Developing Leadership Talent in Healthcare Organizations

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There are five key areas in which healthcare organizations can better foster the development of strong leaders among their employees.

At a Glance

Effective initiatives for developing and retaining leadership talent are built around five supporting elements:

- Identification of key leader competencies
- Effective job design
- A strong focus on leadership recruitment, development, and retention
- Leadership training and development throughout all levels of the organization
- Ongoing leadership assessment and performance management

Management is doing things right; leadership is doing the right things.
- Peter F. Drucker, known as the "father of modern management"

Healthcare organizations in the 21st century face continuing challenges in meeting the performance expectations of critical stakeholders, including consumers, payers, regulators, and other providers. As the "baby-boomer" generation ages, bringing high expectations and increased service volumes to the healthcare system, a new and overwhelming labor shortage is likely to emerge. Demand for top talent is intense, and individuals will choose organizations that afford them meaningful opportunities for growth and development.

Results of a survey by the Health Management Academy of executive leaders in both healthcare and Fortune 500 companies show a clear consensus that strong leadership is the key to organizational success. However, although 73 percent of the Fortune 500 executives were satisfied with their pool of potential leaders and the strength of their current leadership
development programs, only 41 percent of healthcare executives were similarly satisfied. Also of concern are the results of a study by The Advisory Board Company predicting a 15 percent drop in the healthcare leader pool over the next several years.

To meet these challenges, leading healthcare organizations are designing and executing leadership development initiatives to lay the foundation for sustained, long-term organizational growth and success. Effective initiatives are built around five supporting elements, including:

- Identification of key leader competencies
- Effective job design
- A strong focus on leadership recruitment, development, and retention
- Leadership training and development throughout all levels of the organization
- Ongoing leadership assessment and performance management

**STRATEGIES FOR DEVELOPING STRONG LEADERS**

The ability to attract and develop leadership talent is a strong indicator of high performance for healthcare organizations. Taken together, these five strategies are designed to foster the development of strong individual leaders and an organizational culture of leadership excellence.

*Identification of key leader competencies.* Leadership is a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent. Leaders carry out this process by applying their leadership attributes or competencies, such as beliefs, values, ethics, character, knowledge, attitude, traits, skills, and abilities.

The increasingly competitive business environment is driving organizations to be aware of the leadership capabilities that they need and the attitudes and behaviors that align with them. High-performing organizations also realize that leadership talent is very important, and they identify, nurture, and develop it, and reward leaders within their organizations. Having a commitment to strong leadership and developing it within the organization can provide an edge in outperforming the competition.

Healthcare organizations should evaluate their business drivers, the marketplace, and the direction in which their organizations are headed, then develop a set of competencies at each level of leadership that are defined, identified, and incorporated into the management structure.

Based on the research of David McClelland, an American psychological theorist (McClelland, D., *Testing for Competence Rather Than for Intelligence*, 1973), the highest performing leaders possess the following characteristics:

- Character: Integrity and honesty
- Personal capability: Problem solving, technical knowledge, being innovative, and practicing self-development
- Focus on results: Drives for results, establishes stretch goals, and takes initiative
• Leading change: Develops strategic perspectives, champions change, and connects the group to the outside world
• Interpersonal Skills: Communicates powerfully and prolifically, inspires and motivates others to high performance. builds relationships, develops others, and values collaboration and teamwork

In our experience designing leadership development programs, we have found that it is necessary to go beyond the definition of preferred leader characteristics and identify the specific competencies and skill sets required of leaders. Although the emphasis on various skill sets will differ in relation to specific leader roles and assignments, in our model, leaders are expected to master five basic competencies:

• "Best people practices," including effective change enablement
• Customer service management
• Resource management
• Process design and process improvement
• Business development and volume growth

Leaders are also expected to demonstrate alignment and energy relative to mission, vision, values, and the organization's culture and strategic priorities. Thus, effective leader development programs will include significant emphasis on values integration and communication.

**Effective job design.** A critical aspect of effective leadership relates to job design, which involves defining leader roles and assignments in alignment with individual strengths and organizational needs. When designing or evaluating job roles for leaders, it is important to have the organization's strategic priorities in mind, as these priorities impact all levels of the management structure. Defining future trends across a variety of environmental factors is critical in shaping the required leader attributes, competencies, and capabilities for new job roles. Additionally, leader attributes such as team orientation, results/action orientation, and innovation should be identified and used in the development of the organization's preferred leader profile.

