The Talent Management “Eye Chart”

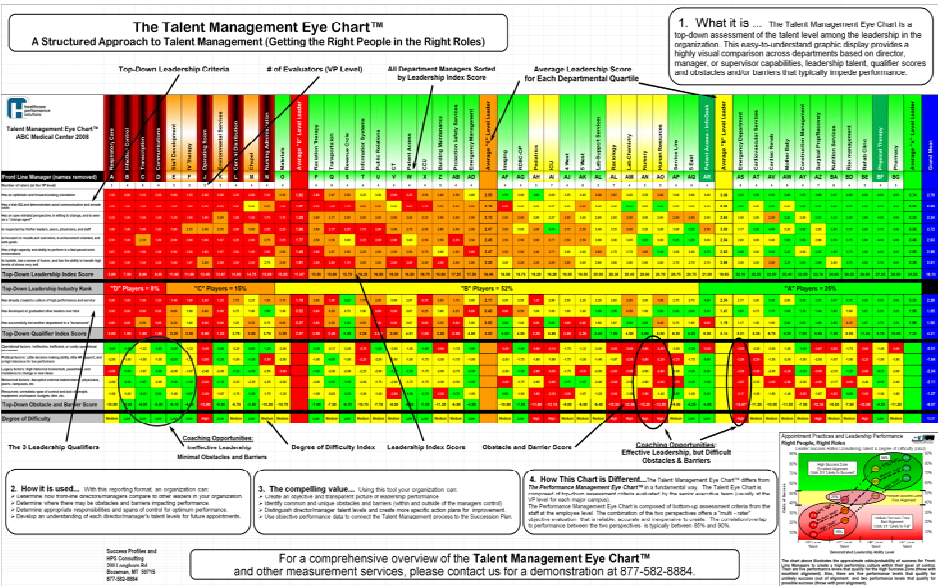


The Talent Management “Eye Chart” critiques and presents an organization-wide “depth chart” of demonstrated leadership ability, talent, and current obstacles/barriers.

Where do you look first for talent within your organization (versus going outside).

Success Profiles Inc. Research, 1992-2009

The Talent Management “Eye Chart”



Success Profiles Inc. Research, 1992-2009

Determining Leadership Talent/Demonstrated Ability

Examples of Performance Levels ("A", "B", "C", "D"),



Leadership Talent Criteria or Attributes*

1. Has an positive, optimistic and forward-looking orientation.
2. Has a high EQ (emotional intelligence) and demonstrates good communication and people skills.
3. Has an open-minded perspective, is willing to change, and is seen as a "change agent" by others.
4. Is respected by their respective leaders, manager peers, physicians, and staff
5. Is focused on results and outcomes, is achievement oriented, and likes to set stretch goals
6. Has a high capacity ("band-width") and ability to perform in a fast-paced work environment
7. Is humble, has a sense of humor, and has the ability to handle high levels of stress very well

Overall Performance

D	C	B	A
Rarely to Never	Sometimes but inconsistent	Often to consistent	Always, very consistent

Success Profiles Inc. Research, 1992-2009

Talent Management

Defining the Demonstrated Leadership Ability of Every Leader in the Organization



Leadership Ability

"A" Level
High - Top
Performing

Performance Effectiveness Description

Leader/manager is a high achieving and talented performer that consistently exceeds expectations, brings out the best performance in others, is respected as a true champion with a contagious – positive attitude and a change agent that drives results. The culture that they influence both within and outside their span of control is both healthy and fit. "A" level leadership ability usually represents approximately **25%** of the total # of leaders.

"B" Level
Good and
Consistent

Leader/manager is a good and consistent performer that consistently meets expectations, brings out a good performance in others, is viewed as a true supporter with an optimistic – positive attitude and a change agent that achieves good results. The culture that they create within their span of control is both healthy and fit. "B" level leadership ability usually represents approximately **50%** of the total # of leaders.

