



Chief Executive Officer

A publication of the American College of Healthcare Executives CEO Circle

SUMMER 2016

A Leadership-Development Approach to Creating a High-Performing Culture

Stephen A. Purves, FACHE, and Richard J. Priore, ScD, FACHE

When facing financial trouble, health systems may not have time to implement a traditional intervention that would entail an organizational gap assessment and the 12-month leadership-development process that would typically follow.

This was the case with Maricopa (Ariz.) Integrated Health System, a public safety net teaching hospital with a challenging payer mix.

In fiscal year 2014, the hospital faced a loss of approximately \$75 million and the prospect of its cash balance dipping below zero. The system skipped the customary course correction and instead pursued a leadership-development approach that quickly removed cultural barriers and legacy thinking, and installed and instilled an effective accountability structure that today has produced impressive results.

Readiness for Change

The health system discovered it needed a leadership-development approach focused on speed to implementation and a systemwide commitment to tackle the problems at hand.

Before implementing its leadership-development approach, MIHS hired Caldwell Butler & Associates LLC, which has developed a research-based leader-development and coaching approach, to conduct a survey of MIHS' leaders, asking about key attitudes regarding the organization's readiness for change. Then, the consultants benchmarked MIHS' responses against those uncovered from a survey of top-performing health systems. (Editor's note: ACHE published an article in the Winter 2010 issue of *Frontiers of Health Services Management* regarding results from the consultants' analysis of top-performing health systems throughout the country.)

The survey results revealed MIHS leaders did not believe the system's strategic focus and capabilities around speed to implementation and idea generation were sufficient to solve the problems at hand. The results also indicated a lack of collaboration between departments and with physicians and a lack of confidence in leaders' ability to convert process changes into cost center-level financial impact.

(continued on page 6)



YOUR CAREER

Successfully Navigate a Career Transition

Michael H. Covert, FACHE

Over the course of my 45-year career, 35 of which I've served as a CEO, I have transitioned to a new position nine times.

Whether you are making the move to a new CEO role or leading a department of a large system, there are several steps you can take to make the move successful. First, you should consciously build up your discipline. Consider not just how you will handle the responsibilities of the role, but also how you will navigate the transition and the expectations around your performance.

Second, once you make the transition, develop a communications mechanism so you can confer on a regular basis with your supervisor or board chair, direct reports and other key stakeholders. This will enable you to gauge progress in your transition and the expectations your new organization may have of you.

A third key component of a successful transition is to take your

(continued on page 5)



CEO RESEARCH FINDINGS

Results provided by ACHE's Division of Member Services, Research

2016 CEO Survey on Hospital Governance: CEOs and Boards

In January 2016, ACHE conducted a survey of community hospital CEOs to better understand current governance structures in freestanding hospitals (i.e., those not part of a health system) and health system hospitals. Of the 1,961 CEOs who successfully received the survey, 692 responded for an overall response rate of 35 percent.

All CEOs heading freestanding hospitals who responded to the survey reported that their hospital was overseen by a hospital board. About half (51 percent) of CEOs overseeing system hospitals reported that their hospital was governed both by a hospital-level board and a system-level board, 32 percent said that their hospital was governed by a hospital board only, and 17 percent reported that their hospital was governed by a system board only.

Respondents overseeing 60 percent of freestanding hospitals and 50 percent of system hospitals also reported that foundation boards were part of their hospital's governance structure. Ten percent of freestanding hospital CEOs and 7 percent of system hospital CEOs reported the existence of other types of boards.

Table 1 shows the frequency with which hospital CEOs sit on the boards governing the organizations they oversee. Freestanding hospital CEOs are most likely to be nonvoting members of their hospital boards (43 percent). CEOs of system hospitals are most likely to be voting members of their hospital boards (59 percent). Roughly one-third of CEOs of freestanding and system hospitals are not members of their hospital boards, and almost two-thirds of system CEOs are not members of the system boards overseeing their hospitals.

Table 2 shows the frequency with which hospital CEOs have input into the selection of members of the different boards governing the organizations they lead. Table 3 provides more detail about the responsibilities of system CEOs with respect to working with their governing boards.

ACHE wishes to thank the hospital CEOs who responded to this survey for their time, consideration and service to their profession and to healthcare management research.

