A Systemic Approach to Hospital Talent Management and Leadership Development

Global Practice Innovation Center on Strategy, Leadership and Performance Transformation
Healthcare executives are increasingly aware of how their leadership pipeline and overall talent management methods impact their ability to achieve organizational priorities. According to 2008 HCI/IBM joint research, healthcare is lagging most other industries in developing and implementing innovative strategies in HR and talent management. In recent years, more hospitals and healthcare systems have been working to move their people practices to a more strategic approach, also changing the way their HR team works to support the business. Development of leaders, as an example, not only has an overall goal of improving the pipeline of talent but also there are more ties between the development programs and very practical priorities, such as patient safety. “Research shows that the quality of leadership can make a significant difference in the safety of patient care. For example, ineffective leadership was named as a root cause in half of the sentinel events reported to The Joint Commission in 2006.”

Working on coaching/feedback and development programs for clinical leaders at various healthcare systems in the United States, Europe, and the Middle East provides an opportunity to compare the patterns and elements of success versus difficulty for these leaders in their personal growth, as well as how effective they tend to be in their respective organizations. As in most industries, there are similarities in how the best clinical leaders—physician leaders, radiology department heads, nursing officers, etc.—are viewed and rated by their colleagues and executives. The patterns are the same as leadership success elements in other industries: collaborative skills, critical/strategic orientation, executive presence, focus on outcomes or results, and others. With various trends indicating closer working relationships between physicians and hospitals, more questions arise relative to the appropriate leverage of a healthcare system’s talent management strategies and practices relative to clinicians. Transforming hospital organizations to be more performance- and change-oriented means hospitals are adopting and adapting management and leadership methods such as pay for performance, merit-based performance management, succession planning, or formal leadership and team development. Challenges in implementing these types of programs are replicated, and sometimes magnified, when extended to clinical leaders.

Using a whole-systems approach to transformational change relative to talent management is critical to building acceptance and success. This type of approach starts with a clear and strategic set of behavioral standards, which are then leveraged through an integrated cycle of talent management—starting with how leaders are sourced and selected, to how expectations
are established and how individuals are accountable; to formation of talent strategies and succession plans, and finally to how individuals are supported in growth and performance through behavioral coaching and development. In a 2011 study by ASHHRA (American Society for Healthcare Human Resources Administration) to reveal the top HR initiatives in hospitals across the United States, 100% of the respondents indicated their top projects around improving patient satisfaction were “improve employee satisfaction and increase employee engagement.” Success with wholesale engagement programs includes building a systemic approach to talent management. Focused change leadership methods oriented to clinical leaders within the systemic approach will facilitate the process of instituting this type of integrated cycle.

The systemic, integrated approach:

**Connect and Integrate Methods**

Build a system of strategic HR activities grounded in core values to support the leader development life cycle

![Systemic Integrated Approach Diagram]

Centered on a concise model of values that outline behavioral expectations of leaders in order to drive strategy, the organization will assess its current state on key talent or leadership bench strength. Using values-based sourcing and selection methods, along with clear goals that align to annual priorities, the organization orients its leaders to what is expected. Further leveraging the values to drive accountability, the organization builds performance management and rewards methods that balance the “what” and the “how”—the achievement of results as well as the behaviors demonstrated on a consistent basis by leaders at all levels. This balanced view is pivotal to further assessment of human resources on a strategic basis, resulting in a “playbook” of sorts around talent, including how the organization will fully engage everyone in the mission and vision. Finally, the creation of values-based learning and development programs (primarily experiential) enables individual and team growth—helping people achieve the expectations associated with their roles. Tell people what’s expected, hold them accountable, and help them get there.

Applying this systemic model to clinicians involves the thoughtful application—and sometimes adjustments—needed to fit the requirements of varying relationship models between hospitals and physicians, the dynamics of integrated care models and how those impact working relationships, or not-for-profit organization characteristics. Following is a deeper look at these elements with specifics regarding application within healthcare organizations.