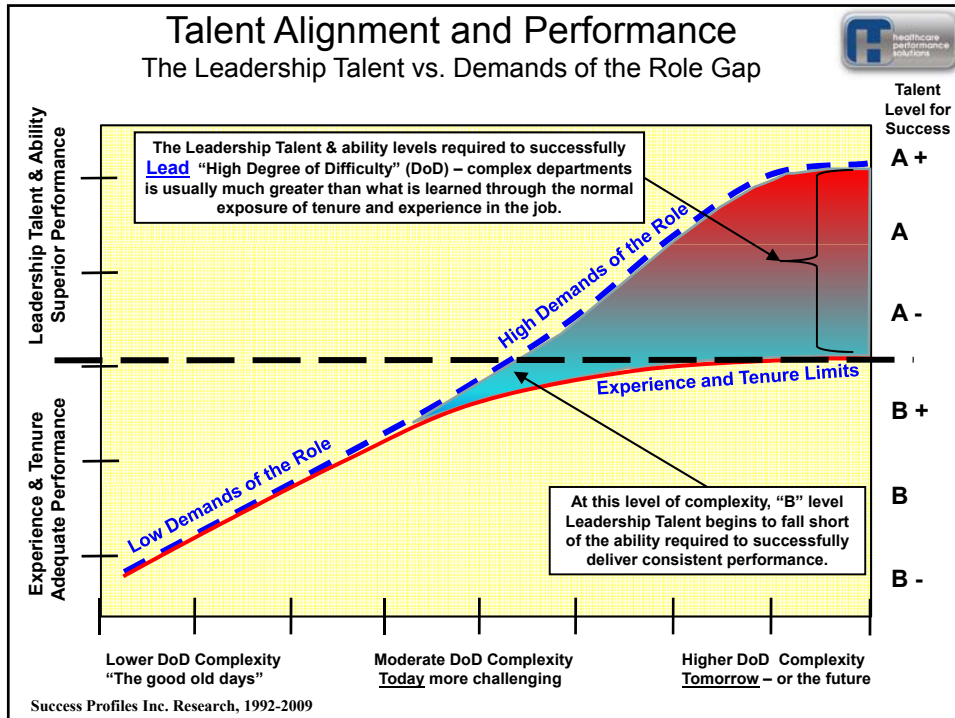
"C" Level
Struggling &
Inconsistent

Leader/manager is an inconsistent performer that sometimes meets expectations, struggles to bring out a good performance in others, is often negative or pessimistic and usually requires high maintenance coaching or assistance to achieve desired results. The culture that they create within their span of control is usually unhealthy or poor. "C" level leadership ability usually represents approximately **15%** of the total # of leaders.

"D" Level
Failing (takes
away value)

Leader/manager rarely meets expectations, fails to bring out a good performance in others, is consistently negative or pessimistic and usually requires high maintenance coaching or "partnering" assistance (becoming a resource drain) to achieve desired results. The culture that they create within their span of control is usually unhealthy to dysfunctional. "D" level leadership ability usually represents approximately **5%** of the total # of leaders.

