

# HealthLeaders<sup>Media</sup> | Intelligence



## Organizational Leadership and Strategy Assessment August 2012

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## About the HealthLeaders Media Intelligence Unit

*The HealthLeaders Media Intelligence Unit, a division of HealthLeaders Media, is the premier source for executive healthcare business research. It provides analysis and forecasts through digital platforms, printed publications, custom reports, white papers, conferences, roundtables, peer networking opportunities, and presentations for senior management.*

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## Perspective

Improving operational performance is the top order of business for virtually every healthcare leader. But do organizations have the management systems and cultural mindsets to deliver the desired clinical and financial outcomes?

In this survey, Organization Leadership and Strategy Assessment, HealthLeaders Media asked more than 300 senior leaders from hospitals, health networks, physician organizations, and other groups to assess their organizations' leadership and strategy around such issues as goals, communication, accountability, and performance.

Among the alarming results:

- 62% could not agree that their “organization deals decisively with people who don't perform.”
- 51% could not agree that their “organization operates as a meritocracy, rewards and incentives are aligned to results.”
- 42% could not agree that “productivity gains from performance improvement projects are quantified, and we see the impact of these savings in our financial statements.”

In other words, good performers typically go unrewarded while sub-par employees are tolerated in the majority of hospitals and health systems surveyed. Further, the lack of rigor and accountability around quantifying performance improvements suggests an endemic problem with far-reaching consequences.

When individuals are not held responsible for their actions, when teams or departments are allowed to consistently underperform, or when there is little governance around achieving organizational goals, the culture is prone to indifference or entitlement. As a result, high-potential employees, believing the organization is satisfied with harboring poor performers, will leave for other opportunities, especially if they also see that incentives are not aligned to results.

## Perspective (continued)

In many organizations this troubling environment builds for years, even decades, resulting in the undesirable attrition of role-model employees and an ever-increasing group of under-performers. Because many managers are focused strictly on near-term results—the current month or quarter—the erosion of human capital in the organization often goes unmonitored and undetected. But the effects can be insidious and quantifiable. In our experience, organizations sacrifice about 19% margin growth when they lack an engaged and accountable workforce committed to high performance.<sup>i</sup>

As the survey indicates, many healthcare organizations have made good progress in establishing solid goals for their employees. But unless organizations consider fundamental changes in how they structure their operational and performance management systems, many will fail repeatedly to make the grade on key clinical and financial benchmarks. And in this unforgiving market, that failure can have dire consequences. Only in those organizations that create a performance-oriented culture that delights patients will high-performing talent stay and help the organization survive and thrive.

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<sup>i</sup> Organizations with the highest percentage of engaged employees collectively increase operating income 19% per year according to Towers Perrin's 2007-2008 Global Workforce Study.

# Objective

**Healthcare leaders were asked to assess their organization's leadership and strategy by indicating to what extent they agree or disagree with ten different statements. The following issues were explored: goals, communication, accountability, and performance.**

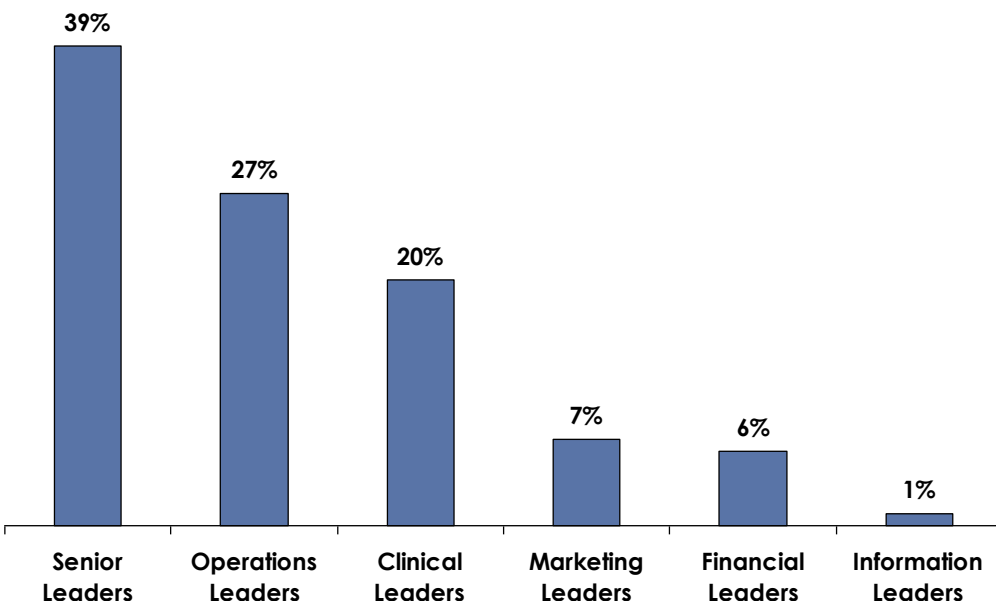
# Methodology

- The 2012 Organization Leadership and Strategy Assessment survey was conducted by the HealthLeaders Media Intelligence Unit, powered by the HealthLeaders Media Council.
- The HealthLeaders Media Council comprises executives from healthcare provider organizations who collectively deliver the most unbiased industry intelligence available.
- In March 2012 an online survey was sent to the HealthLeaders Media Council.
- A total of 302 completed surveys are included in the analysis.
- The margin of error for a sample size of 302 is +/-5.6% at the 95% confidence interval.