1. **Developing and Deploying a Strategic Values Model**

Beyond creating a document that captures the basic “legacy” values of an organization (typically things such as team focus, trust, ethics, or excellence), this step involves careful examination of the organization’s business strategy and future positioning to capture and articulate the specific behaviors needed of all employees to help drive the priorities. For example, a hospital that pursues an aggressive plan to acquire facilities, add new services or specialties, or take a prominent civic leadership role to help a struggling community attract new employers will need to include behavioral expectations, such as entrepreneurship, strategic partnering, etc., in its values model. One such U.S. healthcare organization
worked through storyboarding techniques to capture definitions of leadership expectations to help realize its strategic goals around integrating some operations among multiple facilities. As a result, they included in the model specific elements of complex collaboration. Beyond the fundamentals of teamwork, collegial respect, and open communication, the organization captured its current leadership examples of successful cross-functional collaborations, studied and compared the academic and thought leader materials on organizational collaboration to their own strategy requirements, and came up with behavioral definitions to embed in their values model to define a future view of complex collaboration.

Keys to building a values model that can be successfully integrated into an organization’s people practices include:

- Involving a cross-section of leaders and opinion influencers at all levels and within all major functions of the organization
- Direct connection to the strategic imperatives—thus, making it future-oriented
- Capturing and defining behavioral specifics through stories or examples
- Keeping the model to a concise level of descriptors and no more than four or five overarching values
- Defining varying levels of complexity in values expectations based on the few major role types or career stages in the organization

For clinicians, engaging them early in the process of building the model through focus group participation, leader review, or high-performance example capture will help build their understanding and buy-in of the purpose for the values model, as well as how and why they’ll be accountable for demonstrating these behaviors themselves. Working through specific examples of what the values look like for their roles and challenges will help connect the clinical world to the business strategy through those values.

An example of how a healthcare organization leverages this is a U.S. healthcare organization that worked to adapt its values models and descriptors into a set of behavioral interviewing guides and a multi-rater assessment and feedback instrument for leaders. Behavioral interviewing techniques are used in many settings, largely with the guidance of an organization’s HR team. Some organizations in healthcare miss the power of this method in two ways: (1) hiring managers are not consistently trained and supported in behavioral interviewing methods—this is a specific skill that requires proper setup and practice on the part of the interviewer; and (2) even if trained, the managers do not always have the right values-based tools to use for assessment and selection.

The latter point can be addressed through conversion of behavioral anchors in the values model to behaviorally oriented interview questions, specific to varying levels of leadership, and including interpretative guidance to help assess the quality or appropriateness of responses. It comes down to comparing the stories and examples gleaned from candidates about their own demonstration of these values with the stories and examples captured when the organization’s

2. Interviewing, Selection, and Onboarding

Employees and associates join an organization in a number of ways—through traditional recruiting, through agencies, through academic/residency placements, or through acquisition of facilities or physician practices. It’s critical to leverage the strategic values to make that early investment in talent that will fit and advance the organization’s future. The repercussions of a “bad hire” are evidenced in a number of ways, and there are many studies showing the hard costs to an organization that isn’t diligent about recruiting and selection. “Very highly paid jobs and those at the senior or executive levels tend to have disproportionately high turnover costs as a percentage of salary (up to 213%).” This means things such as working with pipeline organizations or agencies to ensure they use the values to source the right candidates, training hiring managers in behavioral interviewing and assessment methods to supplement their assessment of technical or clinical expertise and credentials, and carefully crafting onboarding materials and experiences that illustrate the strategic values and expectations from before day one.
model was created. How well would the candidates’ behavioral tendencies fit with the organization’s performance expectations and strategic requirements? Back to the earlier example of complex collaboration skills: How could a specific description and examples of this capability be leveraged to define the standards of comparison to help managers make better hiring decisions about new leaders who can help drive clinical process simplification across multiple organizational entities? How much easier would it be to coach, develop, and reward leaders throughout their career with the hospital who were selected for their roles based on consistent demonstration of specific behavioral values?

3. Goal-setting, Performance Management, and Rewards

The arena of performance management—from setting annual goals to giving feedback and administering performance-based rewards programs—can move from administrivia or vagueness to clarity and alignment by connecting individuals to the strategic priorities with cascaded business objectives, a focus on relevant performance metrics, and clear behavioral expectations carved from the values model. Healthcare organizations are making strides in defining and assessing achievement of annual goals and objectives on an individual basis by methodically breaking down strategic imperatives into performance goals for individuals in various levels and across functions. What’s often missing, however, are the accompanying behavioral expectations in the form of values assessments and annual development goals that link directly to an individual’s ability to perform a role and meet those business-oriented goals.

