

LEADERSHIP IN THESE CHALLENGING TIMES

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In an industry undergoing seismic change, today's healthcare executive is entitled to feel a little shell-shocked. Technologies are evolving at light speed, yielding an expectation for enhanced mobility, collaboration, and access to information. Breakthroughs in treatment modalities, therapeutic options, and patient care seem to be reported every week. Consumer expectations continue to rise as the healthcare debate is played out in the national media, and the political football game that is "reform" shows no sign of resolving neatly. On top of this, the global economic crisis adds one more level of complexity, ambiguity, and stress.

This is the environment in which McCutcheon and Sukin position their lead articles and, in turn, demonstrate that they clearly *get* what is required to navigate these confusing times. Both have kept their balance and perspective, and each has worked to position her organization to thrive rather than simply survive—a rare accomplishment these days. As consulting psychologists, we've spent the better part of the last three decades readying leadership talent across a wide range of industries to handle whatever is thrown in their path. Yet, it's clear to us that nothing has fully prepared today's executives for the demands of this remarkable period. Once confident and poised, senior leaders are being knocked off their feet, and their organizations are feeling the brunt of increasingly ineffective strategies. Most leaders feel enormous responsibility to step up and deliver, yet few actually know what to do. Much of the wisdom McCutcheon and Sukin offer is applicable to any leader. Obviously, each has approached the challenges facing her system differently, but both offer distinct and relevant leadership insights. Our intention is to highlight the most salient of these, add some color commentary, and close with a few additional opinions of our own.

LEADERSHIP AND CHANGE

Let's start with the common ground between their stories. Fundamentally, McCutcheon and Sukin recognize that leaders cast very long shadows, and both make a compelling argument for visible and proactive behavior during these uncertain times. It is easy to spot their forward-facing orientations. They see opportunity where others might see peril, offering their managers and staff confidence and purpose. Both executives provide excellent examples of how important clear vision and an underlying set of core operating principles can be in leading a dynamic enterprise through turbulence. In addition, they place enormous value on fully engaging their organizations in practical work around the real demands and issues facing their businesses rather than dictating abstract strategy from above. Finally, each readily agrees that the journey is just beginning and that hope for a return to "normal" is folly.

To take this analysis a step further, let's dive deeper into the actual leadership lessons the articles reflect. In McCutcheon's feature, three key themes for change management emerge: preparing people for current (and future) realities, the change process, and focusing on tangible and consistent business results. Sukin's approach is a bit more personal, but it yields a similar payoff. She stresses the importance of leading with passion, establishing a clear and compelling vision, and insisting on continuous learning. When blended together, their leadership principles frame a cogent and practical approach to change management.

Defining the Imperative for Change

The importance of conducting an honest assessment of the situation and then pinpointing key “change drivers” cannot be overstated, and each author takes on this task directly. McCutcheon identifies a set of forces that define the current context, establish urgency, and align energy. This is the business case for change, and McCutcheon sees it as crucial that everyone understands exactly what is going on and why things need to be done differently. She adds that “there is no room for complacency” at Hospital Sisters Health System. Sukin is on the prowl for a “distinct differentiation” that will set St. Luke’s apart from the rest of the pack. This competitive mindset garners attention and focuses effort. Leaders often hesitate to share their vision or make known the full set of business variables for fear of confusing people, distracting them, or even causing panic. This is a big mistake. Professionals are surprisingly resilient and adaptive if they know what they are working with, how their leaders feel about it, and where they are headed. This is the essential first step in change management.

Engaging the Best Thinking of Others

McCutcheon and Sukin each describe the efforts they have taken to engage physicians and staff in identifying options and building a coherent plan for moving their institutions forward. Both value and expect the best thinking of others, and both draw on it to shape decisions. Given the uncertainty with which they are grappling and the likelihood that the future of healthcare will be discontinuous from the past, a wide set of opinions and options must be considered, strategy must remain fluid, and everybody must be involved. If scenarios are defined too narrowly or the thinking is too insular, significant downside surprises may result. By exploring four sites where Care Integration is already being developed, McCutcheon presents her team with the opportunity to consider their organizations’ and industries’ best practices. Her broadened view of leadership draws on tactics employed at Toyota. Sukin is equally committed to an environmental scan and focuses her attention on building deep industry knowledge. Many of their colleagues from other institutions would do well to study the external periphery as fully as McCutcheon and Sukin do.

A Focus on Relevant Business Outcomes

One of the keys to successful change management is ensuring that everyone is aligned behind core business requirements. In the high-pressure climate of cost containment, there is far less room for internal self-interest and petty turf wars. McCutcheon’s desire to improve information systems so they “provide seamlessly integrated healthcare services” and her efforts for system-wide standardization represent a bold opportunity to gain efficiency and efficacy. However, each is likely to be resisted unless well-vetted ahead of time. The same is true for evidence-based practice, in spite of its inherent reasonableness. Sukin shows the same determination to better use her information systems and emphasizes establishing agreed-upon “quality outcomes,” which, we suspect, can be similarly disruptive. Achieving these common platforms requires courage and fortitude and, in the long run, should yield tangible results as staff and patients experience the organization as more coherent and better integrated.