Success Profiles Inc. Research, 1992-2009

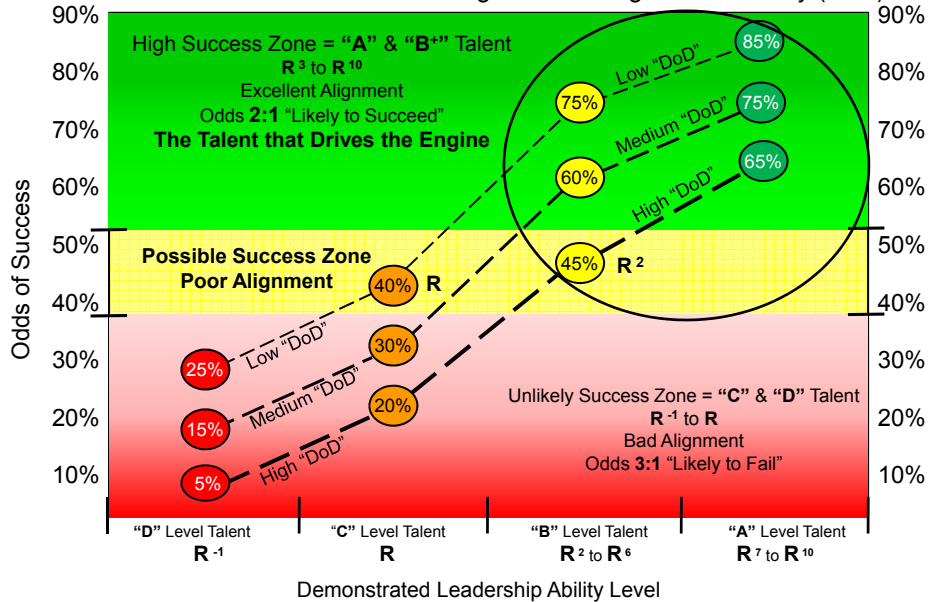


*Leadership odds of success
After studying 6,725 leaders*

Right People, Right Roles



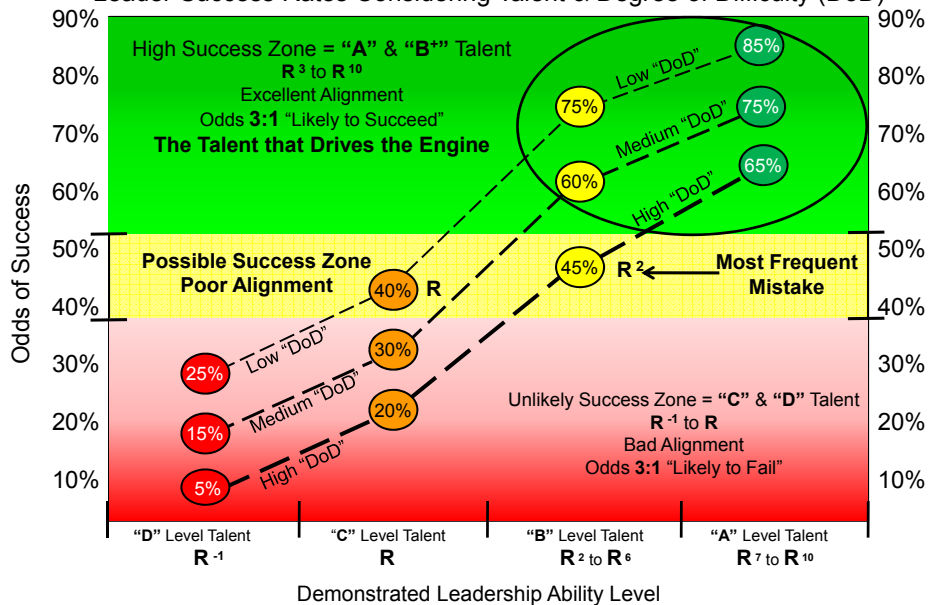
Leader Success Rates Considering Talent & Degree of Difficulty (DoD)



Right People, Right Roles



Leader Success Rates Considering Talent & Degree of Difficulty (DoD)





Appointing the right leaders in the right roles
How often are we out of alignment?
Where are we making the most common mistakes?

Talent Level of Front-Line Manager	Typical % of all Managers	% in High DoD Departments	% in Medium DoD Departments	% in Low DoD Departments	Totals
"A" Level Leaders	28%	28%	34%	38%	100%
"B" Level Leaders	52%	35%	32%	33%	100%
"C" Level Leaders	15%	32%	38%	30%	100%
"D" Level Leaders	5%	42%	22%	36%	100%
995 = Total # of Managers	100%				

Success Profiles Inc. Research, 1992 to 2009



Conclusion

*"Keep in mind that it's not that a **"C"** or **"D"** level leaders can't be successful, it's just that its so unlikely that you shouldn't make that bet."*

*In fact, our evidence reveals that the odds are stacked **3:1 against!***

Success Profiles Inc. Research, 1992 to 2009

Talent Management and Performance



New Research from the Human Capital Institute and Lawson Suggests Effective Talent Management is Key to Future Healthcare Affordability, Efficiency

Washington, D.C. – April 13, 2009 – New research findings announced today by the **Human Capital Institute (HCI)**, a professional association and think-tank advancing the science of strategic talent management, and **Lawson Software**, point to strategic talent management as one solution to help contain rising healthcare costs and talent shortages.

Impacted by increased demand for services by an aging population and individuals experiencing stress-related health conditions, plus a dwindling supply of talent to provide these services, the healthcare industry is now challenged to control overhead and improve profit margins while maintaining quality—despite a shortage of qualified workers.

Since finding and keeping the right highly skilled, specialized employees directly impacts the bottom line, healthcare employers must focus intently on strategic talent management practices to maximize and maintain their talent investment.

