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Are your Leaders Creating Positive or Negative Feedback Loop Cultures of performance?

In competitive sports, athletes learn that for all practical purposes - you are either getting better or worse because if your performance is staying the same, you are probably falling behind your competition.

Consider this fact of exercise physiology: The human body is the only machine ever created that can actually get better and stronger when stressed. Of course rest, repair and proper nutrition (fuel) are required for the body to grow and build strength (ratcheting) up to the next level of performance. Keep in mind that if the human body is over trained – stressed without proper recovery, the body will eventually wear down and break down over time.

> "My favorite saying for this concept is that if my mind tries to write checks that my body can't cash, I will eventually have overuse injuries."

In very simple terms, what has just been described above are two very different performance scenarios. One that is considered to be a **"positive feedback loop"** of improvement and growth and one that is considered to be a **"negative feedback loop"** of diminishing performance and injury.

We believe that organizations (that employ people) to drive overall performance are similar where performance feedback loops can either be positive (improving) or negative (declining). This paper will outline the contributing factors to positive and negative feedback loop cultures of performance, their predictable sequence (cause and effect links), results (desirable and undesirable) and suggested ways to measure their presence (or stage of development).
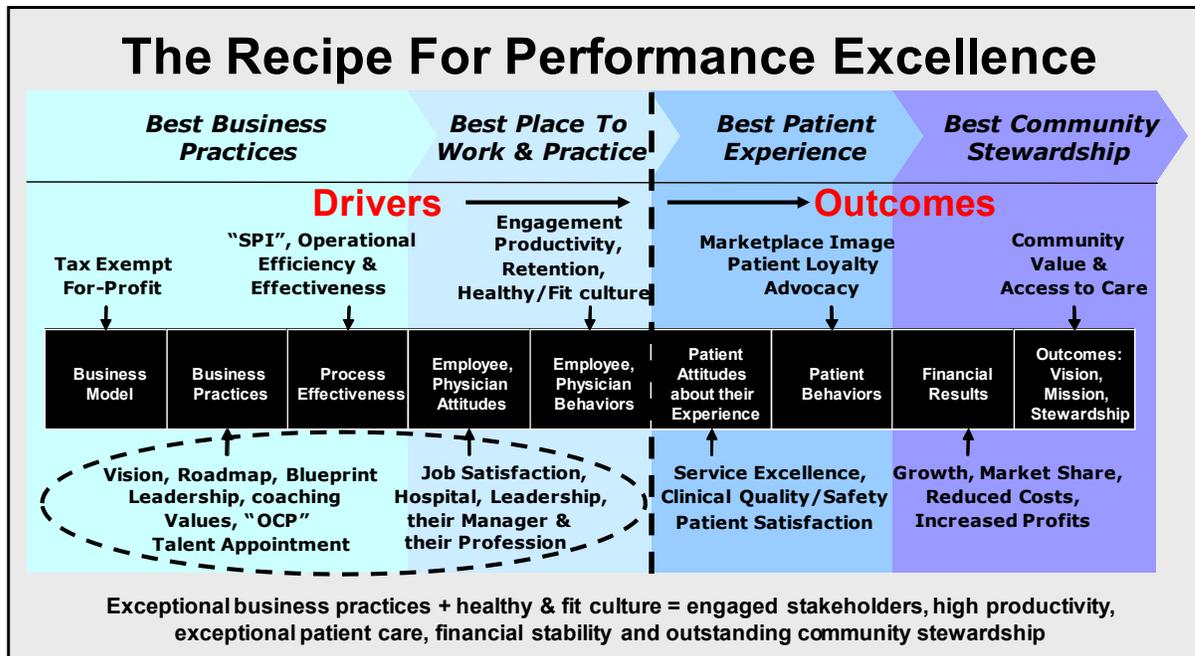
We begin with this simple question that all executives should consider…Are the leaders appointed below you creating mini cultures of performance (in their departments/functions) where their results are improving or declining?

