Sharing Best Practices Knowledge

Right People, Right Roles
RPR^2

Tollerating "Poor to Failing" leadership performance (from commiting a tremendous disservice to gross negligence)

Question: What's it feel like to be set up to fail? Answer: Miserable!

That's how many front-line managers in healthcare feel when they go home after a typical day at the Hospital. How many? For the above average organization (above the 75th percentile with their leadership IQ) it's about 12%. For the below average organization (below the 25th percentile) it's as high as 25%. Think about it, if you have 100 (or more) total front line managers it's a very large number of people that will struggle to fail (with their overall performance) in their role.

What are the most common causes that create the environment where these seemingly good people (but sub-optimized leaders) tend to get in over their heads?

1. Appointing them before they are truly ready (not quite experienced or mature enough).
2. Appointing them when their leadership talent (demonstrated ability) is deficient.
3. Appointing them to a department where the complexity level (degree of difficulty) exceeds their threshold ability to get good results.
4. Appointing them out of necessity/convenience where there were no other applicants that were considered or other leaders defaulted to the easiest option/choice.

For the past eight years, we have performed ongoing research to quantify the impact that leadership capability has on overall outcomes. To date, we have measured and studied the performance of approximately 7,000 front-line managers in healthcare. Most of these leaders have had their results tracked longitudinally over a period of up to 5 years. And, for many, we have even quantified their leadership ability and analyzed their results with a comprehensive Meta-model framework to better understand the cause and effect links to best practice levels of performance.

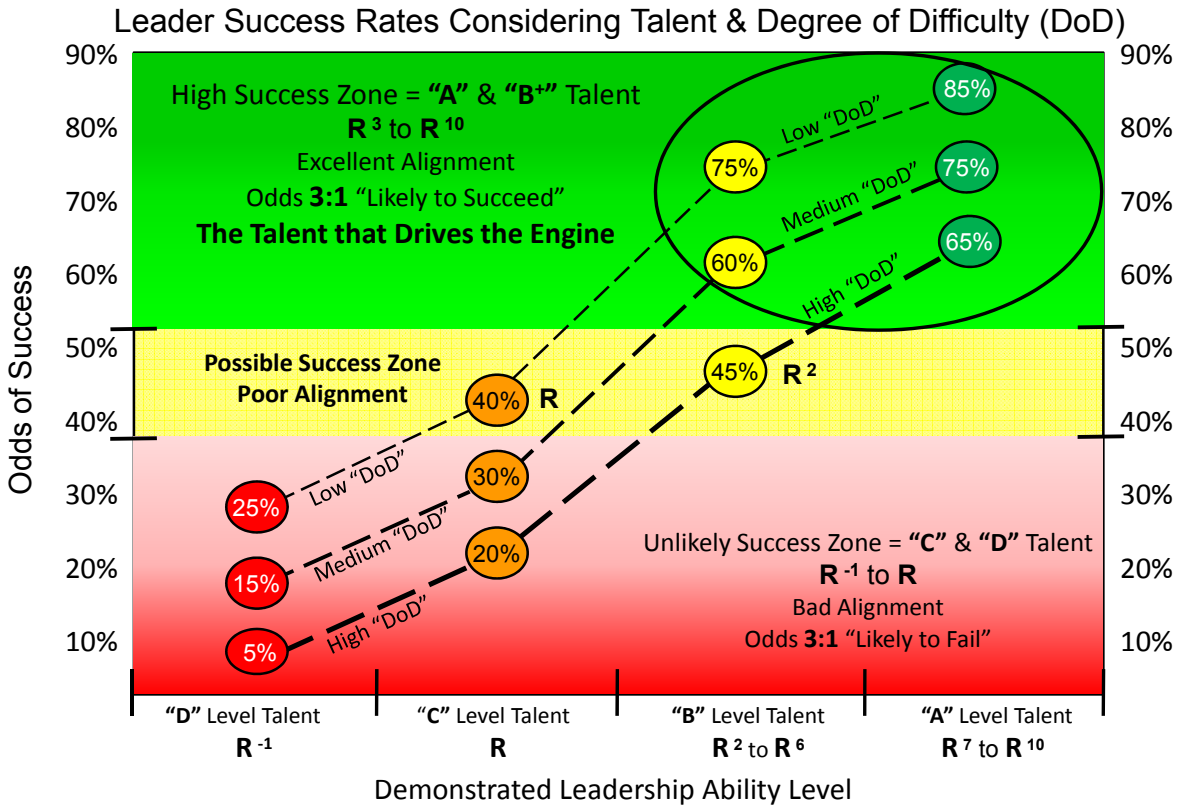
What have the overall (preliminary) findings of this research demonstrated?