Table 1. Percentage of Time Hospital CEOs Are Members of the Boards Governing Their Organizations

Type of Governing Board:	Freestanding Hospital CEOs		System Hospital CEOs	
	Hospital Board (n = 207)	Hospital Board (n = 382)	System Board (n = 290)	
Voting member	21%	59%	16%	
Nonvoting member	43%	29%	22%	
Not a member	36%	13%	61%	

Table 2. Percentage of Time Hospital CEOs Have Input Into Selection of Members of Boards Governing Their Organizations

Type of Governing Board	Freestanding Hospital CEOs (n = 206)	System Hospital CEOs (n = 456)
Hospital board	65%	89%
System board	—	30%
Foundation board	20%	10%
Other board	8%	7%
No input into selection of any board members	30%	15%

Table 3. Percentage of System Hospital CEOs Who Have the Responsibilities Listed With Respect to the Boards Governing the Hospitals They Oversee (n = 291)

Work directly with hospital board (work with the chairman to set agendas, etc.)	68%
Work directly with system board (work with the chairman to set agendas, etc.)	27%
Support a system executive in their work with the system board	35%
None of the above	7%



IT and Rural Population Health



Joann Anderson, FACHE, is president and CEO of Southeastern Health in Lumberton, N.C., licensed for 452 beds that serves more than 16,000 inpatients and

68,000 emergency patients annually. Lumberton (pop. 21,000) is located in the southwest portion of the state and has a diverse and unique patient population that is equal parts white, black and Native American.

Anderson earned a Master of Science in nursing from Bellarmine College in Louisville, Ky., and a Bachelor of Science in nursing from Eastern Kentucky University in Richmond.

Southeastern Health's mission, vision and value statements are community focused, with the goal of establishing itself as the first choice for residents to obtain quality care.

As the main provider in the area, what steps has the organization taken to continue to be the health system of choice?

For the past nine years, we have focused our attention on identifying our patient population, and examining our demographics and migration data so we can direct our services appropriately. We learned we had large gaps in access to primary care physicians, as transportation is a huge issue for our community. Our goal is to provide patients access to healthcare at the right time for the right reason. Managing their chronic illness is a huge focus for us, but to do that, you have to have primary care. Within the past several years in our four-county service area, we have added 16 primary care clinics to the four we initially had. We also entered the retail clinic market five years ago with Wal-Mart Stores Inc., and one thing we learned about our population is that they prefer going to a retail clinic where an appointment isn't needed. We also have traditional clinics where patients can make an appointment, but that's not the way our community accesses healthcare right now.

How do you identify these patient population trends?

Using analytics has been key for us. When the Affordable Care Act was passed in 2010, we realized what population health meant for us: that we needed to understand our demographics, the major illnesses and diseases being experienced and how our population accessed care. Data analytics is critical to tracking all of that. We have an analytics department that provides us with specific intelligence regarding where we need to concentrate our efforts. Our analysts can identify the location of clinics in certain communities being used the most, how often patients are visiting them and what services are being used. It's a laser focus that helps us identify where to put our resources and where people will actually use them.

How do you strengthen your predictive analytics efforts?

Recruiting talent is the biggest thing. Our five analysts are passionate about the data, and they understand the IT resources required to collect and dissect the data. It's made a huge difference for us. In the past, we made decisions based on what we thought we knew. Now, we have a better way of understanding what the true facts are.

What does it take, then, for you to help the organization succeed in achieving its mission, vision and values?

To be a leader, you have to have people who are willing to follow you. The No. 1 one thing I have to do is maintain those relationships with the board, medical staff and employees, which are based on trust and integrity. Everyone needs to understand what our vision is, and my role is to make sure that vision is realized; I have to articulate the vision and how we are going to fulfill it. I am accountable for things when they don't go well, and I praise and recognize others when we are successful. It's not about me; it's about my staff.



RECOMMENDED READING



The Best Patient Experience: Helping Physicians Improve Care, Satisfaction, and Scores

This new release explains how healthcare leaders can help physicians improve their interactions with patients and achieve higher patient satisfaction scores. Author Bo Snyder, FACHE, offers tips, tools, templates and resources leaders can employ to support physicians in their relationships with patients. Recognizing that the process for building a better patient experience is not easy, the book intersperses practical advice with

anecdotes from the author and other healthcare leaders to provide context for working through these challenges. Features of the book include a case study of a physician group that improved its patient satisfaction scores from the 20th percentile to the 99th percentile.

