Reducing Leader Variance

BY QUINT STUDER

If you talk to financial managers at most health care organizations, you may notice they focus a great deal on measurement metrics and reducing variance. Sometimes other leaders in the organization have the impression that the Finance department is more concerned about numbers than people.

But the fact is, we would be better off in health care if more leaders ran their operations like financial managers. And with respect to perceptions about Finance, I believe financial managers are concerned about people. However, they understand that consistency and standardization in operations come first. If we can't ensure operational excellence, we can't build a great place for employees to work, physicians to practice, and patients to receive excellent care.

In working with organizations, Studer Group coaches almost always find there is too much variance among leaders. For example, even though Finance continuously monitors and measures days cash on hand and cash collections, there may be no tracking or action plan to reduce outpatient no-shows in other areas of the hospital. And yet, pre-visit phone calls yield a substantial return on investment: $500 per case contribution to margin at one hospital recently.

Another example: Leaders at a hospital wanted to reduce the number of treated patients who returned within 72 hours to its Emergency Department. As a result, ED nurses were trained to make post-visit phone calls to patients after discharge, using the standardized process Studer Group recommends. But the number of attempted calls—and the quality of the calls—varied based on which leader was working. After hardwiring and standardizing the process with staff who made the calls, they improved the number of contacted patients from 15% to 40.3%. This resulted in an additional 1% reduction in ED patients who returned within 72 hours and netted the hospital an additional $39,600 per year.

When I work with large groups of leaders, I often ask a financial manager in the audience: "If a manager has exceeded their expense budget for a month, how long will it be before you ask about an action plan to bring expenses back in line?" They inevitably answer, "Five minutes…. five hours…" One month at the most if they are tracking a trend.

But if I ask other leaders about variance in other areas (such as service, people, quality, and growth), action plans and accountability are often sketchy. Leaders tell me this may take weeks, months, or may never happen.

In short, there is a need for organization wide accountability. And the only way to achieve that is to reduce leader variance. Just as one clinician who is an "outlier" can adversely impact the organization's patient satisfaction for months, a leader who is an outlier can negatively impact many areas of the organization. There is ample evidence that standardized processes for employee selection, evaluation, and training all drive organizational results.

Hear Quint Studer Speak at HFMA's February Dixie Institute

Learn specific tools and tactics for reducing leadership variance at your organization by attending Quint's keynote at HFMA's Region V Dixie Institute in Greensboro, GA Feb. 20 to 23. To register, please visit www.hfmadixie.com.

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Why Leaders Don't Standardize Behaviors

I find that a common reason leaders struggle with standardizing these behaviors is their strong desire for autonomy in providing leadership for their particular work area. I'm all for a leader having their own individual style, but they still have to standardize certain procedures.

My question to those who fight leadership standardization is this: Is personal autonomy more important than achieving your organization's desired results? And since organizational goals cascade from the organization's mission, is your autonomy more important than the organization's mission?

Assess Your Organization

Consider these questions when thinking about the leadership at your organization:

- How many different interview systems does your organization use?
- When your leadership team exits a departmental meeting, how confident are you that the message you have intended for leaders to take back to their department is actually delivered?
- When employees ask leaders tough questions, how confident are you that they will provide the answers you prefer?
- Do you notice that some leaders in your organization perform well while others do not, although they all work in the same environment?
- Does you leader evaluation process embrace a balanced approach that aligns each individual's accountability with organizational goals?

Five Ways to Reduce Leadership Variance

I believe financial managers, by virtue of their professional training and experience, are uniquely qualified to help non-financial managers reduce leader variance by modeling standardization and consistency in their own leadership behaviors. Here are my top five suggestions for a strong start:

1. Use a common agenda. While I recommend that agendas are organized by the Five Pillars (people, service, quality, finance and growth), the most important thing is that there is a standardized meeting agenda used by all leaders throughout the organization. First, this approach aligns all staff to the same organization-wide goals, thereby connecting to the vision and mission of the organization. Second, it provides a single mechanism to cascade communication to staff so all employees understand the critical success factors both in the organization and in their individual work areas.

2. Align the evaluation process to the Pillars or your organization's critical success factors. Goals must be objective, measurable, meaningful, aligned, and focus on results.

3. Ensure that each leader leaves every department meeting with a packet of information he or she can share with staff so that every employee hears the same information. (Many organization use "Flip N Tell", a tool widely available at office supply stores.)

4. Choose a single common selection method for hiring new staff. I suggest that all applicants be asked at least two to three of the same behavioral-based questions regardless of the job for which they are interviewing. Choose questions that are geared toward values and ownership. (For sample questions to ask, search on "behavioral based interview questions" at www.studergroup.com)

5. Collect from leaders the tough questions they hear from staff. Work with leaders to develop ways they can respond uniformly across the organization when they receive these questions. If there are one hundred leaders in an organization, there may be a multitude of answers given to the same question, depending on the leader. This exercise provides leaders with skills to address these questions, which builds confidence and also provides evidence of the organization's desire that all leaders have the information they need to respond to staff questions.

6. Make sure leaders and supervisors have been trained in basic competencies to use the above five tactics. The most successful health care organizations I know provide significant hours of training in specific leadership competencies annually.

Great performers in any field realize they must not tire of repetition; they must thrive on it. As we become better at a learned skill, we become more efficient, and then get even better. If you commit to reducing leadership variance in your organization by implementing just these few suggestions, I am confident you will be rewarded with better clinical outcomes, greater operational efficiencies, and greater innovation.

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