

Leadership Development as Corporate Strategy:

Using Talent Reviews to Improve Senior Management

By Tequia Burt

Healthcare leaders are aware now, more than ever, of the need for effective succession planning programs to be in place in their organizations. And although most executives agree that arranging for new leadership is important, many hospitals do not practice adequate succession planning, according to an October 2004 American College of Healthcare Executives study conducted by Andrew Garman, Psy.D., associate professor at Rush University Medical Center's Department of Health Systems Management and J. Larry Tyler, FACHE, FAAHC, president of Tyler & Company, a private executive search firm in Atlanta. It is available in the Research area of ache.org.

Healthcare decision makers are looking for innovative ways to face the new obstacles being presented when trying to retain and recruit top-level talent. The sheer number of retiring baby boomers is a main reason organizations are scrambling to fill increasingly vacant posts—there literally are not enough people to take their places. Also, according to Deedra Hartung, the vice president and practice leader for Cejka Search's Executive Search Division in St. Louis, younger career-minded people are typically more interested in working for entrepreneurial technological ventures.



Instead of just number-crunchers, healthcare organizations need leaders who have different abilities from those in the past. They require executives with savvy technological skills, along with highly specialized knowledge and strong management experience. The changing face of today's workplace also necessitates a new generation of more diverse senior-level management.

Cultivate talent from within

Garman and Tyler's national survey, "CEO Succession Planning in Freestanding U.S. Hospitals," of the CEOs and board chairs of more than 700 institutions found that the lack of preparation in healthcare organizations was not because there was a conviction that planning lacks value. Rather executives say more immediate organizational challenges continually take priority and they believe effective succession planning takes more resources than they can spare.

Hartung says it doesn't matter if the need for proper planning is on the radar if it is not being initiated, especially with more new challenges on the horizon in recruiting healthcare leaders. In July 2005 Cejka Search released in partnership with Solucient a survey of hospital CEOs that found that successful hospitals with the best practices are those that promote from within their own ranks.

Although the fast-paced environments in most hospitals can often make it seem as if there are more important matters on the agenda, healthcare leaders need to start paying more than just lip service to the practice of cultivating leadership from within. "One of the things we identified in our 2005 Hospital CEO

Leadership survey was if you look at what top hospitals are concerned about today, there are lots of things being pushed ahead of leadership development," Hartung says. "It's ranking number six on their top list of issues. It's there, but not on the top so they don't develop talented people with high potential for leadership positions from within their own organizations."

Other problems also are presented when organizations look outside for top talent. "Healthcare organizations are such political organizations that there are real advantages to knowing who the players are," Garman says. "When you bring in outside people, you face a huge amount of time socializing them to the organization's culture."

The benefits of leadership planning

Jay Scherer, partner with Scherer Schneider Paulick, LLC (SSP), a Chicago-based executive coaching and corporate outplacement firm, says implementing leadership development programs that use corporate talent reviews at least annually will improve pools of potential leadership in healthcare organizations. "The idea of a talent review is to find the people in an organization who have talent and to nurture and develop that talent," Scherer says. "It is especially true in today's workplace that having a process established that helps to identify talent from within benefits both the employee and the organization."

Many healthcare executives are beginning to heed Scherer's advice and are looking to establish leadership development programs that use talent reviews, which Scherer defines as a regular process implemented by organizations to ensure effective succession in key jobs, instead of relying on more traditional replacement planning. Replacement planning makes managers solely responsible for singling out and grooming their replacements, while leadership development takes a broader assessment of management potential throughout an organization without attempting to isolate single individuals to fill certain positions. Leadership development using talent reviews allows companies to pinpoint a person's specific skill set so that they can be used more effectively in the organiza-

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tion. Important components of this process include an organized approach to identifying vital jobs and critical talent; participation by senior operating and human resources executives in regular meetings to discuss these key jobs and talented people; and using the results of these discussions and other collected information in selecting candidates for open jobs, according to Scherer.

A best practice component of any talent review process ensures participation by individuals considered to be critical talent. Conducting talent reviews discourages senior management from manufacturing assumptions about employee goals and aspirations and makes team members an integral part of the plan. "There are real advantages to completing talent reviews," Garman says. "It says to employees 'we as an organization value you and want to create and maintain a meaningful relationship. It paints the picture of staying in the organization by encouraging him or her to develop professionally. If left to their own devices, career-minded individuals will take it upon themselves to set up their own career plans, which may or may not mean staying with the same organization.'"