Success Profiles Inc. Research, 1992 to 2009

Talent Management and Performance



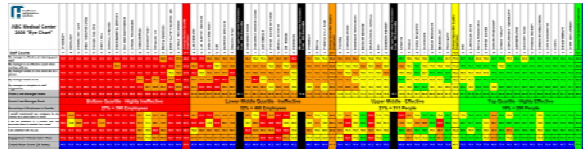
New Research from the Human Capital Institute and Lawson Suggests Effective Talent Management is Key to Future Healthcare Affordability, Efficiency

"The healthcare labor market is one of the largest in the nation, and it is predicted to grow at a double-digit rate throughout the next five years," said Allan Schwyer, HCI's Executive Director and SVP-Research. "Yet in general, the healthcare industry lags when deploying human resources and talent management innovations, including technology. By embracing strategic talent management concepts and tools, healthcare organizations can acquire and retain top-quality talent while lowering their administrative costs."

We combine the "high tech" element of creating and using Business Intelligence with the "high touch" process of more effective leadership coaching within a structured approach for consistent appointment (aka getting the Right People in the Right Roles). Also, we feel strongly that a high tech solution by itself without the high touch coaching component will produce marginal returns.

Success Profiles Inc. Research, 1992 to 2009

Direct and indirect benefits of improved leadership alignment and cultural engagement



Restoring Healthcare back to the Rewarding Calling to “Make a Difference.”



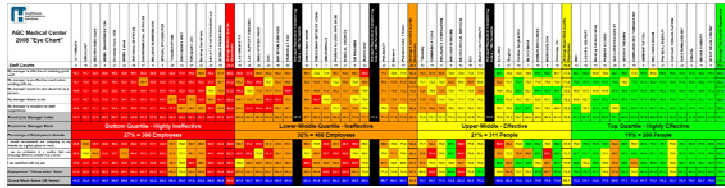
Success Profiles Inc. Research, 1992-2009

Three White Papers for you



1. Job Security for low performers.
2. What does “being in over your head” look like and the correct appointment of “B” level leaders.
3. Eye Chart case study for overall value and economic benefit.

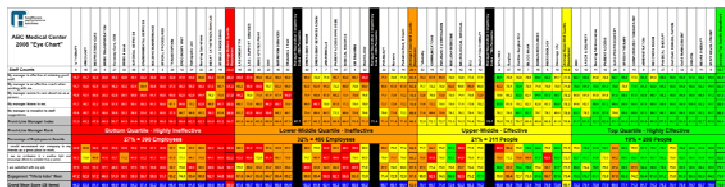
What we've learned with Performance "Eye Charts"



- **Red departments** can dominate leaders (executives) time per week/month (requiring up to **75%** of their time)
- **Red and Orange** departments tend to be "more difficult" functions to manage (Higher degree of Difficulty)
- **Red and Orange** departments tend to have more employees (larger departments with greater spans of control)
- **Red and Orange** departments usually represent a higher Revenue Generating ratio (departments that bill for revenue vs. those that are an internal overhead expense).
- **Red and Orange** departments usually have leaders (front line managers) that are less talented than the leaders (managers) in the top ½ of the chart (this fact is obvious)
- **Bottom Quartile (Red)** departments typically have **300%** greater voluntary turnover than top quartile (Green)
- **Bottom Quartile (Red)** departments typically have **28%** tile lower patient satisfaction than top quartile (Green)
- **Bottom Quartile (Red)** departments typically miss budget projections by **≥ 8%** compared to top quartile (Green)
- Improvement within the original quartile zone = likely **50%** odds (one in two chance).
- Improvement of one quartile (Red to Orange) = somewhat unlikely **25%** odds (one in four chance).
- Improvement of two quartiles (Red to Yellow or Orange to Green) = unlikely **10%** odds (one in ten chance).
- Improvement of three quartiles (Red to Green) = very unlikely **< 5%** odds (one in twenty chance).

Success Profiles Inc. Research, 1992-2009

What we've learned with Performance "Eye Charts"



"D" Bottom Quartile -30% -22.5% -15% "C" Lower Mid Quartile -7.5% "B" Upper Mid Quartile 0.0% +7.5% +15% "A" Top Quartile +22.5% +30%

- Given the complexity of calculating the overall value and economic benefit of improving human capital performance, we feel that the most practical and applied method of building the business case is to incorporate a workforce productivity improvement estimate that ranges between **7.5% to 15%** per quartile improved. The model has proven to be very consistent across healthcare organizations of all size. **Therefore...**
- Moving up just one quartile (from Red to Orange) could produce between **7.5% and 15%** direct and indirect overall economic benefit.
- Moving up two quartiles (from Red to Yellow) could produce between **15% and 22.5%** direct and indirect overall economic benefit.
- Moving up three quartiles (from Red to Green) could produce between **22.5% and 30%** direct and indirect overall economic benefit.
- It's possible for some departments to improve their direct and indirect overall economic benefit by over **50%**.
- We have also found that the benefits of an entire organization moving the equivalent of three quartiles of performance (**from the 25th percentile to the 75th percentile**) **essentially adds 4.0%** net operating margin. A significant overall economic benefit to consider (when just considering the finances).