- When "A" level leaders fail (less than **25**% of the time) it's mostly because the obstacles and barriers they face are outside of their immediate span of control (meaning that the issues and/or problems must be solved by a leader that is typically above them in role)

- When "B" level leaders fail (only about **33%** of the time) it's mostly because they are assigned to complex department that tend to exceed their threshold level to get good - consistent results (usually a high degree of difficulty function)

- When "C" level leaders fail (about **70%** of the time) it's mostly because they are generally not qualified to be in a leadership position. There is approximately a 40% chance that they can be successful in a low complexity assignment, but those odds make the appointment somewhat risky in most cases.

- When "D" leaders fail (about **85%** of the time) it's mainly because they are clearly not qualified or best suited to lead others. They are typically very skilled (technically or clinically) but they almost always lack the emotional intelligence (people skills) to either be on a team or to lead others. There is a place where these people can add value but it's not where they are assigned to lead a team of people.



How to interpret the diagram above:

- There are three overall performance zones of success. The Green zone represents excellent leadership alignment (talent level and complexity) with high odds of success (3 to 1 likely to succeed). The Red performance zone represents bad leadership alignment with very low probability of success (3 to 1 likely to fail). Finally, the Yellow zone represents poor alignment with odds of success just under 50%.
- **"A"** and **"B"** level leaders exhibit high odds of success by any measure when appropriately assigned to departments that do not exceed their threshold of complexity (degree of difficulty DoD).
- **"A"** level talent is successful in virtually any assignment (**85%** odds in Low DoD, **75%** odds in medium DoD and **65%** odds of success in High DoD functions). **"B"** level leaders exhibit high odds of success when assigned to Low DoD (**75%)** and Medium DoD (**60%)** but only a (**45%)** odds of success when assigned to High DoD roles.
- **"C"** and **"D"** level leaders have very low odds of success when assigned to lead in any situation.
- When leadership talent is appointed to the appropriate level of complexity (Degree of Difficulty), the odds of success are stacked **3:1 in your favor**. When out of alignment, the odds of success are stacked **3 to 1 against**.

- The average Organization matches the right leadership talent level with the manageable degree of complexity only **55%** of the time. This contributes to more **"sub-optimized performance"** than any other single factor.

How often do leaders get appointed to positions where they have low odds of success?

Talent Level of Front-Line Manager	Typical % of all Managers	% in High DoD Deptartments	% in Medium DoD Deptartments	% in Low DoD Deptartments	Totals
"A" Level Leaders	28%	28%	34%	38%	100%
"B" Level Leaders	52%	35%	32%	33%	100%
"C" Level Leaders	15%	32%	38%	30%	100%
"D" Level Leaders	5%	42%	22%	36%	100%
995 = Total # of Managers	100%				

In one study that involved **995 front-line managers** in several organizations that performed at approximately the 50th percentile for leadership IQ, there was a distribution of leaders by talent level (A, B, C and D levels) as follows:

- Approximately **28%** of the leaders demonstrate "A" level leadership ability (279 people)
- **52%** demonstrate "B" level leadership ability (517 people)
- **15%** demonstrate "C" level leadership ability (149 people)
- **5%** demonstrate "D" level leadership ability (50 people)

Note: For more information on how we determine and quantify leadership talent/capability levels, visit our web site at www.healthcareps.com/leadershipand download the resource guide.