OUR VANTAGE POINT: LOOKING FORWARD

We are constantly on the lookout for a better understanding of why some leaders succeed and others fail. Certainly, the last year or two have presented a unique opportunity to build on that perspective. McCutcheon and Sukin are each attempting to navigate their organizations through today’s turmoil, yet neither holds out a false hope that calmer seas lie ahead. Further, although they provide valuable perspectives on how to lead and drive change in a hospital system in 2009, some questions linger. Their comments make it clear that hospital leaders have all they can handle to make sure their institutions are meeting current and near-term challenges. We share their concerns, and we wonder how much time or effort can realistically be spent preparing emerging executives for the longer-term horizon. In light of this, we offer a few additional observations on leadership practices that we believe will increase in relevance

going forward. We take as our point of entry this question: What significant leadership opportunities may be developing just beyond the awareness of a busy hospital executive?

Focus on People Who Deliver Extraordinary Results

Both Sukin and McCutcheon point out that senior leaders set the tone for an organization. In challenging times, it's their job to raise expectations and appeal to the highest common denominator, not the lowest. Current trends will necessitate building a bench of leaders, managers, and individual contributors who have a track record of achieving exceptional results. These should be individuals who provide surprisingly good outcomes in a succession of roles or circumstances, deliver results that clearly affect business success in real financial terms, and drive enterprise-wide and cross-functional accomplishments rather than short-term or functional-specific metric. Healthcare executives will have to be uncompromising as the standard bearers for excellence and as role models for efficiency, quality, innovation, and process improvement.

A small sidebar: If the current environment provides an unintended benefit, it is the spotlight it puts on performance and on the value of high achievers. The savvy executive has a clearer opportunity to distinguish and better determine the kind of team he or she really wants. There is less room to hide, and there should be less tolerance for people who historically were "good enough" but never great. Exemplary behavior will emerge as the new standard and should be showcased. Underperformers should be managed out. This may provide hospital administrators a rare opportunity to clean house and, in turn, help others recalibrate to a higher bar. As harsh as this sounds, it is the best chance an organization may have to strategically redefine expectations and build a truly winning culture.

Build and Nurture Thought Leadership

Sukin's emerging requirements for leadership—vision, industry knowledge, and exceptional critical thinking—relate directly to our views on thought leadership. Thought leaders are smart in relevant ways. They add real value in meetings and in informal interactions. They make other people smarter, and their involvement leads to better decisions. Their superb analytics and their focus on innovation are central to creating competitive advantage. Of the emerging areas for building leadership depth, thought leadership may be the most obvious for creating competitive advantage, given the complexity of today's world.

Senior executives and other key players will continue to need deep technical expertise in their domain, but they must complement this with real business acumen—not simply rehearsed sound bites. Much of the writing on managing through challenging times that has appeared in the last twelve months emphasizes the importance of getting back to basics, improving efficiencies, cutting costs, and maintaining operational excellence with fewer resources. However, organizations will also need to better balance *performance* and *learning*. Organizations will benefit from asking the right questions, carefully assessing the validity of their data, and ensuring that their assumptions are tested against external rather than internal standards.

Cultivate Leaders Who Attract and Develop Outstanding Talent

The market is flooded with talented people, yet many organizations are in a holding pattern. Openings are left unfilled or are filled through promotions and job expansion. Thus, in the short term, developing and retaining strong performers and high potentials will take priority. In the past, many managers have tended to espouse the value of development rather than live that value. In the future, leaders will need to devote significant time to coaching and accelerating the readiness of their emerging executives to assume bigger, more complex roles.

The larger, longer-term challenge is to hire, promote, and reward leaders who excel at attracting and developing terrific talent. Such leaders tend to have more than a few people who want to work for them, including people who may have followed them from previous jobs or employers. They are alert to capable

people outside their group of direct reports and even outside their organizations. They spend considerable time coaching and, most important to the organization, tend to “graduate” high potentials, constantly upgrading the talent pipeline.

Expect Executives to Demonstrate Real Leadership Presence

Sukin writes about the importance of maintaining perspective; that is, taking events in stride with grace, humility, and respect for others. McCutcheon emphasizes the value of introspection and self-awareness. In our experience, individuals with these qualities also exhibit a broader skill set that we refer to as “leadership presence.” For example, they are bold and confident without being arrogant. They are skilled at communicating up, down, and laterally. They build stakeholder engagement and establish a strong reputation for meeting commitments and acting with consistent integrity. They are willing to manage people issues quickly and effectively, and they do not shy away from difficult conversations. Traditionally, those who excel in this category share certain characteristics, including emotional intelligence, core honesty, and a genuine passion for seeing people thrive.

Going forward, courage will emerge as a key differentiator for leadership presence. It takes real bravery to foster an environment where others are willing to take risks, make mistakes, and, most important, speak up when they think something is wrong. Given the inherent stress in today’s workplace, CEOs and senior executives need to show much more courage by managing the rumor mill and helping their teams look up instead of down. Leaders must visibly work well with their peers, cut one another slack, and handle mistakes and misunderstandings quickly and with respect. And, more than ever, leaders have a responsibility to connect directly with others, provide encouragement, and help resolve the conflicts that tend to spike when people are under a great deal of pressure. All this requires a willingness to step up and into the fray and not back away from it—hardly a role for the timid.

IN CONCLUSION

McCutcheon’s and Sukin’s observations are highly relevant. We have expanded on a few of their ideas, none of which is more important than that the rules for successful leadership may be fundamentally shifting. Despite the economic, industry, and political challenges facing healthcare, leadership clearly matters—perhaps more than ever before. Building a bench of exceptionally strong leaders and managers is critical to ensuring your hospital or health system will have the necessary wisdom to make the right decisions, contend with the threats, and take advantage of the opportunities that come your way. Given the current focus on survival and the related economic uncertainty, healthcare executives had better have a well-crafted strategy for leading through the fog.