Success Profiles Inc. Research, 1992-2009

The Importance of “High Touch” Coaching

Quite simply, Coaching is summarized as:

1. Diagnosing (objective analysis)
2. Prescribing (with reasonable probably or high odds of success)
3. Science (what is proposed, positioned)
4. Art (how it is positioned – “heard” vs. said)

Success Profiles Inc. Research, 1992 to 2009

A “Structured Approach” to Performance and Talent Management Protocol for Leadership/Departmental performance coaching at each macro level

Overall Performance Level

Guideline for Action Plan (see reverse side for details)

Coaching is relatively **EASY**

**Top Quartile
Excelling**

- Leader/manager/department is **Excelling** at a high level of performance consistently. Culture is very healthy with high performance standards at a best practices level.
- Keep leader/manager in Role. Possibly move to higher degree of difficulty department. Move or expand responsibilities to high impact strategic areas (consider promoting)

**Upper - Mid
Quartile
Succeeding**

- Leader/manager/department is **Succeeding** most of the time with most performance outcomes. Culture is healthy with good performance at a consistent level.
- Keep in function. Be careful not to place in areas that are too difficult or with too many obstacles/barriers. Provide professional development and coaching to build capability.

Coaching is relatively **HARD**

**Lower - Mid
Quartile
Struggling**

- Leader/manager/department is **Struggling** most of the time with leadership capability or performance outcomes. Culture is somewhat unhealthy with consistent challenges.
- If leader is kept in management role, consider obstacles and Degree of Difficulty or consider a smaller department, low complexity area with minimal obstacles to overcome.

**Bottom
Quartile
Failing**

- Leader/manager/department is **Failing** most of the time with leadership capability or performance outcomes. Culture is unhealthy to dysfunctional and a time drain for leaders.
- Move out of leadership/management role possibly to an area that aligns natural ability or unique skill set to add more value (staff position, if mature enough to handle the demotion).

Ultimately, a decision must be made whether or not leaders and managers are achieving the desired performance results or falling short. This can be done with a balanced set of performance metrics or a simple assessment based upon valid evidence that the manager is either excelling, succeeding, struggling or failing.

Success Profiles Inc. Research, 1992-2009

A Structured Approach



The Ultimate Goal is to achieve the best alignment and probability of high performance by matching the most effective leadership talent available with the demands of the department or position.

Success Profiles Inc. Research, 1992-2009

Leadership Decision Tree Roadmap See Web Enabled Version for Coaching Guidelines



Leadership Decision - Tree Roadmap									
Begin Here - Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	
Service Line Information	Relative Demand Score	Relative Demand Score	Relative Demand Score	Relative Demand Score	Relative Demand Score	Relative Demand Score	Relative Demand Score	Relative Demand Score	Follow up Coaching
Manager Name:									
Department/Unit:									
# of people:									
Time in position:									
Director Name:									
VP Name:									
Performance to Budget:									
Turnover Rates:									
Vacancy Rate:									
Span of Control:									
Possible Mentor/Coach:									
Other Info:									
<p>Defining Relative "Degree of Difficulty" Examples of Levels (Lower, Medium, and High (D) Departments) Lower = 10 pts, Medium = 11 to 13 pts, High = 14 to 15 pts</p> <p>Defining "Talent" Leadership and Management Attributes of "A" Players The 7 Attributes of Proven/Demonstrated Leadership Ability</p> <p>Demonstrated Ability Ratings Rated on a scale from 0 to 4 "A" Player = 21 to 28 points "B" Player = 15 to 20 points "C" Player = 10 to 15 points "D" Player = 5 to 10 points</p>									