# Respondent Profile



# Respondent Profile – Title



Base = 302

## Senior Leaders

CEO, Administrator, Chief Operations Officer, Chief Medical Officer, Chief Financial Officer, Executive Dir., Partner, Board Member, Principal Owner, President, Chief of Staff, Chief Information Officer

## Operations Leaders

Chief Compliance Officer, Asst. Administrator, Dir. of Patient Safety, Dir. of Quality, Dir. of Safety, VP/Dir. Compliance, VP/Dir. Human Resources, VP/Dir. Operations/Administration, Other VP

## Clinical Leaders

Chief of Orthopedics, Chief of Radiology, Chief Nursing Officer, Dir. of Ambulatory Services, Dir. of Clinical Services, Dir. of Emergency Services, Dir. of Nursing, Dir. of Rehabilitation Services, Service Line Director, Dir. of Surgical/Perioperative Services, Medical Director, VP Clinical Informatics, VP Clinical Quality, VP Clinical Services, VP Medical Affairs (Physician Mgmt/MD)

## Marketing Leaders

VP/Dir. Marketing, VP/Dir. Media Relations

## Financial Leaders

VP/Dir. Finance, HIM Director, Director of Case Management, Director of Revenue Cycle

## Information Leaders

Chief Medical Information Officer, Chief Technology Officer, VP/Dir. Technology/MIS/IT

# Respondent Profile - Employment

*Which of the following best describes your place of employment?*

	Percent
Hospital	49%
Health System (IDN/IDS)	27%
Physician Org	11%
Health Plan/Insurer	7%
Ancillary, Allied Provider	6%

**Base = 302**



# Respondent Profile – Size of Organization

## Number of Beds

	Percent
1-50	20%
51-199	26%
200-499	30%
500-999	20%
1,000+	5%

**Base = 148**  
**(Hospitals)**

## Number of Sites

	Percent
1-5	28%
6-20	30%
21-49	21%
50+	21%

**Base = 81**  
**(Health systems)**

## Number of Physicians

	Percent
1-2	6%
3-9	15%
10-25	21%
26-49	6%
50-99	12%
100+	41%

**Base = 34**  
**(Physician Org)**

# Survey Results



## Organizational Leadership and Strategy

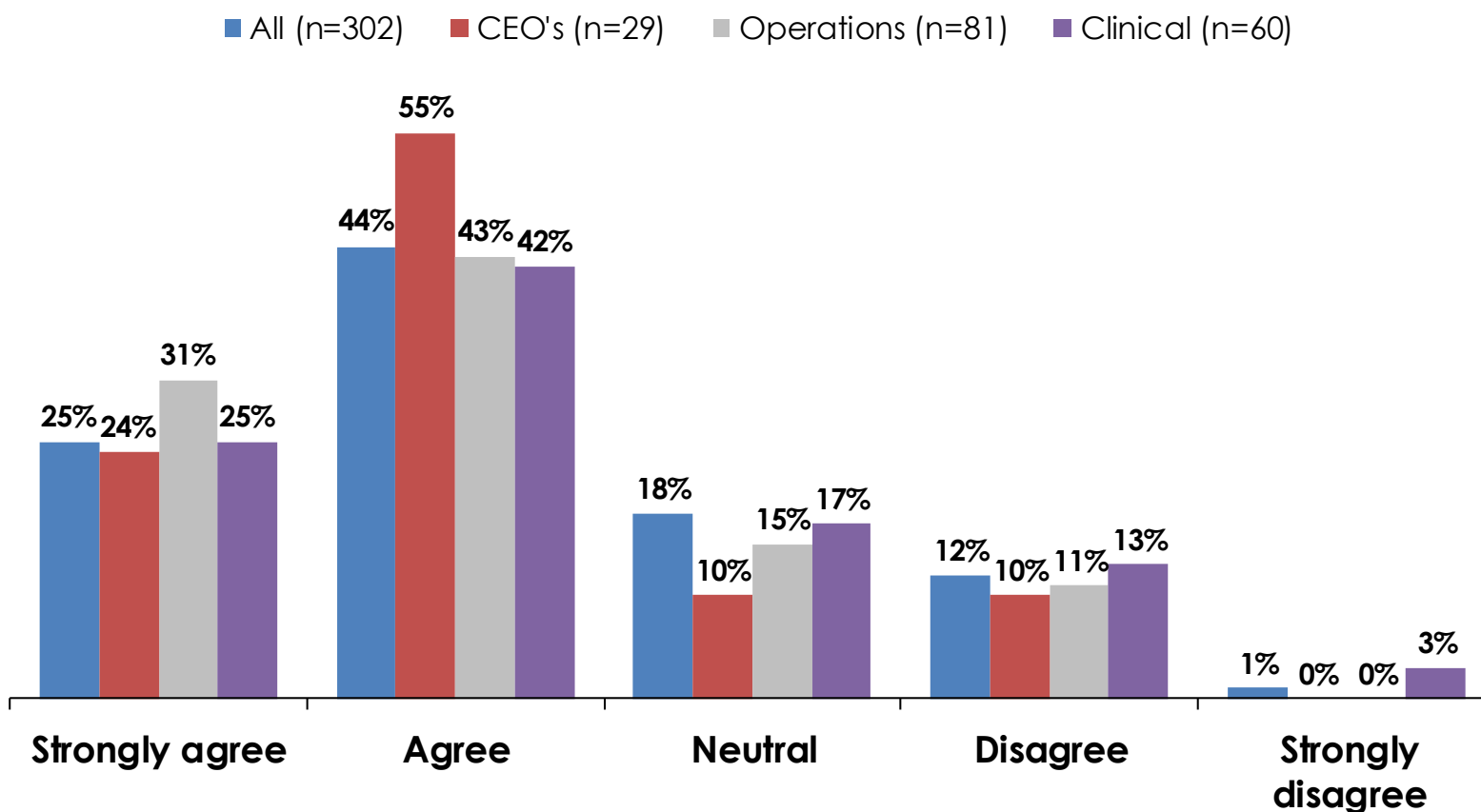
*Please indicate to what extent you agree or disagree with each of the following statements regarding your organization.*