How many of these leaders will likely produce "sub-optimized" results?

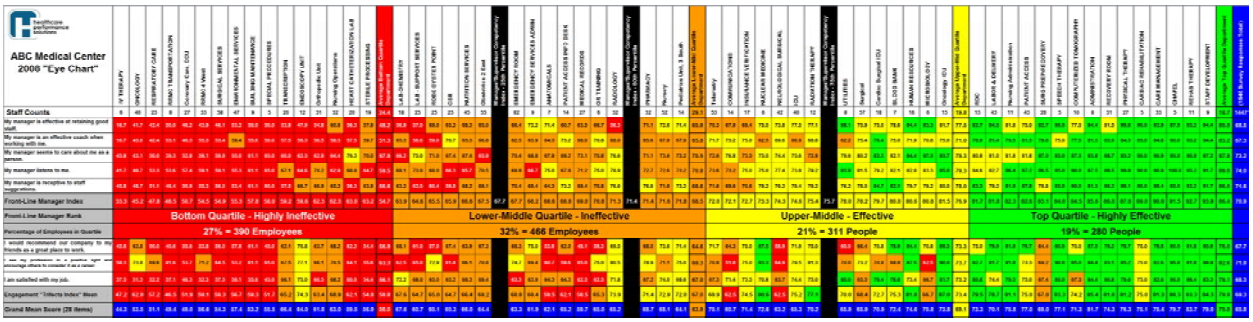
Beyond the distribution percentages, let's now examine how many total people were identifying in each leadership talent and ability category that ultimately face low odds of success. Said another way, how many front line managers in the average performing healthcare organization should we expect to see in the struggling to failing category of overall performance? We refer to this condition as being **"overleveraged"** (in over their heads).

For this analysis, we will assume that even though “A” level leaders can and do experience poor performance (occasionally), we will consider that since they have high odds of success (in the GREEN zone of excellent alignment), that their appointment was reasonable and that with a track record of demonstrated ability – there is no disservice or gross negligence occurring in their appointment (regardless of the departments complexity).

How do we determine if a leader is ultimately successful or sub-optimized?

We have three methods (reasonable choices) of determining the overall performance level. In most cases we will choose one method but in several case studies we have measured two and even all three and feel that each of the methods are accurate enough to be used depending upon the sophistication level of the organizations performance measurement practices.

Method #1 “Eye Chart” performance analysis: We review the overall quartile rank distribution on the Performance Management “Eye Chart (see below). Displayed in this illustrated scorecard is the front-line managers perceived leadership performance as measured by their staff (the entire group that report to them). Also illustrated is the relative health of the culture within the manager’s span of control (also commonly known as the degree of employee engagement).