Softbound, \$68, 2016
ISBN: 978-1-56793-738-1
Order code: 2297
An ACHE Management Series Book



TREND TRACKER

With the U.S. healthcare sector adding jobs at an unprecedented rate, employers are under pressure to attract the workers they need, especially critical skill employees. Yet recent findings reveal that **employers aren't prioritizing the attraction driver that employees value most: base pay, according to a recent Towers Watson Data Services Health Care Compensation Surveys.** Healthcare employers will need to place greater emphasis on compensation to ensure they can attract the best talent. Sixty percent of healthcare organizations reported having problems attracting critical-skill talent, and employees' and employers' views drastically differ on what the attraction drivers should be.

What is it going to take to attract the right critical skill talent? Base pay will continue to be a major driver for attracting capable healthcare talent. As organizations ramp up their recruiting efforts, three questions are worth considering: Does our compensation plan reflect the most current market data? Are our salaries competitive enough to attract the best talent? Does our pay program align with our talent needs and business goals?
www.towerswatson.com

Industry leaders are unleashing technology's power by developing new technology platforms. But more than that, the platform-based business models and strategies they enable are driving the most

profound global macroeconomic change since the industrial revolution. In the digital economy, platform ecosystems are nothing less than the foundation for new value creation. The concept of a platform economy is shaped by the belief that there's no single technology that's going to solve a business's problem. Platforms are enabling smart cities, connected machines, robust customer analytics and more. In healthcare, they provide the underlying technology that can make healthcare experiences more connected. **Some companies have taken the plunge into these platforms, while others are just beginning to use digital technologies and cloud foundations as a first step into the platform**

world, according to Accenture's *Digital Health Tech Vision 2016*.

The power of platforms should not be underestimated. More than ever before, they can link the entire healthcare ecosystem, from patients to providers to health plans. Imagine a future when healthcare consumers will go to one central place to book an appointment, check their EHR or pay an out-of-pocket expense. Providers will track a patient's activity from hospital to home. Upon discharge, data from a patient's blood pressure monitor, coupled with

analytics, could indicate a pending complication and give providers ample time to take corrective action.

Platforms can help reduce out-of-pocket costs by supporting healthier lifestyles among consumers; furthermore, they make previously difficult-to-access services more mainstream. Take, for instance, leading health plans that are making wellness programs available to the masses because platforms make it easy and cost-effective to scale such offerings and integrate them into existing experiences. www.accenture.com

Successfully Navigate a Career Transition (continued from page 1)

time in making decisions after you start your new position. There may be reasons to make a quick decision, but it is usually most prudent to wait until you learn more about the organizational environment and culture first. Doing so will pay dividends down the road. Hasty decisions are not something you should feel pressured to make soon after starting your new position—they can hurt you and your organization in the long run.

After committing to the decision of switching roles and obtaining a new position, a smooth transition is critical to the success of your role within the organization—especially during the first 90 to 120 days. The absolute first thing you should do in your role as CEO is to sit down with board leaders to discuss their expectations of you during those first few months. Doing this will help in finalizing an orientation schedule and will ensure that you understand the goals for those first

months on the job. The orientation schedule should be very specific, with timeframes for regular check-in meetings with your supervisor and the board.

Your orientation plan should include an organizational assessment of every level. You will need to learn about the larger health system (if applicable), its procedures, how it functions at a national level, and organizational areas such as finance, budgeting and human resources functions, compliance-related activities and strategic planning. You'll want to understand the organization's history, corporate culture and politics to help you understand where you fit in.

During this time, you should gather as much information about the organization as possible from consultant studies and reports. You should interview organizational leaders, vendors, competitors,

(continued on page 7)

Bring Customized ACHE Seminars Directly to Your Organization

ACHE *On-Location Programs* allow you to:

- Deliver a high-impact educational program in your community
- Address the pressing organizational issues that limit optimal outcomes
- Save time and travel dollars by having the program come to you
- Offer the session in a three-hour, one-day or two-day format
- Access expert ACHE faculty and staff support
- Provide valuable ACHE Face-to-Face Education credits



Foundation of the
American College of
Healthcare Executives
for leaders who care®

For a complete listing and to schedule a program for your organization, visit ache.org/OnLocation or contact Catie Russo, program specialist, at (312) 424-9362 or crusso@ache.org.

Compelling Communication

Creating Engagement, Understanding and Results



During this CEO-only program,
you will:

- Enhance leadership and coaching skills to deliver aligned messages connecting behavior to mission execution.
- Apply communication techniques to create a feedback-rich environment, minimize negativity, encourage peer-to-peer leadership and navigate difficult conversations.
- Gain comfort in clarifying performance expectations to reduce miscommunications and safety errors.
- Develop a personal action plan, incorporating tactics and lessons learned.