	Agree	Neutral	Disagree
<b>Our organization believes employees should be responsible for continuous improvement, including identifying opportunities and participating in projects</b>	<b>84%</b>	<b>12%</b>	<b>5%</b>
<b>Our organization's senior leaders have communicated a clear strategy for the future of this business</b>	<b>76%</b>	<b>12%</b>	<b>12%</b>
<b>Our organization's strategic plans are translated into tactics, action plans, and milestones</b>	<b>72%</b>	<b>13%</b>	<b>15%</b>
<b>Our organization is focused on a few big initiatives or imperatives designed to realize the goals of the organization's strategic plan</b>	<b>69%</b>	<b>18%</b>	<b>13%</b>
<b>Our organization holds regular reviews with accountable leaders to discuss progress on strategies and operations, including specific actions required to get back on plan</b>	<b>69%</b>	<b>17%</b>	<b>15%</b>
<b>Leaders throughout our organization own and are held accountable for implementation of the strategic plan</b>	<b>65%</b>	<b>22%</b>	<b>13%</b>
<b>Our organization commits to decisions and performance objectives and we hold each other accountable to them</b>	<b>63%</b>	<b>22%</b>	<b>15%</b>
<b>Our organizations productivity gains from performance improvement projects are quantified, and we see the impact of these savings in our financial statements</b>	<b>57%</b>	<b>27%</b>	<b>16%</b>
<b>Our organization operates as a meritocracy, rewards and incentives are aligned to results</b>	<b>49%</b>	<b>25%</b>	<b>26%</b>
<b>Our organization deals decisively with people who don't perform</b>	<b>39%</b>	<b>29%</b>	<b>33%</b>

Base = 302

## Organization's Strategic Plan

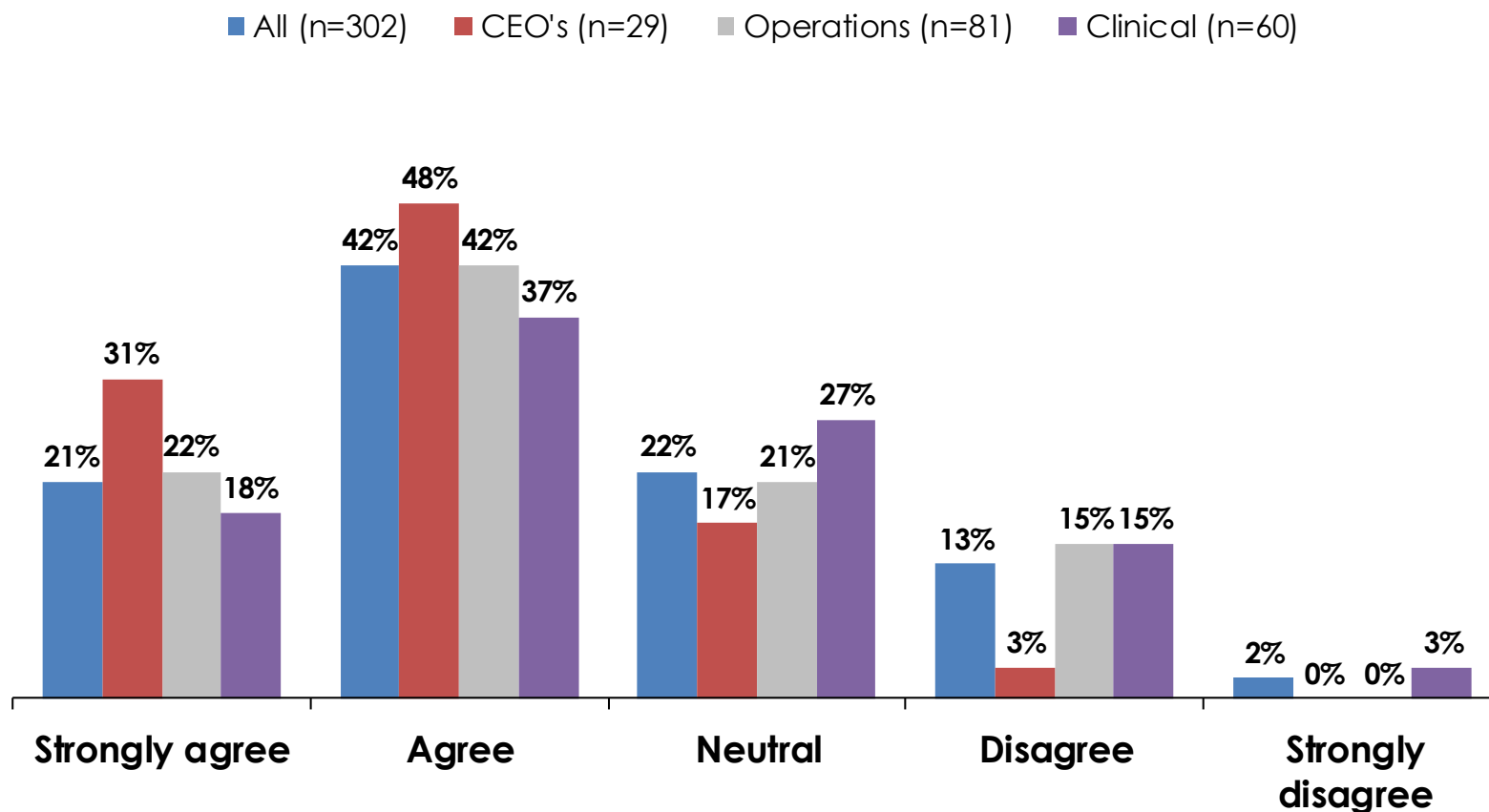
*Our organization is focused on a few big initiatives or imperatives designed to realize the goals of the organization's strategic plan*