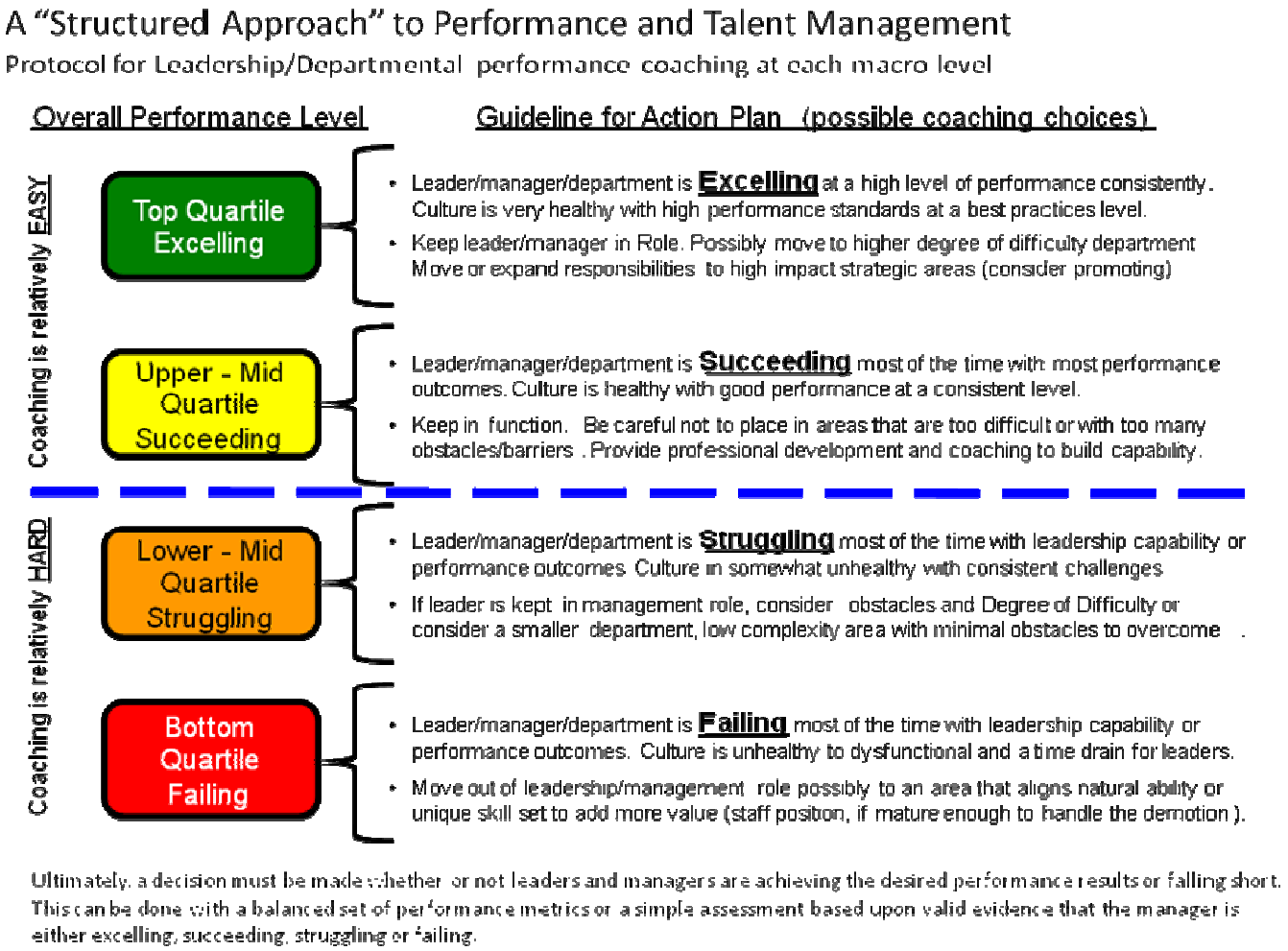


If the performance is displayed in the GREEN (top quartile) zone, the front line manager is perceived by all the staff to be excelling in creating a healthy culture with “high” engagement. If the performance is displayed in the YELLOW (upper mid quartile) zone, the front-line manager is perceived by all the staff to be succeeding in creating a healthy culture with “good” engagement.

If the performance is displayed in the ORANGE (lower mid quartile) zone, the front-line manager is perceived by all the staff to be struggling in creating a healthy culture with “poor” engagement. Finally, if the performance is displayed in the RED (bottom quartile) zone, the front-line manager is perceived by all the staff to be failing in creating a healthy culture with disengagement.

The accuracy of this method to determine overall performance is approximately 85% (in fact as a single indicator, it has proven to be the most accurate). More accurate than financial performance, employee productivity, voluntary turnover, patient satisfaction etc.

Method #2 Having the senior leaders determine the front-line manager/leaders performance using their own virtual scorecard: This is performed by asking the executives (usually 5-7 at the VP level with multi-rater discipline) that at the end of the day… is the manager: Excelling, Succeeding, Struggling or Failing. See diagram below.