**A strong focus on leadership recruitment, selection, and retention.** In today's world, an organization's leadership talent represents an important competitive asset. However, 50 percent of the 180 healthcare executives polled in a 2003 study by Witt/Kieffer indicated that their profession actually "drives away" potential leaders from the industry. Additionally, in healthcare, there are market forces such as physician shortages, demographic changes, and generational attitude differences that have made recruitment efforts difficult. As a result, organizations are placing increased focus on retention and looking at the entire employment life cycle, from recruitment and development to long-term engagement.

Given the strategic importance of talent and the ability to develop it, talent management must become everyone's responsibility. This begins with top leaders being closely engaged in talent management themselves, and helping to create a talent mindset and culture within the organization. These leaders must refocus their teams and allocate appropriate resources to talent
management practices, capabilities, and measurement.

In talent-powered organizations, all levels of management are empowered and charged with identifying and nurturing talent in ways that drive high performance. The human resources function must work efficiently and effectively to enable talent management processes and to create adaptive and flexible employee value propositions. However, people at all levels must also approach attracting, retaining, and nurturing talent as part of their jobs and their own success.

*Leadership training and development throughout all levels of the organization.* It is often said that people join organizations, but they leave bosses. Leadership development is too often confined to the top of the organization and perhaps a small stream of designated future leaders. However, basic leadership skills are essential at all levels of the organization, and this is particularly true in health care, where leadership development can be an effort in setting direction and guiding others to follow in creating and promoting a culture of excellence.

Leadership training and development are most effective when incorporated directly into the real work of the leader. Training relative to resource management, for example, will involve a didactic/classroom component with direct application to the resource management assignments and accountability in place within the organization. In this framework, the leader's supervisor assumes the role of primary "trainer" and should therefore exhibit mastery of the various skill sets and competencies that comprise the leadership development agenda.

A healthcare organization's expected results from investment in leadership training and development are superior performance in relation to service, net income, medical management; market share growth, and employee satisfaction. Secondary results can include consistent leadership in development of human resources across the organization, a culture that optimizes the talents of leaders and staff, and a healthy work environment that encourages action and risk taking.

*Ongoing leadership assessment and performance management.* Industry research shows that effective leaders demonstrate excellence with respect to critical competencies and skill sets as described above. An important enabler of leader effectiveness lies in the organization's ability to measure and assess leader impact on an ongoing basis. Important measures in this regard are based on the following questions, which explore the dimensions of organizational leadership culture:

- Do the leadership team's alignment and energy reflect the organization's mission, vision, and values, its culture, and its strategic priorities?
- Are leadership values principle-centered? Are leaders consistent role models for behaviors that reflect the organization's values system? Are they teachers?
- Are leadership behaviors aligned with the organization's target cultural attributes (e.g., "risk taking," demonstrating a "bias for action," constantly seeking innovative solutions, hitting targets)?
Is accountability for results clearly fixed within the organization? Are there consequences for performance (good and bad)?
Is change effectively managed within the organization? How is this demonstrated?
Are leaders competent in key aspects of management, given their respective roles?
Do metric indicators of leadership performance validate these responses?

Such ongoing assessment should also incorporate actual performance results, including employee satisfaction, financial performance, customer service, quality of care and service, and growth. The assessment process should be designed to foster ownership in organizational goals. In the most effective organizations, leaders and those who follow them know their destination and what they need to do to get there.

FOCUS ON THE FUNDAMENTALS
Effective leadership constitutes a critical enabler of high performance for healthcare organizations. Healthcare leaders should work to create a team that is aligned relative to mission, vision, and values and energized with respect to clinical and operational improvement and program growth. To systematically build leadership "muscle," healthcare organizations should focus on the fundamentals: definition of key competencies, effective job design, leader recruitment, selection and retention, advanced training and development, and ongoing assessment and performance management.

One thing that will not change in health care is the need for innovative, dedicated leaders willing to lead staff and physicians by providing direction, resources, and support in meeting the organization's mission. Thus, ensuring leadership strength for the organization will continue to represent a vital strategic enabler of mission effectiveness.

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