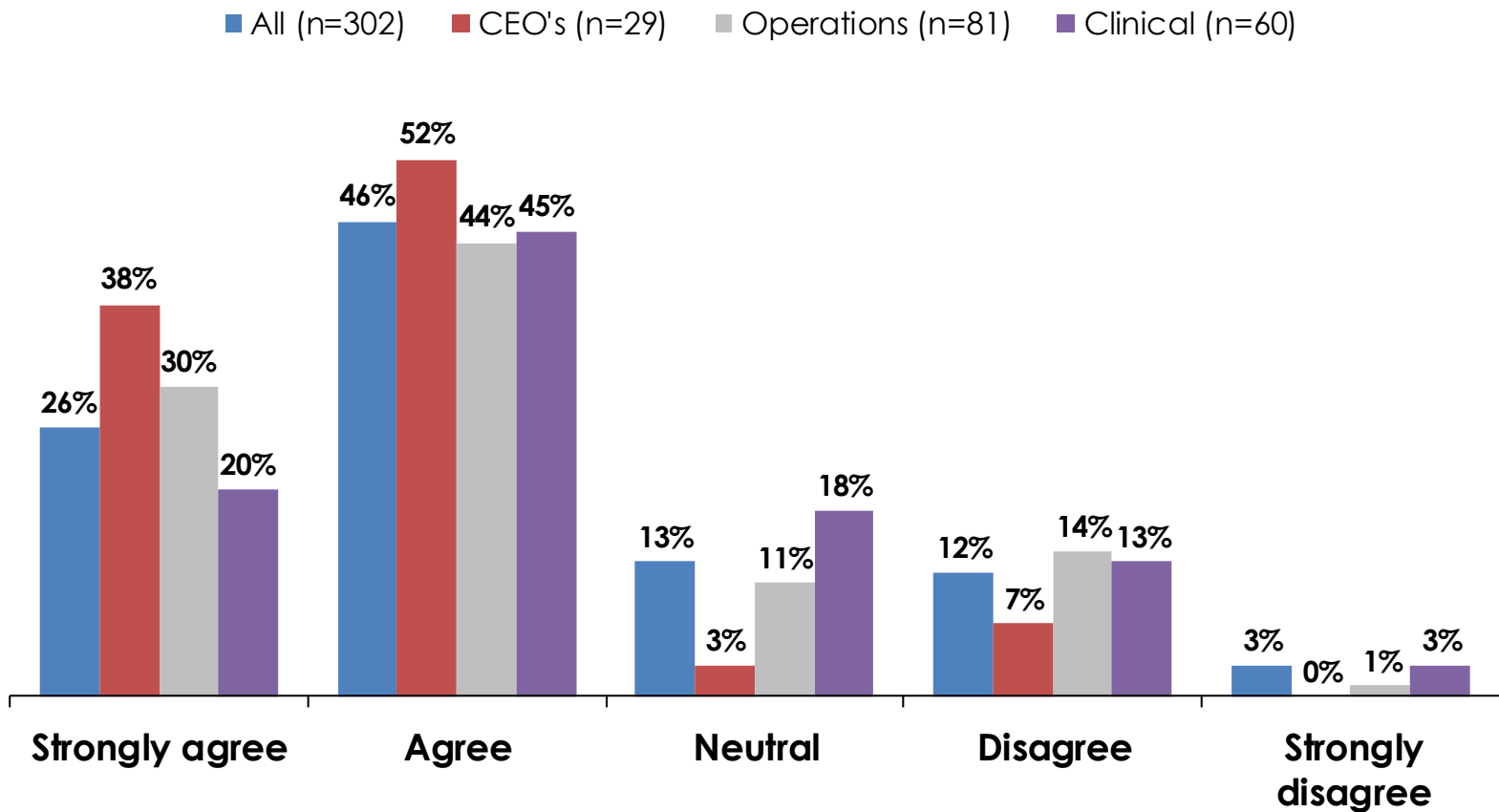
# Commitment to Decisions and Performance Objectives

*Our organization commits to decisions and performance objectives and we hold each other accountable for them*



## Translation of Organization's Strategic Plans

*Our organization's strategic plans are translated into tactics, action plans, and milestones*