Success Profiles Inc. Research, 1992 to 2009

Determining Overall Performance with a Structured Approach



High 92 Managers 22.7%	A 30 Managers 33.0%	Talent is demonstrated so question obstacles that are taking away from leadership performance 65%	1 Managers 3%	HAR 1. Allow more time to turnaround performance, especially if new to position. Manager possibly going through initial resistance to changes that were implemented. 2. Consider major disruptive obstacles to remove. If circumstances beyond manager's control are causing poor performance, intervention from higher levels of leadership may be required. 3. Consider leadership coaching. Use leadership assessment profile to determine hard- wired leadership competencies. Team up with an "A" managers for mentoring.
	B 42 Managers 45.1%	Talent and obstacles could sub- optimize performance. Do not to over promote! 45%	14 Managers 34%	HBR 1. Consider a "supervisory" role, which will give person a smaller span of control. If moved to another department ensure it has low complexity with minimal obstacles to overcome. 2. Consider staff assignment. Move out of leadership/management position to an area that aligns with their natural ability or unique skill set. Can possibly add more value as an employee vs. a manager. 3. Consider another assignment. Possibly move to another department or supervisory role.
	C 11 Managers 12.1%	Talent is usually inadequate - Don't confuse tenure & experience with leadership ability "Overleveraged" 20%	4 Managers 36%	HCR 1. Consider staff assignment. Move out of leadership/management position to an area that aligns with their natural ability or unique skill set. Can possibly add more value as an employee vs. a manager. 2. Consider low DoB position. Possibly place in a smaller department with low complexity and few obstacles to overcome. 3. Consider a "supervisory" role, which will give person a smaller span of control. If moved to another department ensure it has low complexity with minimal obstacles to overcome.
	D 9 Managers 9.9%	Talent is most likely inadequate - Very low success rate "Overleveraged" < 5%	8 Managers 89%	HDR 1. Consider staff assignment. Move out of leadership/management position to an area that aligns with their natural ability or unique skill set. Can possibly add more value as an employee vs. a manager. 2. Consider moving out of organization, especially if limiting factors are behavioral and person is not coachable. Provide open, straight-forward feedback performance reviews and document outcomes. You may need to monitor leader to ensure this person is not disruptive.
403 Managers	Talent Alignment = 62%		Overall Alignment of Talent 33 Managers Overleveraged	

Leadership Decision Tree Roadmap See Web Enabled Version for Coaching Guidelines



LEADERSHIP DECISION-TREE ROADMAP

Ineffective front-line leadership is a major cause of poor employee engagement, low performance, and high turnover in healthcare organizations. The fastest and most effective way to improve performance indicators across the board is to improve front-line leadership.

The Leadership Decision-Tree Roadmap is the culminating point of the HPS Performance and Talent Management process. It is a unique, interactive tool that a) accurately pinpoints leadership capability, b) shows each manager's odds of success in their current role, and c) allows you to develop customized prescriptions for each manager. The goal is to ensure that the right people are in the right roles. By matching leadership capability to the demands of each department, you will take concrete steps to improving employee engagement and productivity as well as patient satisfaction.

PERSONAL INFORMATION:

Last Name: _____ First Name: _____ MI: _____ Date: _____

Title: _____ Reports to: _____

Department: _____ Organization Name: _____

DIAGNOSIS:

Leadership Talent Level: **B** = **45%** Expected Odds of Success

Complexity/Difficulty of Role: **HIGH**

Eye Chart Quartile Performance Level (as determined by staff) = **Lower Mid-Quartile**

FEEDBACK: (see prescription.)

Talent is questionable • Must decide if "B" level ability can be successful at this level of difficulty

SELECT PRESCRIPTION OR OPTIONS:

☐ 1. Consider coaching or leadership development. Use assessment profile to determine top-priority development areas. Develop coaching plan.

☐ 2. Consider major disruptive obstacles to remove. If circumstances beyond manager's control are causing poor performance, intervention from higher levels of leadership may be required.

☐ 3. Consider another assignment. Possibly move to another department or supervisory role.