CEO Circle Forum

October 6–7, 2016

Hyatt Regency Coconut Point Resort and Spa
Bonita Springs, Fla.

Act now! This program sells
out quickly. **CEO Circle Members**
receive a **\$150 discount.**

Register now at

ache.org/CEOforum

This program is approved for 12 ACHE
Face-to-Face Education credits and has been
approved for AMA PRA Category 1 Credit.™

Those results served as a readiness-for-change indicator that the health system needed to institute a meaningful organizational accountability structure, develop its leaders through coaching with the consultants and establish reward and recognition for speed of change, collaboration and working through barriers to implementation.

Three Critical Imperatives

Working with the consultants' coaches in real time, MIHS launched a process in January 2014 that involved leaders generating ideas and rapid-cycle testing of the ideas to quickly implement changes during the consultants' 100-day workout processes, each of which had a different focus. Additionally, the health system provided key financial, IT and, in some cases, marketing support to leaders to help them succeed.

There were three critical imperatives to MIHS' process:

- Suspend the organizational chart and eliminate bureaucracy.
- Demonstrate speed to implementation and create a sense of urgency.
- Drive accountability for measurable and sustainable results.

Suspend the organizational chart

and eliminate bureaucracy. MIHS instituted the consultants' Leader Effectiveness and Accountability Program that brought together employees from all departments in the health system to break down silos, create a process of collaboration whereby everybody shares their strengths and ideas, and suspend the traditional organizational chart so employees would be free to rapidly implement the ideas they were generating.

The consultants also guided MIHS senior leaders through a "one-up, two-down" span-of-control process, an exercise in which each organizational layer in the health system learned about the layer above it and two layers below to identify opportunities to streamline departments and positions and to fully optimize the strengths of previously unidentified leaders. This process saved the organization approximately \$2.5 million.

Demonstrate speed to implementation and create a sense of urgency.

During its 100-day workout sessions, MIHS sought to accomplish a certain number of goals, such as each leader in the organization generating eight ideas per 100-day workout session, then quickly evaluating the ideas through a process called rapid-cycle testing.

Coaches provided real-time, onsite guidance to leaders before the workout sessions and during the workout process. These coaches possessed experience in transformation management, process engineering and some also had clinical backgrounds.

MIHS held monthly check-ins at which time the system celebrated successes and communicated results throughout the organization.

Most important, results of implemented changes and early alerts to stalled plans were tracked in real time through an online app and made available to all leaders in the organization to ensure accountability, visibility, spread of ideas, collaboration and celebration of accomplishments.

Drive accountability for measurable and sustainable results.

MIHS focused on productivity and

(continued on page 8)

physicians and board members to gain a better sense of how your organization works.

Throughout your orientation, you'll have the opportunity to engage your team. Identify the members of your team who are change agents—people you can work with to create collaborative learning processes. It's important to find a balance with staff between stability and change. I use this time to value and reward the team and to give them the opportunity to know more about, learn from and trust me.

It's also important to understand how your progress will be measured during the orientation period. Key factors likely to be considered include your energy and stamina as well as your insights around the organization and its strategy. The board will want to gain a better idea of both your focus and your ability to be flexible, decisive and judicious. It's important you demonstrate each of these traits to the board and other leaders during your orientation period.

Your ability to be effective under pressure also will be evaluated. In other words, can you make tough calls but remain humane? For example, if you have to make changes in staff, you should demonstrate the ability to be both mindful and ethical. In addition, the board will evaluate your communication skills and style. Be frank while communicating vital information, but do so with sensitivity, care and fairness.

Of course, the board also will evaluate you on your ability to lead

the organization down the right path. In my experience, we looked at the established goals and created our own metrics. It was necessary that I had an understanding of them and what we needed to do to either enhance the metrics or maintain them. I regularly met with the board chairman to keep him

After committing to the decision of switching roles and obtaining a new position, a smooth transition is critical to the success of your role within the organization

or her apprised of important issues the organization was facing. And I believed it also was important to meet on a fairly consistent basis with individual board members.

In addition, it's important that you take time out of your day to reflect on each day's events. At least every other day, I would ask myself: "Where am I at this point in my transition?" Allowing time for reflection from both a personal and business standpoint is an important part of any onboarding process.

