Is Leadership in Healthcare Different?

(And How to Improve it)

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Are healthcare leadership skills different? Perhaps, but more importantly, organizations need to understand their own unique challenges and be more effective selecting, and developing, leaders.

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Introduction

Healthcare is a unique industry. Are the leadership skills required, different? Analysis shows that there may be slight differences, but more importantly, organizations need to understand their own unique challenges and be more deliberate and effective at selecting and developing leaders.

The Challenge

Leadership success, and having a pipeline of talented leaders ready to step in, is no longer a luxury– it's an imperative. The traditional approach of hoping that nursing, physician and administrative leaders emerge is a recipe for disaster. While research casts doubt on the effectiveness of standard leadership development programs, there is evidence that more progressive leadership practices (e.g., defining leadership behaviors, targeted, interactive training, specific selection strategies, developmental tools) improve organizational success metrics, including patient outcomes.

Identifying, developing and retaining leaders is a challenge in all industries. As many as 50% of leaders and managers are estimated to be ineffective or incompetent. Surveys of HR professionals reveal that only a quarter rate the quality of leadership in their company as excellent or good. The major reasons for failure usually have nothing to do with competence, knowledge or experience. Leaders generally struggle because of a failure of behavioral skills including emotional intelligence. The same is true in healthcare and the challenges are more complex, and the stakes are, in many respects, higher.

Is Healthcare Different?

Is healthcare leadership unique? It is certainly, uniquely *challenging*, particularly today. For instance, in most industries, senior leaders have the luxury of a clear mission. Healthcare organizations present a more complex environment with multiple parties, both internally and externally, who define success and who are part of the decision-making process. It can be difficult to define or get buy-in for a single mission. How do you align the goals of various constituencies and prioritize margin, patient care, teaching and keeping the regional population healthy? It's difficult to determine what you do best and to define your core business. Now healthcare leaders are facing an unprecedented array of changes and challenges:

- Spending to provide the service continues to grow at a rate that outpaces revenue– meaning constantly declining operating income

- Already one of the most highly regulated industries, it's only getting worse
- Uncertainty about the entire industry's direction – including a lot riding on the upcoming Presidential election
- The demand for new levels of quality and cost transparency
- The rapid growth of non-traditional competitors
- The move from episodic care to managing chronic conditions and population health
- The rush to finally understand the cost of providing the service
- An unprecedented pace of technology innovation and the need to analyze solutions with greater speed and accuracy

With these challenges and complexities in mind, are we looking for different leadership skills than other industries? In aggregate, when we measure the strengths and weaknesses of healthcare leaders, we only see minor differences. We compared the results of over 2000 healthcare managers and directors, to our normative database of all industries. The healthcare profiles were a bit higher in *interpreting information* and *analysis* skills, and in *managing change.* This isn't surprising because healthcare leaders probably wouldn't be in their positions if they weren't good at analyzing information, particularly in the clinical fields. Similarly, given the changes of the past decade, leaders don't survive long if they can't manage change. At the same time, we see in some leadership teams, lower levels of *emotional intelligence*, including *social* and *self awareness*. This may be a reflection of a lack of focus on these skills in certain clinical fields. Historically we haven't chosen leaders based on this skills, or sufficiently developed them.

Each Organization's Unique Needs

Rather than comparing healthcare leaders to other industries, though, it's more important to look at the skills of individual leadership teams, and consider how they impact that organization's challenges. We need to look at group and individual strengths and weaknesses in the context of that organization's real operational challenges.

We evaluated the senior team of an academic medical center. This group was facing big changes – a re-organization, a change of senior leaders and a pending merger with another system. Workforce moral was low, partially due to the communication

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failures of the senior team. Not surprisingly, this group, as a whole, scored low in *positive impact* – the ability to maintain a positive outlook and deliver a positive message in trying times. At the very point in time where this skill was needed, this group struggles. Understanding the group's natural weakness, they realized that they must now make a conscious effort to carefully craft and deliver messages, leaving nothing to chance.

The physician department chairs of another system were struggling to meet new, system wide performance goals. As a group, they scored low in *holding others accountable* – a skill not necessarily important to success as a physician. Few of them ever had training or mentoring in this important skill. They were being asked to do something for which they weren't well suited. With this knowledge, though, more guidance and structure were provided to improve departmental and staff accountability.

The overall competencies we are looking for in healthcare aren't different than other industries. What matters is which competencies are particularly important to the specific operational challenges facing the organization.