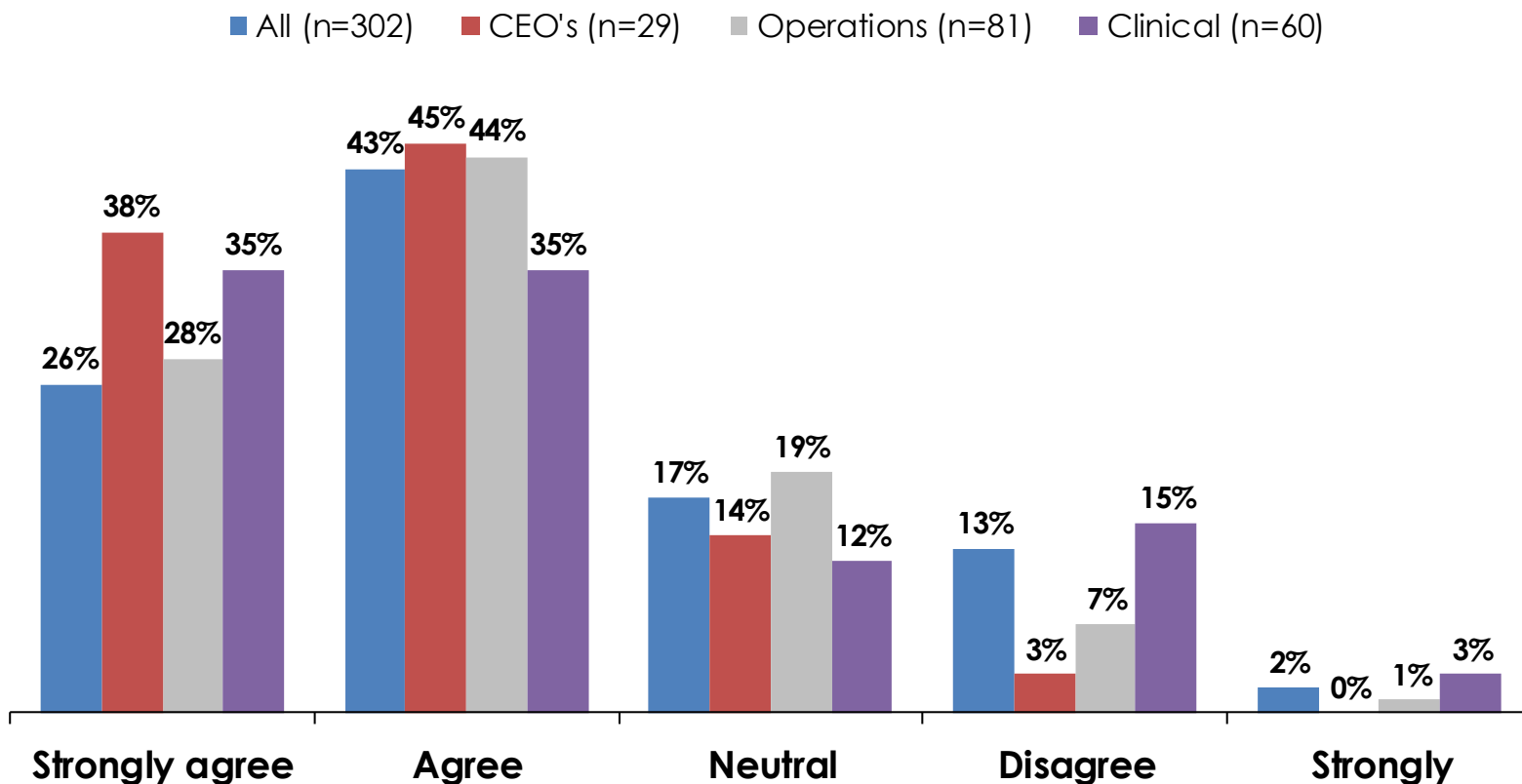






## Progress Reviews on Strategies and Operations

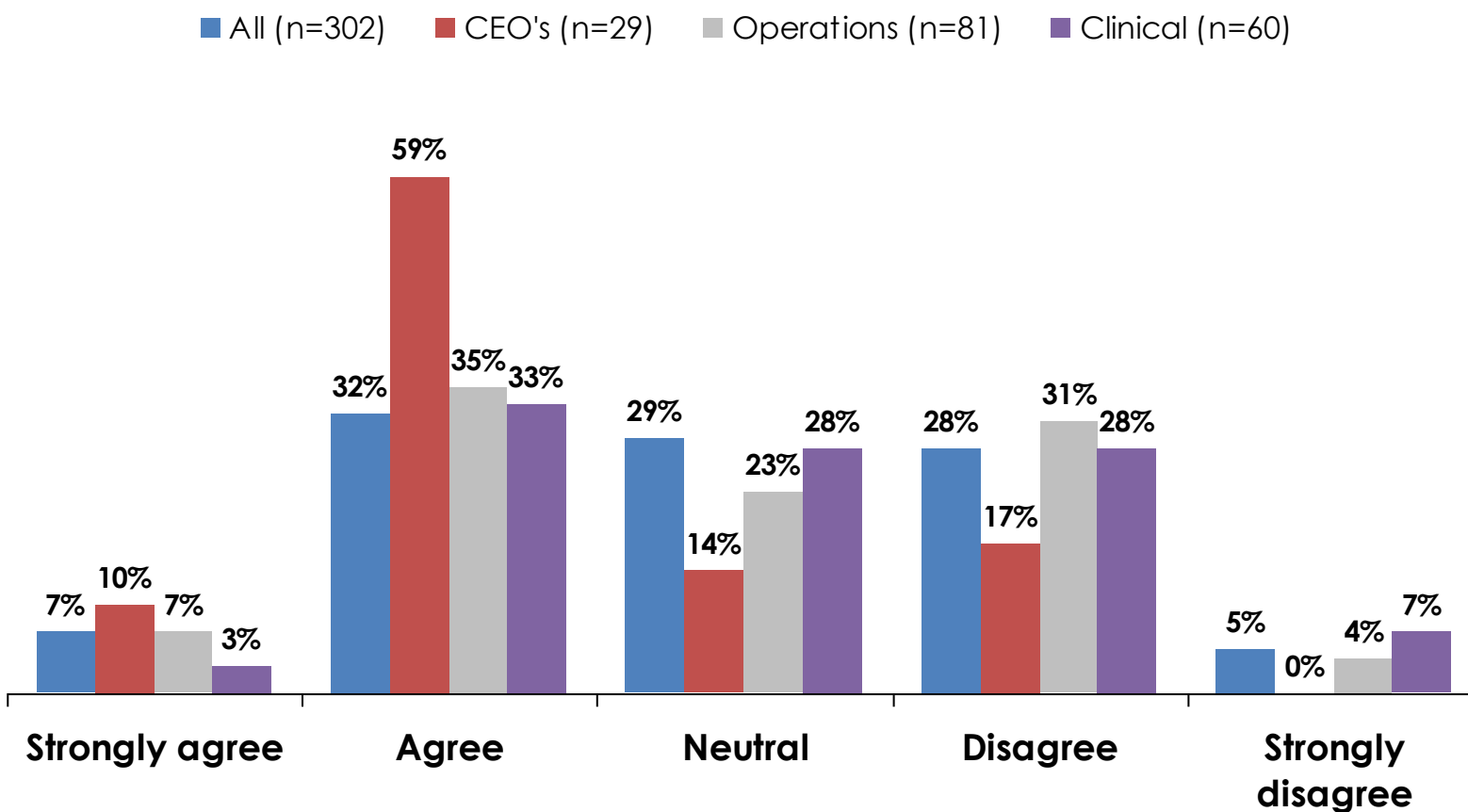
*Our organization holds regular reviews with accountable leaders to discuss progress on strategies and operations, including specific actions required to get back on plan*