SELECT POSSIBLE OBSTACLES TO REMOVE:

☐ 1. Operational factors (ineffective or cumbersome processes, excessive bureaucracy, outdated technology)

☐ 2. Political factors (little authority to make decisions, relieving low-performing employees, low DR support)

☐ 3. Legacy factors ("The Way We've Always Done Things", extremely long tenures, high resistance to change)

☐ 4. Behavioral factors (extremely disruptive employees, disruptive physicians, competing interest or agendas)

☐ 5. Resource factors (unrealistic span of control, unrealistic time frame for projects, insufficient funds)

☐ 6. Other factors (union mindset or paradigm, initiative overload (too many projects), other)



Determining Overall Performance with a Structured Approach

Guidelines for Leadership and Departmental Performance at each macro level

How to Manage Underleveraged People (Succeeding and/or Excelling)

Example #1 = **“LAG”** represents a leader in a Low degree of difficulty department that is an **“A”** top level talent that is excelling (**GREEN**) or **LAG**.

With “Underleveraged Leaders” (those that are succeeding to excelling) the general prescription choices are...

1. Leave in current position (they are already creating high performance with outcomes, work environment and healthy culture) Continue with normal coaching and professional development and provide assistance with obstacles and barriers.
2. Consider increasing span of control (aka more responsibility). In the form of projects, increased complexity of departments to lead (DoD) and/or other departmental responsibilities.
3. Consider promoting to higher levels of leadership or responsibility by title or position. If excelling, recognize for promotional opportunities and invest in their development.

Success Profiles Inc. Research, 1992 to 2009



Determining Overall Performance with a Structured Approach

Guidelines for Leadership and Departmental Performance at each macro level

How to Manage Overleveraged People that are Struggling to Failing

Example #2 = **“HBR”** represents a leader in a High degree of difficulty department that is a **“B”** lower middle quartile talent that is struggling (**RED**) or **HBR**

With “Overleveraged Leaders” (those that are struggling to failing) the general prescription choices are...

Level I: Consider coaching for leadership effectiveness style or professional development for skill

Level II: Consider Obstacle and Barrier removal with challenges within or outside the managers control

Level III: Consider a less complex assignment or department (lower DoD or reduced span of control)

Level IV: Consider a lower/reduced position of responsibility/leadership (moving from manager to supervisor or staff level) Note... Even consider moving out of a management position to a pure technical assignment for alignment with their unique clinical or technical ability because they cannot lead other people as effectively as they can perform as an individual player.

Level V: Consider moving out of the organization entirely because they are not a fit with the values (serious behavioral challenges) or there is not a role where they can effectively add value at this time.

As you can expect, 95%+ of the decisions are most likely to occur before you will reach Level V.

Success Profiles Inc. Research, 1992 to 2009

The Total Distribution of Performance by any Measure - "Right Brain" Proportionate Orientation with Success Profiles "R" Factor



We believe that consistent performance can be simply best explained through a combination of **Talent** or demonstrated ability that is "amplified" by and with the combination of **Drive** and **Practice discipline** factors.

Your Success Profiles "R" Factor = _____

Formula: Success Profile (R) = T (D + P)

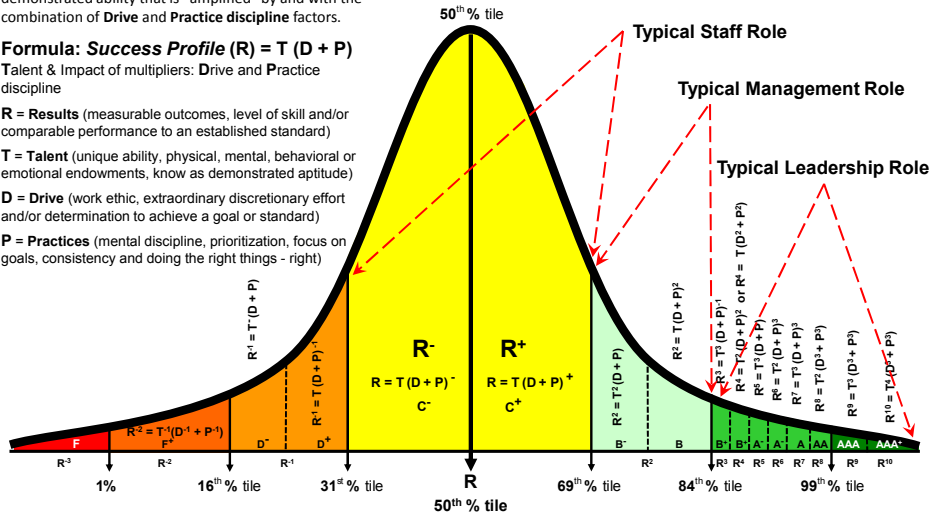
Talent & Impact of multipliers: Drive and Practice discipline