Taking Care of Yourself

Maintaining your physical health and well-being during the transition to a CEO role also is critical.

If you're not on a regimen to support continued health and wellness, you need to be. In these roles, you have to be "on" all the time, and you need time to yourself to maintain your circadian rhythm and energy.

Taking time out for your family during the orientation period, no matter how busy or how challenged you may feel, also is key to a successful transition. Keep family members abreast of what's going on at work and how you're progressing in your role.

Your transition is a journey. It's important not to leave your family behind.

Michael H. Covert, FACHE, is president and CEO of St. Luke's Health in Houston (mcovert@stlukeshealth.org).

IHF World Hospital Congress

Oct. 31–Nov. 3, 2016
Durban, South Africa

Registration is open for the International Hospital Federation World Hospital Congress. Gain insights from healthcare leaders around the world during interactive sessions on the conference theme, "Addressing the Challenge of Patient-Centered Care and Safety."

Learn More:

www.ihf-fih.org/ihfcongress

Register:

www.ihf-fih.org/ihfcongressregistration

eliminating waste in the organization by targeting labor and productivity cost and nonsalary expense reduction. The health system used different tools to benchmark its supply cost and productivity, such as an online staffing app that supported “in-quality staffing,” in which system leaders examined hour-by-hour demand and matched staffing levels to incoming work.

Patient throughput was another area of focus. Each department leader applied his or her eight changes from the 100-day workout to achieve one more department unit of service for every staff person per shift.

Driving System Performance

In fiscal year 2016, MIHS is on track to experience a \$25 million shortfall, compared with the \$75 million shortfall the organization faced in fiscal year 2014. Now in its third year, the health system continues to use this rapid, focused process to drive system performance, and in 2017, it hopes to begin adding cash back into its balance. Notably, MIHS also improved 11 of the 15 quality metrics, which are tracked by the board of directors, while implementing margin improvement initiatives.

The health system’s next workout session will focus on rapid budget

variance response, monitoring the system’s progress toward monthly budget targets on a real-time basis to implement mid-month changes to ensure each department achieves its budget before the end of the month.

Another significant result of this approach was a recognition among the organization’s leaders of the need for a culture change. Everyone at MIHS now understands how all the pieces of the health system work together.

Additionally, the health system now recognizes that staff are able to step outside of a traditional organizational chain of command and pursue changes that must be fast-tracked.

Later in the process, MIHS conducted a follow-up leader/top-performer survey approximately halfway through the second workout session, which yielded markedly improved results regarding whether leaders believed the organization was focused on the right issues.

A follow-on survey conducted at the end of the third 100-day workout session, when the organization had surpassed a \$50 million CFO-validated margin improvement in a one-year period, demonstrated MIHS

was on par with top-performing health systems in several categories.

Lessons Learned

The positive results seen in the final survey validated MIHS’ approach. The process celebrated results and the discipline of submitting ideas; placed a premium on idea implementation; tore down silos; tracked results in real time; and used benchmarking provided by the consultants’ database to generate ideas and compare MIHS’ results against those of other organizations.

Additionally, MIHS learned the importance of staying the course and that communication is key to such a process. Generating CFO-validated results—and sharing those results regularly in a fully transparent way—can motivate staff to do even more.

Stephen A. Purves, FACHE, is president and CEO of Maricopa (Ariz.) Integrated Health System (steve.purves@mihs.org). Richard J. Priore, ScD, FACHE, is practice leader, high impact margin improvement, Caldwell Butler & Associates, St. Paul, Minn., and associate professor, University of Minnesota, School of Public Health, Minneapolis (richp@caldwellbutler.com).



American College of
Healthcare Executives
for leaders who care®

Chief Executive Officer

© 2016

Editor

John M. Buell

Designer

Carla Nessa

American College of Healthcare Executives
Summer 2016: Volume 21, Issue 3

Published four times a year for members of the American College of Healthcare Executives CEO Circle. The CEO Circle annual membership fee is \$295.

CEO Circle membership is open to all ACHE members who are chief executive officers or the equivalent.

To learn more about the benefits of becoming a CEO Circle member or to subscribe to *Chief Executive Officer*, call (312) 424-2800 and ask for a CEO Circle representative, or visit ache.org/CEOCircle for more information.

CONIFER
HEALTH SOLUTIONS®

Chief Executive Officer is brought to you in part by the support of Conifer Health Solutions, an ACHE Premier Corporate Partner. For more information, please visit www.coniferhealth.com.