A Better Approach

Senior Leaders

That's not to say that the required leadership skill set isn't going to evolve. Many current senior leaders were educated and groomed in a more traditional culture, driven by academic structure and a fee-for-service mentality. Today's challenges require emotional intelligence, communication and listening skills and the ability to build teams and be a good team member. More specifically, we need leaders who can:

- Think strategically about how to deal with revenue loss
- Collaborate both internally and externally
- Recruit, engage and retain, top physicians, nurses and staff
- Understand the role of technology in improving quality, safety and productivity
- Accept criticism from patients, families, the public and others as data becomes more transparent – and learn from the criticism
- Lead people through difficult times, including communicating change and a sense of urgency without frightening staff
- Help to develop the next level of leaders and teach them the difference between managing and leading
- Display a new level of business acumen

Mid-Managers

The leadership gap is often even more pronounced when we look just below the senior ranks. It's not uncommon for us to make the best nurse a nurse manager with little evaluation of her potential to succeed in that role, and with little in the way of structure or support to develop those skills. We often end up with a busy individual contributor who has taken on new administrative and management tasks. Yet, we expect her to do more than manage - to find solutions, to implement the mission and vision and to drive change. We do them, and patients, a disservice by not providing them the tools to succeed.

While new leaders may feel they've been removed from the front lines of patient care and their ability to immediately impact patients and families, nothing could be further from the truth. The ability to effectively manage and lead, to implement the strategic plan and to support and develop front line staff means the impact on patients is expanded exponentially – so failure in their new role is not an option.

A Better Approach to Identifying and Developing Leaders

We need to: (1) Prevent leader failure at all levels; (2) Make leaders at all levels more effective; and (3) Take a more deliberate approach to succession planning.

Here's the rather straight-forward approach we take:

1. Identify, with great specificity, the behavioral skills important for your organization's particular situation, and for specific roles.
2. Use the latest, proven, efficient and effective tools to understand the behavioral strengths and weaknesses of candidates and incumbents. Combine this data with past performance data to understand the individual's potential.
3. Use this information as the basis for choosing between candidates for leadership roles.
4. Use this same data as the foundation of effective individual or group developmental plans. As opposed to generic, didactic training on a pre-determined list of topics, an individual who has struggled to effectively delegate, for instance, can understand the underlying reasons and change his or her behavior.
5. A well-rounded and effective leadership development program should include:
   a. A structured, objective, participant selection process

b. Traditional learning combined with projects requiring complex collaboration across departments – targeting real-world challenges facing the organization

c. Individual development tasks and resources targeting identified behavioral challenges

d. Program effectiveness evaluation including participant career progress and, where possible, department or business unit performance metrics. For instance, we recently established a leadership training participant selection process that improves the success rate of participants, ensuring that valuable resources are focused on those most likely to succeed

Succession Planning

Compared to other industries, healthcare organizations rarely commit sufficient time and resources to succession planning. We see several possible reasons:

- Especially in clinical areas, there's been an unwillingness to think beyond the "clinical expertise" or past performance as the criteria for leadership

- In a culture built on the science of medicine and healthcare, behavioral skills are often seen as too subjective and difficult to measure

- Leaders have been functioning in silos so they don't always understand or appreciate the leadership needs of the organization outside their own areas

- Leaders are often unwilling to make the difficult decision to say one individual is better suited for focused leadership development, than others. This is compounded by a lack of clear, objective criteria to identify high potential individuals

- In some organizations, there is an underlying belief that only "outside" leaders are capable, making it hard to gain support for formal succession planning efforts

Succession Planning Strategies that have proven useful:

- Set an expectation that each senior leader should have two people prepared to take their role

- Every manager and leader has clear developmental goals and a plan, usually first discussed during the on-boarding process

- Establish criteria to determine high potential individuals and implement a formal mentoring process

- Each of these individual should have a group of advisers to help them as they move through the mentoring process

- Take advantage of the right tools to understand leadership potential and areas of development, and where appropriate, professional coaches and organizational development professionals

- Identify opportunities to learn and develop new skills - Formalize the program and monitor on an ongoing basis

A more diligent, structured and objective approach to selecting leaders who match your organization's needs, developing those leaders and building the next generation of leaders, will be the key to success in the face of what can seem like overwhelming challenges. In this respect, healthcare is not unlike other industries. Where it differs, however, is the leadership complexity and the stakes, and the fact that, as an industry, we've been slow in adopting proven leadership strategies. Leadership establishes the vision and drives the culture, so it's time to take a more deliberate approach.

About the Authors:

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