## Response to People Who Don't Perform

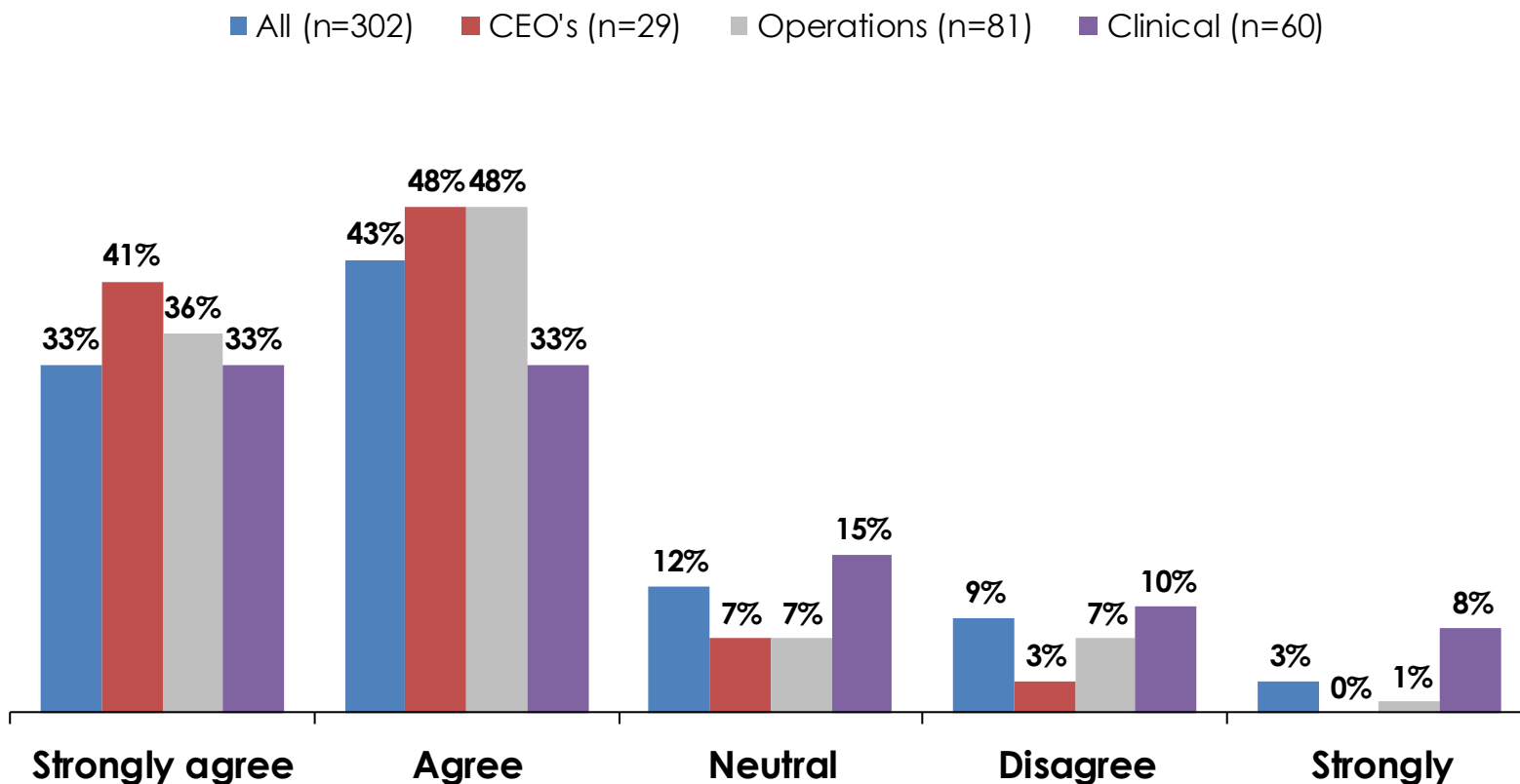
*Our organization deals decisively with people who don't perform*