The accuracy of this method to determine overall performance is approximately **90%** (in fact, it is remarkable that when as many as seven executives are asked to rate the performance in a multi-rater format – how similar they are in rating their overall performance).

Method #3 Incorporating a comprehensive method of measurement where five or more performance indicators are considered to produce an aggregate performance score: This method has been used only when the organization demonstrates both mature and sophisticated performance measurement practices that are consistent throughout all departments. A weighting factor can also be applied to emphasize specific performance indicators. **For example:** Below are listed the five most common overall performance indicators with equal weighting.

1. Financial results - 20% weight (performance is profitable within expected budget projections)

2. Patient quality/safety – 20% weight (outcomes are within the CMS guidelines - performance targets)

3. Patient service/satisfaction – 20% weight (results are within top quartile – 75th percentile of the HCAPS and organizational performance targets)

4. Employee satisfaction/loyalty/engagement – 20% weight (the departments percentile ranking at the 75th percentile rank or above with overall engagement when compared to their peer group)

5. Staff productivity, efficiency and effectiveness – 20% weight (operational excellence with the departments results in managing the throughput performance and cycle time efficiency of service delivery when compared to their peer group)

There are other Key Performance metrics that can be considered, including Employee turnover (replacement cost), Physician satisfaction and/or market share (top line) growth. The accuracy of this method to determine overall performance is usually between **95% to 99%.**

Once a method of quantifying overall performance has been defined, we can factor in the three contributing elements of Talent (leadership capability), Complexity (degree of difficulty) and overall performance ("hard measure" results achieved).

First we will consider the "RED" zone of overall performance where "C" and "D" level leaders have very low odds of success (less than 30% at best). This will enable us to estimate conservative numbers with high confidence levels because of their **3:1 odds** that they are likely to fail. Second, we will add the "YELLOW" zone of overall performance where "C" level leaders in low degree of difficulty department (that typically have a **40% odds** of success) and the "B" level leaders in high degree of difficulty departments (that typically have a **45% odds** of success). The combined categories should give us an approximate number of front-line managers that should be experiencing sub-optimized results.

The "RED zone" representing bad alignment and unlikely odds of success (all "D" and most "C" level leaders) we would expect 120 of the 155 total front-line managers to be unsuccessful in achieving good results (the results actually demonstrate that this occurs). This represents a total of approximately **12%** of the total leadership population (120/995) that is **"seriously overleveraged"** (in over their heads).

- There are 149 "C" level leaders. 48 are assigned to high DoD departments (38 would be unsuccessful) and 57 are assigned to medium DoD departments (40 would be unsuccessful). **Total "C" level leaders in the RED zone that are unsuccessful = 78**

- There are 50 “D” level leaders. 21 are assigned to high DoD departments (20 would be unsuccessful), 11 are assigned to medium DoD departments (9 would be unsuccessful) and 18 are assigned to low DoD departments (13 would be unsuccessful). **Total “D” level leaders in the RED zone that are unsuccessful = 42**

The “YELLOW zone” representing poor alignment and possible odds of success (“C” level leaders in a low DoD department and “B” level leaders in a high DoD department) we would expect 126 of these managers to be unsuccessful in achieving good results. This also represents a total of approximately **13%** of the total leadership population (126/995) that is **“somewhat overleveraged”** (in over their heads).

- There are 517 total “B” level leaders, 181 of them have been appointed to a high degree of difficulty department. With a 45% odds of success rate, approximately 99 will struggle to fail.
- There are 149 total “C” level leaders, 45 of them have been appointed to a low degree of difficulty department. With 40% odds of success rate, approximately 27 will struggle to fail.