R = Results (measurable outcomes, level of skill and/or comparable performance to an established standard)

T = Talent (unique ability, physical, mental, behavioral or emotional endowments, know as demonstrated aptitude)

D = Drive (work ethic, extraordinary discretionary effort and/or determination to achieve a goal or standard)

P = Practices (mental discipline, prioritization, focus on goals, consistency and doing the right things - right)

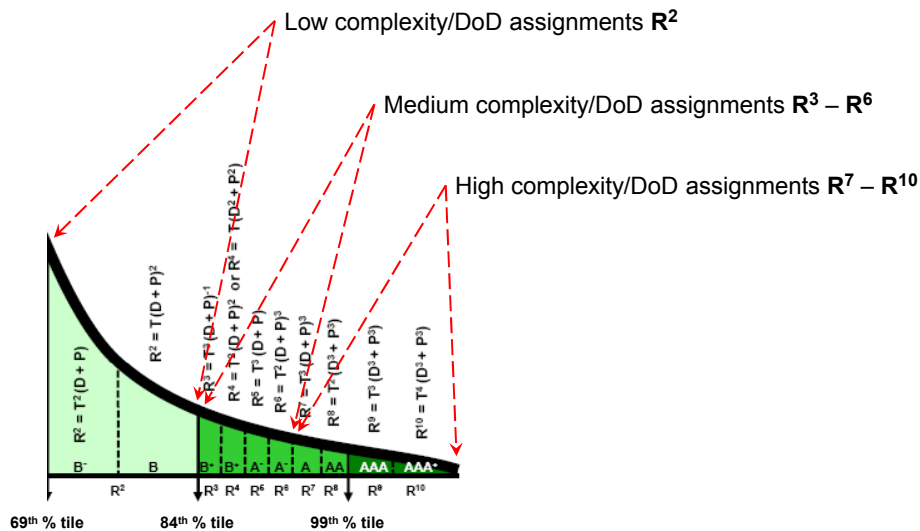


Healthcare Performance Solutions (HPS) - 200 Longhorn Rd. Bozeman, MT. 59715 (406) 582-8884

RPR²



The Desirable Manager and Leader Appointment with "R" Factor that Creates High Odds of Success by any Measure



Healthcare Performance Solutions (HPS) - 200 Longhorn Rd. Bozeman, MT. 59715 (406) 582-8884

RPR²



How difficult is it for people to change their
hardwired behaviors?



*“People don’t change because they are told that
they should, people only change when they
themselves feel that they must.”*

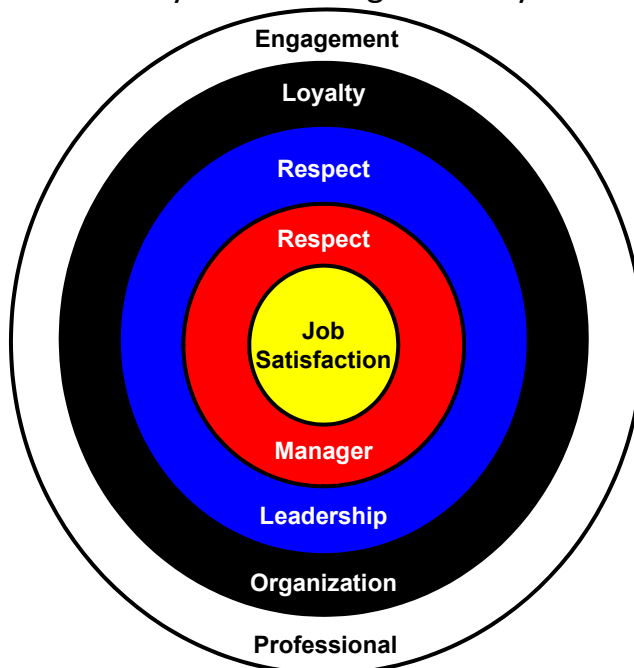
Thomas L. Friedman

*“As people grow older, they tend to become
more of who they already are rather than
someone they are not.”*

Marcus Buckingham

Success Profiles Inc. Research, 1992 to 2009

Union Vulnerability and creating a healthy culture



Right People, Right Roles



RPR²



Increase Your Odds of Success with Leadership Alignment

Success Profiles Inc. Research, 1992 to 2009