## Communication about Future Strategy

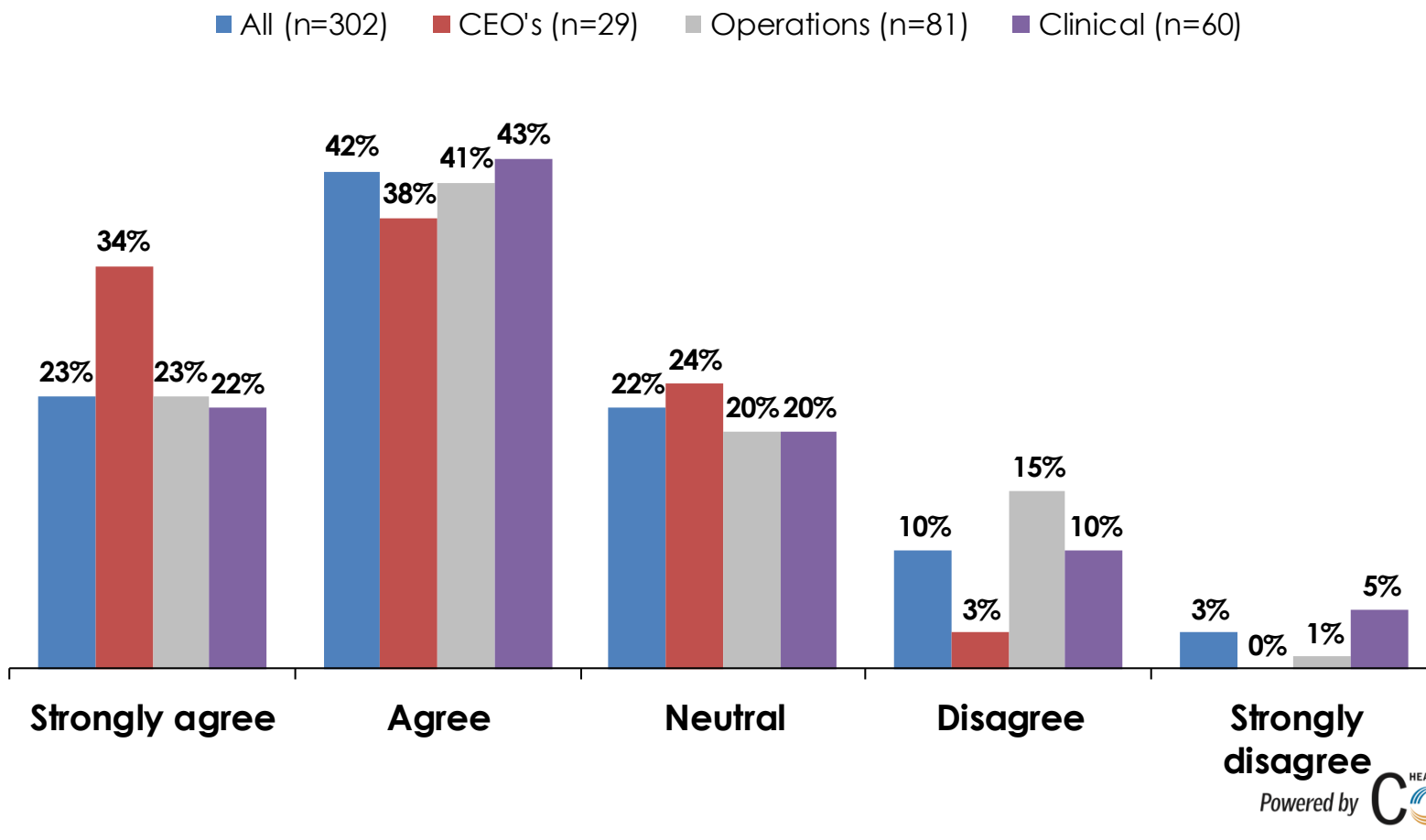
*Our organization's senior leaders have communicated a clear strategy for the future of this business*





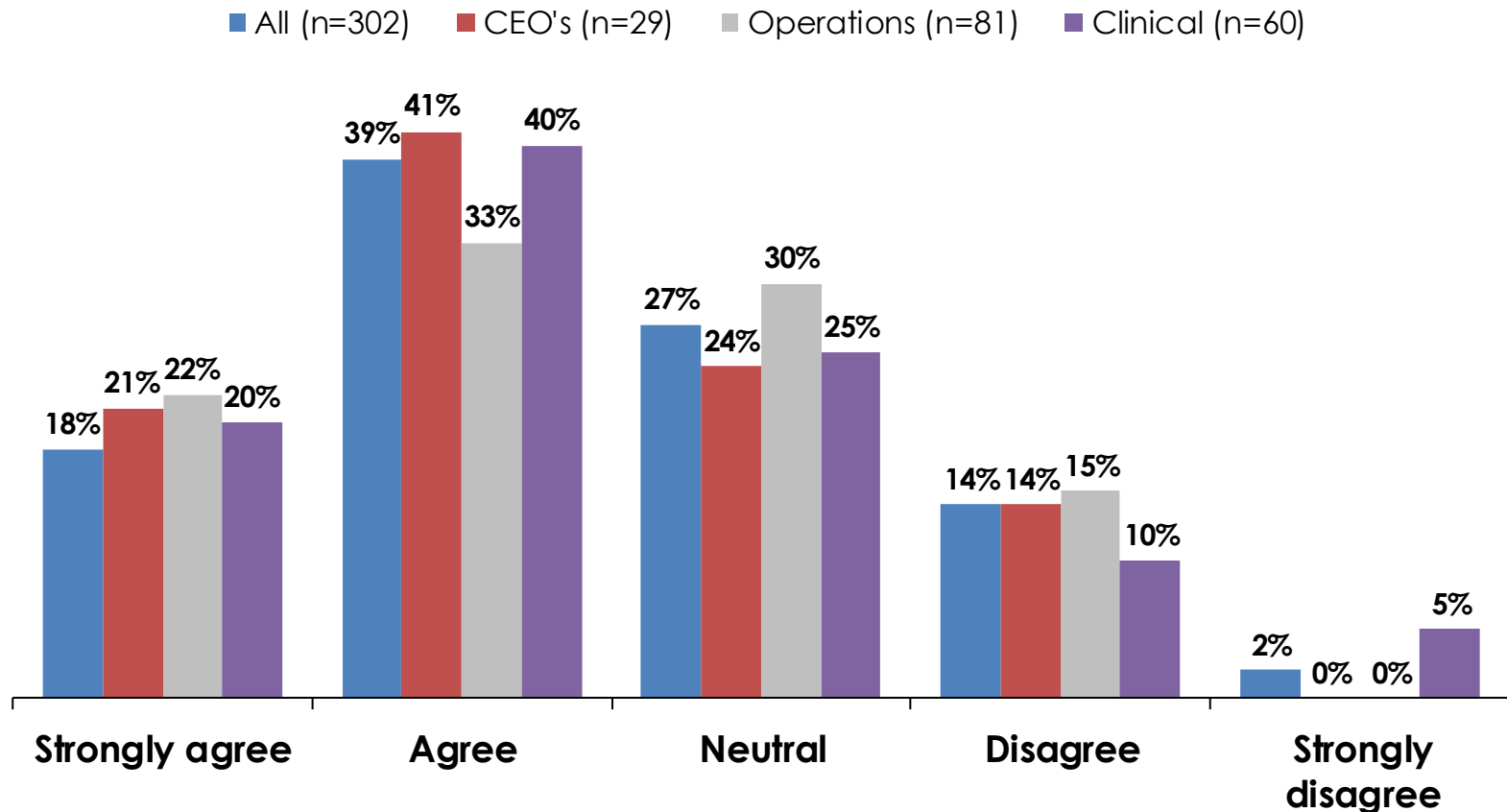
## Ownership and Accountability for Strategic Plan