When it’s time at year-end to assess an individual’s performance achievements, it’s a matter of reviewing that person based on the “what” and the “how.” What did he/she achieve for the business and how well did his/her behaviors align with the values in doing so? Most would agree it’s not appropriate to reward the business leader who makes his/her numbers but destroys key peer relationships in the process. In a clinical leadership setting, this might look like the head of the cardiology program that brings in some talented new heart surgeons who help drive initial increases in procedure volume yet alienates critical support teams in nursing or central supply through an inability to negotiate changes in process or resourcing to support the new volume. Getting ahead of that issue by clarifying or anticipating new behavioral expectations means there’s less chance for the leader to “derail” the imperative through the wrong behaviors, as well as less struggle on the part of the leader who has to give that person potentially difficult feedback. These are expectations that are understood from the hiring process through the assessment of performance. There should be no feedback or evaluation surprises when the leader leverages the values model in a specific and proactive way.

In addition, the differentiation of performance and the associated distribution of rewards (such as bonuses or merit increases) can be aided through this balanced view of the “what” and the “how.” The GE model of using a nine-block grid to rate, discuss, and calibrate performance achievements and demonstrate strategic values establishes a platform through which to differentiate rewards that also are based on the “what” and the “how.” The journey of instituting such a model and gaining acceptance throughout the organization means the steps described prior (full engagement in building and vetting the values model, assessment, and selection of talent based on the values expectations, specificity of performance, and behavioral expectations annually) have been executed, and the exercise of annually calibrating talent on a nine-block grid becomes part of the fabric of leadership methods in the organization. A healthcare organization will sometimes struggle with this exercise for its clinical leaders if any or all of these missteps occurred:

- Not engaging clinical leaders as active drivers and stakeholders in creation of the values model
- Not being specific enough about how the values align with and support the strategy and priorities—many of which are clinical in nature
- Not communicating early enough or specifically enough about how the values will be leveraged in setting goals, assessing talent, evaluating performance, etc.
- Not equipping managers with the skills to coach and give feedback on demonstration of the values throughout the year—not just at year-end
- Being inconsistent with how clinical leaders will be assessed on the values
This part of the values-based transformation effort can create the most difficulty. It’s important to keep in mind that even when you address all angles thoroughly, you prepare the employees and leaders, you communicate often and fully, there will still be people in the organization who will not accept this method when they feel they’re negatively impacted or not getting the highest performance ratings. You’ll continue to work with those people through the steady course of communication, consistent feedback with specific examples, consistent use of the methods for everyone, etc. This is about movement to a performance-based, accountability-focused culture versus an entitlement or avoidance culture, and not everyone will agree. You may have to ask yourselves as a leadership team: Are we willing to part ways with those in our organization who simply will not fit the culture and behaviors we need going forward? Engaging the clinical leaders (especially those who are opinion drivers among their peers) from the very beginning in the right ways will help mitigate those risks. “Developing a total rewards strategy that supports business goals, desired behaviors and skill building provides the foundation for well-thought-out decisions about individual rewards elements.”

4. Talent Review/Succession Planning

Close on the heels of retrospective performance evaluation and prospective annual business planning comes the work of reviewing the talent base of the organization and conducting structured succession planning. The reasons for this sequence are twofold: (1) the annual calibration of performance and values for individual leaders creates useful input to the discussion of potential and personal development needs in career planning; and (2) the needs assessment for succession planning and creation of a people strategy should be closely tied to the annual business priorities.

One healthcare organization undertook this exercise for employed physicians and clinical leaders a year after they had rolled out the basic process for their C-Suite executives and their direct reports. While the clinical leaders were exposed to the values and performance expectations through the performance management process, the exercise of doing a comparative calibration, then succession review, was held after the executives got experience with a full cycle of bench strength assessment and development for themselves and their direct reports. Gathering the metrics, profiles, and general talent intelligence in the organization at a level specific enough to have a meaningful discussion about succession and development of key talent is aided once leaders have an opportunity to see how their teams respond to the performance and behavioral feedback, what progress can be made on redirecting individual behavior, and where there are pockets of emerging as well as struggling leaders. The executives had an opportunity to give initial coaching to their direct reports and to have a dialogue about capabilities, career interests, etc.

