

Health Care's Leadership Crisis: Turning the Tide

By Gregory D. Nelson

The facts are indisputable, and have been looming on the horizon for years:

- A growing, graying population continues to strain U.S. health care providers—a situation promising to worsen as Baby Boomers age.
- There is a dearth of nurses and qualified patient care supervisors today—and not enough is being done to prepare these frontline leaders for the challenges of tomorrow.
- An entire generation of health care executives is preparing to retire.

Simply put, the country is on the cusp of a health care leadership crisis at all organizational levels. And, while this time bomb continues to tick away in the background, health care executives are preoccupied with the daily pressures of their jobs—strategic, financial, and operational issues—and admittedly are allowing leadership development to slip.

In fact, according to results of a recent study by noted health care executive search firm Witt/Kieffer, nearly two-thirds of surveyed CEOs agreed that a shortage of next-generation leaders exists. But they also confessed to doing little about it:

- 75 percent admitted to missing/ignoring mentoring opportunities.
- 67 percent reported creating short-term management roles for potential future leaders, as opposed to creating leadership career paths.
- 57 percent may miss the best potential new leaders within their organizations, as they fail to screen and evaluate future leaders effectively.

These admissions are nothing short of astounding. And, yet, the good news to take away is that the executive suite seems to be agreeing that there is a problem. The better news is that through effective leadership, you can align business imperatives with medical care. And you can develop leaders with the necessary skills to take you there.

Finding Leaders for Today

In addressing the leadership crisis, there really are two fronts facing health care executives: effectively filling leadership posts that exist today and implementing a succession management plan to prepare leaders of tomorrow.

Health care finds itself in this predicament primarily because downsized and flattened organizations no longer provide fertile training grounds for leaders. Feeling ignored by management, potential leaders leave the industry in search of more lucrative, appealing careers. To fill the leadership vacuum, the best star performers—hailed for their clinical skills—are promoted, unprepared, into leadership roles. With little formal leadership training, the challenges begin and frustration sets in for all parties. Turnover skyrockets.

That was precisely the situation confronting HCA's MidAmerica Division. Research from DDI shows that the primary reason most employees leave companies is because of poor relationships with their supervisors. And in health care settings, while clinical competence is seldom the issue with subordinates, it's a leader's undeveloped behavioral skills that create a majority of the problems.

At TriStar Health System, an 11-facility unit of HCA's MidAmerica Division, supervisors were thrust into leadership roles and expected to learn on their own how to be leaders. Annual turnover reached 29 percent.

To improve its retention rates, HCA's MidAmerica Division partnered with DDI on multiple initiatives, focusing on leadership development, employee selection, and performance management. In less than one year, TriStar Health System improved employee retention by more than 42 percent and realized a 26.7 percent improvement in cost savings.

Lessons in Succession Management

While many health care organizations have recognized the leadership gap and tried to upgrade leaders' skills on their own, most of these homegrown initiatives fail because they focus on the wrong skills, lack organizational support, or because senior leaders "don't have time" to devote to development. What begins with the best of intentions, with carefully crafted vision statements and organization-mandated 360-multiraters, fades into oblivion as another "program of the month"; the promise of consequential change dissolving into deep disappointment.

The next generation of operational and people leaders can be found in your organization right now. They are at a malleable stage in their careers, eager to learn and to apply newfound behavioral skills to make a positive difference in your institution.

To discover the identities of these future leaders, you must roll up your sleeves and do some upfront work, such as:

- Creating your leadership model—defining the characteristics of good leadership.
- Deciding who on your organizational roster possesses these qualities.
- Taking action to bring your leadership model to life, including selection, training, accountability, and performance management.

Like many health care organizations, The University of Pittsburgh Medical Center (UPMC) saw a serious leadership void on the horizon. To help mitigate anticipated leadership problems, officials established the Beckwith Fellows Leadership Program to begin nurturing and preparing future leaders.

UPMC turned to DDI for help in developing its Beckwith Fellows. First, senior UPMC leaders completed the organization's leadership modeling. Next, DDI and UPMC systematically assessed high-potential leaders—those demonstrating strong potential for clinical director or vice president roles. Once those high potentials were identified, UPMC created targeted, accelerated development programs covering clinical practice, leadership, finance, information technology, and human resources management.

To help quantify Beckwith Fellows Leadership Program results, UPMC measured strategically focused projects that were completed by program participants. The actual savings have amounted to more than \$500,000 within two years, representing a 450 percent return on investment for the first two years of the Fellowship program.

Again, From the Top

To fix the leadership vacuums within your organization, your CEO has to acknowledge the problem, buy into the solution, and personally get involved, including committing the necessary time, money, and visibility. The CEO must realize that an institutional knowledge and leadership transfer is taking place from the current generation to a new generation of leaders—a generation that is largely unprepared to assume it. And, the CEO has to demonstrate his or her leadership by taking action.

During my frequent meetings with health care executives throughout the country, the universal complaint is a lack of qualified next-generation leaders. Regardless of whether I'm visiting a large metropolitan health network or a small, rural hospital, senior executives are quick to acknowledge intellectually that their institution suffers from leadership lethargy. But few have admitted to themselves emotionally that as a result of their inattention, they actually may be a part of the problem.

For instance I'll ask a CEO, "How important to you is leadership development?" The CEO replies emphatically, "It is absolutely critical to our success." Then, I'll ask, "About how many days in a year do you spend preparing, analyzing, reporting, and meeting about financials?" Often, the answer is on the order of 100 days or more. Finally, I'll ask, "How many days in that year do you devote to leadership development?" Invariably, there's dead silence.

As a CEO, CNO, or senior HR executive, if leadership development is really important to you, finding three days in an entire year to stand before a classroom of next-generation leaders should be easy. Finding the money to pay for it, even when squeezed between rising expenses and falling reimbursements, has to be a priority. Indeed, if unresolved, leadership problems will propagate into staffing, management, financial, and patient care problems, all of which will cost you much more in the long run.

Your organization can develop a positive, nurturing culture that rewards success, engages the hearts and minds of its people, and realizes outstanding business results. Even the longest journeys begin with a single step forward.