*Leaders throughout our organization own and are held accountable for implementation of the strategic plan*



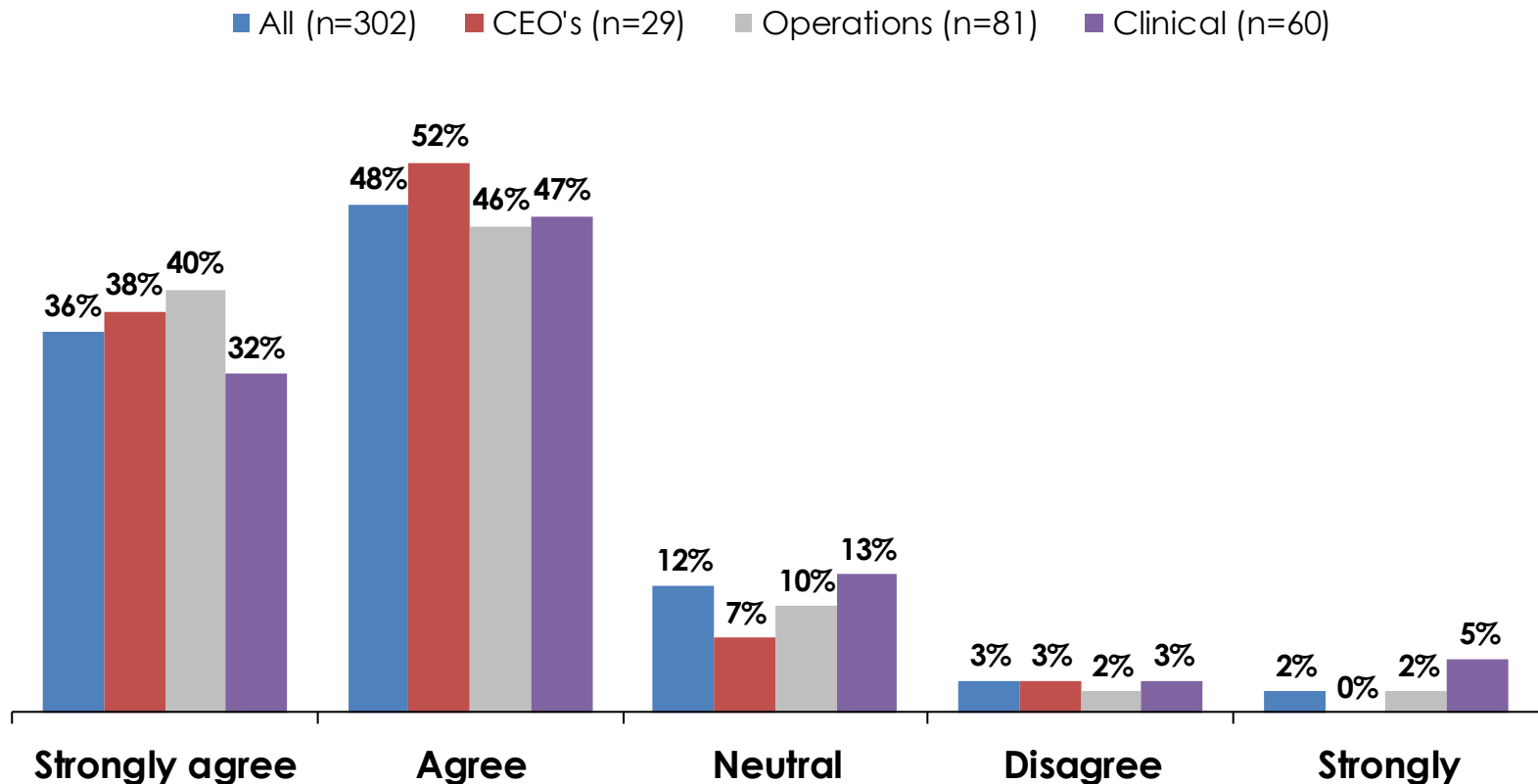
## Quantifying Productivity Gains

*Our organization's productivity gains from performance improvement projects are quantified, and we see the impact of these savings in our financial statements*



## Employees Role in Continuous Improvement

*Our organization believes employees should be responsible for continuous improvement, including identifying opportunities and participating in projects*





# Alignment of Rewards and Incentives to Results

*Our organization operates as a meritocracy, rewards and incentives are aligned to results*