The exercise of having a cross-organization review of talent is a similar model to the calibration of performance. Its challenges are getting leaders to openly discuss the strengths and weaknesses of individuals on their teams, constructively challenge each other about talent gaps or true leadership potential of people who may be closely linked with particular executives, and realistically compare the capabilities of people in key roles with the changing requirements of those roles based on changing business needs. Good people sometimes “top out” in their roles—how can you work with your peers to keep those individuals engaged and challenged? Do you need to move someone from a role in one part of the organization to another in order to give that person exposure to issues and skills critical to become a well-rounded executive? Is everyone on the hunt for key talent, not only for their own areas but for their executive-level colleagues?

Although some healthcare organizations undertake basic succession planning, they often do not extend that exercise to constructing or reviewing the overall talent strategy of the organization. Similar to building a values model that is based on the strategic imperatives, are the leaders thinking about specific organizational and talent needs that will come from the strategy? For example, a hospital system that has an aggressive acquisition strategy will be thinking not only about its leadership but also about whether it has people in roles where they can lead operational integration and simplification, how new parts of the organization should be structured relative to existing teams, whether a partnership with a hospital in another region provides an opportunity to circulate emerging leaders through new functions in a completely different setting, etc. These questions, along with careful review (and root cause analysis, as necessary) of key people metrics such as turnover, diversity, and employee engagement scores are critical for talent and structured succession planning as part of a people strategy that is closely tied to the annual business priorities.
5. Leadership Development

Helping people meet the expectations of their current position and helping them prepare for future roles involves establishing and resourcing an aligned set of programs for development. Again starting with the organization’s strategic direction, adding a demographic analysis of your workforce, and comparing current talent or capabilities with role requirements means you’ll assemble a set of development gaps. These gaps operate at three levels: organizational (widespread needs such as developing innovation skills across multiple levels of leaders), team (departments or work groups with collective gaps such as financial acumen for a function learning to act as strategic business partners), and individual (person-by-person, customized development priorities as collected through individual development plans, waves of 360 assessments, etc.).

Grounding your employee and leader development strategy in the principle that most learning takes place on an experiential versus classroom basis, organizations will assemble a set of development programs that emphasize things such as rotational assignments, strategic project teams, stretch assignments, on-the-job coaching and apprenticeships, or self-directed research. Traditional training or classroom-based development programs have a place where specific goals such as group problem-solving and interaction are important, or there is a set of unique skills that participants need to learn in a guided setting. Even in these programs, however, it’s important to design in the accomplishment of actual work for two reasons: (1) immediate application of learning and (2) more direct view to return-on-investment for training funding. It’s the latter point that can plague otherwise good development programs that don’t align directly to the achievement of business priorities.

A healthcare system that created its own “university”-type curriculum for development of leaders across multiple locations tackled this point from multiple angles:

- Leveraging the strategic organizational values model to guide creation of the program content

- Engaging senior executives in the development and delivery of modules within programs as subject matter experts; this included engaging the chief medical officer to sponsor and help build a curriculum of programs specifically targeted to development of clinical leaders

- Using the talent playbook/talent review process to highlight and nominate emerging leaders at all levels to participate in the programs as a recognition of their potential; including both management and clinical leaders in the same learning cohorts for general leadership programs

- Designing the programs as multi-stage experiences with approximately \( \frac{2}{3} \) classroom time and \( \frac{1}{3} \) project/experiential learning time

- Enlisting (and preparing) senior executives to serve as program mentors and coaches for learning cohorts

Setting up and executing the creation of this university was approached just like any of the select list of strategic business priorities for the year, with its own metrics for success, its own place in the operating review process, and its own investment plan. It’s important to approach healthcare leader and employee development programs from an investment standpoint to drive clarity about both the content and the positioning of these activities relative to the business, allowing them to stand on their own in terms of real value versus being dependent on the mood or whim of senior executives who may look at this area as a convenient place to cut when budgets get tighter than normal.

As described, these types of integrated and systemic approaches are not a single-year effort. The degree and speed of inclusion of clinicians for these initiatives will depend on the relationship model, the strength, and buy-in of clinician executive leadership and the business strategy. Planning and executing strategic talent management systems will mean your organization’s human resources team functions primarily as strategic business partner versus policy administrator.
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