While leadership development planning seems to be the perfect solution to senior-level healthcare managers, Garman warns of some potential pitfalls. "Ideally you want the CEO involved. It is critical to have a CEO

who fully supports the process and is committed to follow through," he says. "A talent review doesn't yield meaningful results if dedication to follow through is absent. If a person requires skill development, there must be a way to help them build the skills they need."

Leadership development planning in action

Having a leadership development plan in place allows senior management to have a clear picture of the kind of leaders organizations need to meet specific goals. Allina Hospitals & Clinics, a network of healthcare services made up of nearly 5,000 employed and affiliated physicians and 23,000 employees in Minnesota and western Wisconsin, is about two years into its leadership development program. Larry Voeller, director of leadership and organizational development, maintains its plan is critical to Allina's continued and future success.

"Allina established this process because we believed that the right leadership talent is THE key factor in our future success—without effective leaders at all organizational levels and sustained over time, we simply won't be successful in our aspirations to excel in clinical care and service," Voeller says. Allina's specific goals are to identify and prepare an internal leadership talent pool at multiple leadership levels; to provide high-performing leaders with opportunities for skill develop-

ment and to keep them engaged and happy with Allina; and to increase their entire cadre of leaders to deliver on shared Allina goals.

The institution of Allina's pioneering plan began with President and CEO Richard Pettingill, FACHE. His dedication to establishing an effective leadership development program that would align Allina's senior management around one cohesive vision has been crucial to Allina's success. Pettingill realized shortly after his arrival in 2002, that no top-tier manager could specifically define the qualities of an Allina leader. He realized he could not do it alone and tapped Minneapolis-based MDA Leadership Consulting to help with Allina's efforts. Implementing leadership development programs are time-consuming, expensive, and very often transformative for the healthcare organizations that undertake them. Voeller maintains it's important for institutions that initiate these programs to have a leader who sees it as an organizational priority—otherwise it won't work.

Although Voeller says Allina has seen positive results since the plan was put into action, there is still much work to be done. "In the long run, Allina has targeted a 70 percent internal fill rate from within our own leadership ranks and we know it will take us multiple cycles to move toward that goal," he says. While this is certainly the case, Allina has already filled several key positions. "We also have used our

process to select individuals for significant developmental assignments where the stakes for success and the opportunity to demonstrate leadership are both high. This has a payoff for the individual and the organization," Voeller adds. When the plan was first initiated, Allina could fill only 20 percent of open positions with viable candidates; now 60 percent of the positions have candidates ready to step in.

Allina has been able to identify areas where the organization needs improvement. "Our development plan and coaching isn't as strong as we want it to be," Voeller says. "We also are now focusing our matrix on potential. In the past it was based only on performance, but now there is more concentrated development on high-potential people."

Allina's managers also have seen benefits from the program. "The program has produced real results," says Brian S. Felton, associate general counsel for Allina Hospitals & Clinics. "The leadership development process has given me a clear picture of the skills needed to excel as a leader at Allina. Through the talent review, I've received very specific feedback about my own leadership skills, not only from my supervisor but also from her peers and from the team I manage. That has allowed me to create a personal development plan with things I can do each day to improve the way I lead. The talent planning process also has helped me to articulate my

own career goals more clearly, and to see how those goals can align with Allina's current and future needs."

Voeller maintains that developing a plan was well worth the effort despite the time and money Allina spent on the leadership development program. "It has allowed us to reach a consensus of the kind of Allina leadership we want and that is an important message to send to leaders across the organization," he says. "We were trying to move from a loose confederation of business units into one Allina. With that common set of expectations we looked at what kind of leaders we had and what kind of leaders we needed. It told us where we needed to invest our development and how individuals might be misplaced."

Develop your own plan

The first thing an organization must do is **make a collective commitment to the plan**. If the CEO is not on board, if there is not a concerted effort to start or improve job training programs that assist employees in individual talent development, or if the time or money commitment is perceived as too great, the plan will likely have no real benefits. Realizing the benefits outweigh the costs is the first step on the road to success, according to Voeller.

Second, **establish a leadership model**. Deciding what kind of leader your organization needs is critical to your plan's success. Allina's original

project team came up with the following set of commitments to define what they expected from their leaders:

- Act courageously to inspire high performance.
- Live the values.
- Enable exceptional care.
- Foster joy and optimism.
- Convey passion and commitment to our mission.
- Build a collaborative culture.