Contributing Factors to Feedback Loops (analysis with a Meta-model framework)

To better understand the relationship between activities and overall outcomes, **Success Profiles** developed a research-based Meta-model framework to illustrate the cause and effect business practice relationships in the healthcare business model. This model outlines the leading and lagging indicators of performance that allow for focus and leverage where resources are deployed to get the most effective outcomes and results. The overall goal is to provide the best community stewardship and access to quality healthcare by becoming a destination of choice for all stakeholders. These outcomes would most likely occur:

- When the organization is financially successful with consistent net operating margin and market-share growth

- When the patient service and outcomes experienced are exceptional from a satisfaction and quality standpoint

- When the workforce culture creates high stakeholder satisfaction, loyalty, engagement and productivity **AND**

- When the business practices of leadership, coaching, talent appointment, transparency and open communication create operational efficiency/effectiveness (aka sustained performance improvement - SPI)

Logically, in order to achieve the best desired outcomes on the right side of the equation (best patient experience, best financial results and community stewardship), leaders need to focus up-stream to the "drivers of performance" on the left hand side of the Meta-model. Quite simply, this is to create the best business practices, best operational effectiveness and best place to work. See diagram below.

The Recipe For Performance Excellence

Best Business Practices	Best Place To Work & Practice	Best Patient Experience	Best Community Stewardship

Drivers → → **Outcomes**

Tax Exempt For-Profit	"SPI", Operational Efficiency & Effectiveness		Engagement Productivity, Retention, Healthy/Fit culture	Marketplace Image Patient Loyalty Advocacy		Community Value & Access to Care	
Business Model	Business Practices	Process Effectiveness	Employee, Physician Attitudes	Employee, Physician Behaviors	Patient Attitudes about their Experience	Patient Behaviors	Financial Results	Outcomes: Vision, Mission, Stewardship

Vision, Roadmap, Blueprint Leadership, coaching Values, "OCP" Talent Appointment

Job Satisfaction, Hospital, Leadership, their Manager & their Profession

Service Excellence, Clinical Quality/Safety Patient Satisfaction

Growth, Market Share, Reduced Costs, Increased Profits

Exceptional business practices + healthy & fit culture = engaged stakeholders, high productivity, exceptional patient care, financial stability and outstanding community stewardship

Positive Feedback Loop Cultures are created and "spiral upward" when:

1. Employees connect with and buy into the vision, mission and values of the organization. This is mostly the result of exceptional leadership practices where evidence demonstrates that when the Right People are appointed to the Right Roles **the odds are 3:1 that they are likely to succeed.**

2. Exceptional leadership creates a transparent and objective culture where information is openly shared with all stakeholders. This "open book management" environment also fosters ownership, responsibility and trust where decisions are pushed down to lower levels of management.

3. The positive environment to strive for goals results in the genuine interest to continuously improve operational efficiency and effectiveness. Measurement systems become mature (a way of life) and sophisticated (creating business intelligence) where leverage is created by focusing on the key drivers of performance. Waste is eliminated and innovation occurs as an expected habit. Pride is experienced when stretch targets are set and achieved to be at a best practice level of performance.

4. The high standards of Business Practices and Operational Processes contributes to creating a destination of choice to work (for employees) and a destination of choice to practice (for physicians). When people are satisfied with their job, when they respect their immediate manager, the senior leaders and the organization they are ultimately

engaged in their profession, more productive at work and they tend to stay with the organization longer (retention).

5. A "great place to work" culture that is both "healthy and fit" creates an environment where service excellence is hardwired. The patient experience with quality (CMS standards), safety (no "never events") and overall care (HCAHPS satisfaction) are all in the top Decile of performance. This results in widespread word of mouth patient advocacy and loyalty which contributes to market-share growth as a destination of choice for patients to receive care.

6. The compounding effect of great business practices, operational excellence, a great place to work and practice and the best patient experience contributes significantly to a healthy net operating margin, service line growth and increased profits. Finally, when these positive feedback loop events are enduring there is the opportunity to provide the best community stewardship with the best facilities, equipment, technology and access to quality care for all stakeholders.

In summary: The environment for a positive feedback loop culture all begins with leadership. It is the ultimate driver where leverage occurs throughout service the value chain. When the Right People are appointed to the Right Roles, everything gets easier. When the Wrong leaders are appointed in the Wrong Roles (when people are out of alignment), everything gets more difficult. You will now observe in the ultimate decline of performance when a negative Feedback Loop Culture exists.

Negative Feedback Loop Cultures are created and "spiral downward" when:

1. Employees for whatever reason don't connect with or buy into the vision, mission and values of the organization. This is mostly the result of poor to failing leadership practices where evidence demonstrates that when out of leadership alignment (the Wrong People are appointed to the Wrong Roles) **the odds are 3:1 that they are likely to fail.**

2. Poor or controlling leaders tend to create opaque and subjective - political cultures where information is only shared with select people on a "need to know" basis. This "accountability - based" environment leads to poor communication, fear, distrust and disloyalty where the day to day decisions are commonly made at senior levels and systems are put in place to prevent people from making mistakes with their decisions.