Now when these leaders (front-line managers) are appointed to departments where they are “overleveraged with low odds of success (also known as being in over their heads), at the very least this is a tremendous disservice to them. They have constant high emotional stress that can not only take away from their performance but the anxiety is frequently “transported home” with them every night. These loyal people can become disenfranchised and there is also significant evidence that this level of constant stress is a major “risk factor” to one’s long-term health and well being.

Conclusion: The total number of front-line managers that are somewhat overleveraged (in over their heads and are struggling) is approximately **13%**. This should at the very least be considered a disservice to them. The total number of front-line managers that are seriously overleveraged (in over their heads and are failing) is also approximately **12%**. This could be considered gross negligence to even an act of malpractice.

Question: When do these appointment practices morph from being a disservice to the manager to a level of “gross negligence” on behalf of the organization?

Answer: When the front line manager (or leader at any level) is consistently failing, “tenured” (has been left in their role for longer than 2 years) and tolerated for unacceptable reasons.

From the Patients perspective, there is an expectation that they will be cared for in an environment of high quality, safety, compassion and

timeliness. If executives knowingly appoint a front-line leader into a department where they have low odds of success AND, they fail consistently by multiple measures, isn't this within the definition of "gross negligence?"

Think about it… the community, your patients (even the Joint Commission) have an expectation that:

1. There is a culture of quality (where people experience quality outcomes)
2. There is a culture of safety (avoiding/preventing "Never events")
3. There is a culture of service excellence (where people experience compassionate care)
4. There is a culture of "good performance," pride, stewardship and true gratification for being employed in the healthcare industry (where people – staff and physicians experience job satisfaction, organizational loyalty and professional engagement)

When a departments culture becomes sub optimized because the front-line manager is struggling to failing AND those leaders also have very low odds of success, AND the leaders above the managers tolerate the low performance for a significant period of time (over 1 year), the organization (executives) are bordering on "gross negligence and even "malpractice" in their business practices.

"Finally… If executives knowingly leave a sub-optimized leaders in a department where there is an unhealthy culture, they are potentially (and knowingly) committing "gross negligence and even "malpractice."

Question: How much ownership and responsibility does a front line manager ultimately have with the level of patient care, service, safety, productivity, and financial results achieved within the department that they manage?

Answer: The front-line manager is MOST responsible. Then, the ownership and responsibility shifts upward to Directors, Vice Presidents, the COO and finally – the CEO. Therefore…

- Is the department leader responsible for the overall performance? YES
- Is the department leader responsible for hiring the right staff? YES
- Is the department leader responsible for creating a culture of and setting the standards for quality? YES
- Is the department leader responsible for creating a culture of and setting the standards for patient service? YES

- Is the department leader responsible for creating a culture of and setting the standards for patient safety? YES
- Is the department leader responsible for appointing the most capable staff to supervisor or coordinator positions as an entry point to management/leadership? YES
- Is the department leader responsible for establishing the culture where "Never events" are reduced or prevented? MOSTLY – more than any other individual.

Get the picture.

Now, can this practice consistently be avoided? YES How? With a structured approach to leadership appointment.

Question: How often does the average healthcare organization get effective leadership alignment when the Right People are appointed to the Right Roles?

Answer: Approximately 55% of the time.

Question: What is a realistic expectation (target) for leadership alignment and appointment practices?

Answer: Approximately 85%.

Question: How much of a difference can this actually make in an organizations' performance?

Answer: It most likely will raise the overall performance of an organization by virtually any operational measure. We have measured the longitudinal improvement over time with several organizations to be as much as 75 percentile points.

Finally, while there are obviously many factors that contribute to or take away from overall performance we feel that the evidence is conclusive that the largest single factor that is within the control of executives is to stack the odds of success in one's favor by appointing the **Right People in the Right Roles**. If this is done well with excellent alignment, executives are doing the best they can with this specific business practice. If this is compromised and a leader is knowingly appointed to or left in a function where they are consistently achieving poor to failing results, this should be considered a tremendous disservice to the manager and could be considered gross negligence to malpractice.