Third, **realize that change cannot happen overnight**. Establishing a leadership development plan will take a lot of hard work and dedication to follow through. Leaders also have to be willing to continually improve the process. "In our organization, you're talking about developing approximately 1,200 leaders. In order to go that deep, we knew it would take time," Voeller says. "You do a cycle or two and learn from it and enhance it." To ensure the set of commitments was communicated to Allina's 1,200 person management staff, Allina tapped 80 of its top managers to participate in a two-day immersion program for its senior-level leaders.

Fourth, **conduct talent reviews at least annually**. At Allina, a manager prepares for a talent review by meeting with his or her direct report and having a discussion about both near- and long-term aspirations, as well as leadership competencies.

Fifth, **draft individual employee profiles**. After managers meet with their direct report at Allina, they create an individual profile that includes the

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report's career experience and aspirations. It also lists the employee's strengths and weaknesses.

Sixth, **set up peer reviews.** Allina managers meet with their peers to discuss individual reports. They use it as an opportunity to learn something about an employee that may not have been apparent previously.

Seventh, **be ready to shake things up.** Once potential talent has been identified, be willing to make changes in your organization. This might mean moving high performers into low-performing areas or giving high-potential people who are ready for the next level more responsibility. Or it

may mean moving people who are not performing into areas where they may perform on a higher level. Allina has begun to create talent pools to find individuals who are ready and willing to take a step up.

Eighth, **create leadership development plans.** Managers should meet with their direct reports to work out an employee development plan to follow over the course of a year. Set concrete and specific goals that will benefit the employee as well as the organization. Make sure your company has follow through programs that encourage employees by offering learning opportunities like courses or seminars to beef up an employee's skill set or to learn

something in an area in which he or she has the potential to excel.

It may sound like a lot of work, and it is, but it pays off in the end because it helps to determine how healthcare institutions can put into place the right management team to address specific organizational challenges.

"This plan has really enhanced what our organization could accomplish," Voeller says. "Now, we're not simply recruiting and retaining. But recruiting the right type of leader an Allina leader."

Tequia Burt is associate editor for Healthcare Executive.

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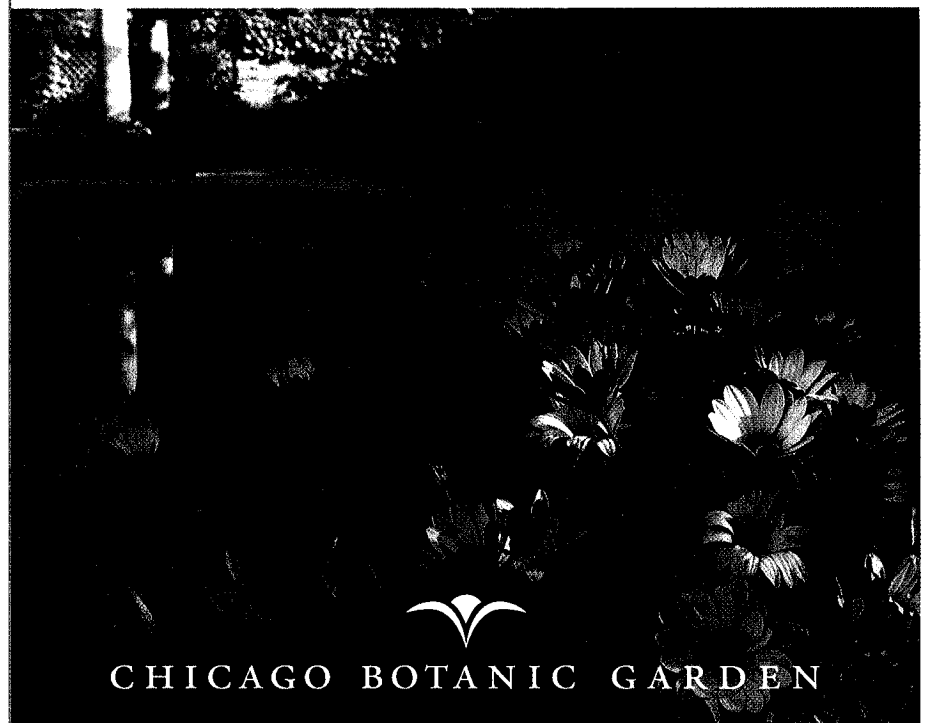
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