3. The negative environment holding people accountable for results contributes to a genuine lack of desire to change or improve operational processes (the way things are done). Measurement systems are often immature, inconsistent and unsophisticated (creating reams of raw data) where the crisis of the month/quarter creates urgency with shifting priorities. Waste is accepted as "the way we do things around here" and change is viewed as a negative or disruption. Frustration is amplified when unrealistic stretch targets are set and people feel that there is nothing in it for them to work harder with discretionary effort.

4. The poor Business Practices and inconsistent Operational Processes contribute to an unhealthy workplace where people display "warm chair attrition" (this is where people show up and "attend work" without any passion). The organization develops a marketplace reputation as a lousy place to work (for employees) and an undesirable place to practice (for physicians). When people are dissatisfied with their job, when they lose respect their immediate manager, the senior leaders and/or the organization they ultimately become disengaged in their profession, less productive at work and they tend to leave the organization (with 3 times the annual voluntary turnover rate).

5. A "poor place to work" culture that is both "unhealthy and unfit" creates an environment where service excellence is very inconsistent (spotty at best). The patient experience with quality (CMS standards), safety ("never events") and overall care (HCAHPS satisfaction) are all in the bottom quartile of performance. This results in widespread "word of mouth" patient complaints and disloyalty (often featured in the press) which erodes market-share and causes "out-migration of patients to other facilities for healthcare.

6. The cumulative effect of poor and inconsistent business practices, operational dysfunction, an undesirable place to work (for employees) and practice (for physicians) and a substandard patient experience contributes significantly to a negative net operating margin, no growth, a low bond rating, unsecured days cash on hand and decreased profits. Finally, when these negative feedback loop events are long lasting there is a strong likelihood that the organization will either have to shut down or merge with a larger/healthier organization for survival. When this occurs, community stewardship is compromised.

In summary: The environment for a negative feedback loop culture all begins with leadership. It is the ultimate driver where leverage should occur throughout service the value chain. When the Wrong leaders are appointed in the Wrong Roles (when people are out of alignment), everything gets more difficult. Our extensive research and evidence illustrates that if a departments' overall performance is consistently failing (in the bottom quartile), there is a 50%

chance (one out of every two) that performance will improve marginally (within the same quartile). There is only a 33% chance (one out of every three) that the current leader will be able to improve performance upward one quartile (from RED to ORANGE). There is a 10% chance (one out of every 10) that the current leader will improve performance upward two quartiles (From RED to YELLOW). Finally, there is a 5% chance (one out of every 20) that the current leader will improve performance upward three quartiles (From RED to GREEN).

Executives should now explore the following questions and interventions:

- Are we consistently appointing the right (qualified) leaders in the right roles with high odds of success (greater than 60%)?

- Which of your leaders (down to department managers) are creating an environment where POSITIVE feedback loop cultures exist? AND, can others learn from the "underleveraged leaders" with internal benchmarking?

- If POSITIVE, Great. Recognize, reward and reinforce the practices and have them mentor others.

- Which of your leaders (down to department managers) are creating an environment where NEGITIVE feedback loop cultures exist?

- If no, diagnose the contributing factors and prescribe the best improvement interventions to reverse the spiraling trend (in essence a "turnaround" to get practices and performance to move positively upward - clockwise).

- If improvement doesn't occur (or occur fast enough) consider what obstacles and/or barriers exist (within and outside their span of control) that may be contributing to the low performance.

- If with these interventions, improvement still doesn't occur you need to ultimately move all the way upstream in the value chain to consider more talented leadership and increasing the probability of success.

Final thoughts:

Remember, the cause and effect meta-model framework serves as a reminder that if an organization has sub-optimized outcomes, it is most likely that a negative feedback loop culture or contributing factor exists somewhere upstream in the service value chain.

1. If the overall Patient experience is poor, check upstream with the workforce practices and degree of employee engagement.

2. If the workforce practices are poor and the overall employee engagement is low, check upstream with the business practices and operations processes.

3. If the business practices and operational processes are ineffective, check upstream with the appointed leadership.

We have found that front line management ability is responsible for approximately 40% of the variance experienced in performance differentiation between successful top quartile performing departments (in the GREEN zone) and failing bottom quartile performing departments (in the RED zone). Quite simply…

As goes the talent and leadership capability of the front line management, so goes the overall performance by any measure.

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For an in-depth analysis of the subject matter discussed in this report, related case studies, and/or to review our complete service offerings, please contact us at: *Success Profiles*, *Inc.*
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