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**alignment, action, and accountability**  
getting results in a down economy

**Quint Studer**

## COVER STORY

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## alignment, action, and accountability getting results in a down economy

This evidence-based assessment can help align goals, align behaviors, and ensure accountability, even under economic stress.

On a recent short survey, 571 individuals working at a major healthcare system were asked this question: “If leaders in your organization continue to perform exactly as they do today, will your results over the next five years be much worse, somewhat worse, better, the same, or much better?”

Invariably, senior leaders predicted they would perform worse. But the majority of middle managers and frontline supervisors said they would expect to operate exactly the same, delivering organizational results that were the same or even better.

Why this difference? Senior leaders understand the dynamics the healthcare industry is facing: The external operating environment is becoming

increasingly difficult; reduced investment income will affect organizations’ capital projects; bond downgrades will increase operating costs; cash will continue to contract; and consolidation will increase. They know that urgent changes must be made to survive in these challenging times. But they are not doing an adequate job of communicating what they know to their reports or transmitting this sense of urgency.

In short, there is a huge disconnect between how senior leaders see the environment and how the rest of the management team views it. As a result, organizations are unable to move quickly in the face of change or respond appropriately to the external environment.

### Evidence-Based Leadership Assessment

The key to overcoming this disconnect? Three components of execution will guarantee results: aligning goals, aligning behaviors, and ensuring accountability. The concept underlying these components can be termed *evidence-based leadership*.

Evidence-based leadership helps the organization see the external environment the same way

### AT A GLANCE

- > A disconnect often exists between the way external pressures are viewed by senior leaders and middle managers.
- > This disconnect creates a situation where the organization may have difficulty moving quickly in the face of change or responding appropriately to the external environment.
- > Senior leaders can improve performance through efforts aimed at aligning goals, aligning behaviors, and ensuring accountability.

Read recent related Leadership and Management columns by Quint Studer, available in June at [www.hfma.org/hfm](http://www.hfma.org/hfm)

and respond to its challenges in an aligned way. To determine your effectiveness with managing the components of evidence-based leadership, consider the following assessment.

Scoring is simple: It's possible to earn up to 100 points. When a score is below 50, consideration should be given to implementing some of the evidence-based leadership practices described. Scores around 50 indicate someone is an average executor, but not getting the organizational results desired. If a score is above 80, then congratulations are in order: Your performance is better than most of the leaders in health care today.

**1. My organization has an objective, measurable leadership evaluation system that effectively holds people accountable for results.**

Your rating: \_\_\_\_\_ points (25 points possible. Give yourself 10 points if leader evaluations align with organizational goals and an additional 15 points if goals are also weighted.)

Can leaders perform poorly in your organization and still get a good year-end evaluation? If you want to test this, look over your organization's results from the past year. Then ask the human resources department to pull leader evaluations

## Rochester General Aligns and Executes for Great Results

Rochester General Health System (RGHS) is a Rochester, N.Y.-based organization with 7,000 employees, more than 1,000 physicians, two acute care hospitals, three long-term care facilities, a large behavioral health network, and more than 300 employed physicians. The system is by no means immune to challenges facing health care. In fact, in spite of improving operating margins in 2007 and 2008, CEO Mark Clement recognized the system was looking at a more than \$25 million reduction in its operating performance unless it acted quickly.

The good news: Clement had been communicating through monthly updates to all 9,000 team members and volunteers about changes in the external operating environment since October. So by December, the groundwork had already been laid when RGHS developed key message points and training for the system's 500 leaders on how to have crucial conversations with employees about the proactive actions necessary to fund the system's future.

When RGHS eliminated 250 positions in January—also changing pay practices and capping discretionary employee benefits—employees understood the need to act with urgency so the organization's ability to meet its mission wasn't impaired. When Clement, along with affiliate leaders, held employee forums across the system to talk about proactive steps the organization was taking to fund its future and answer questions, attendance was high. So was understanding and support for the actions being taken. More than 98 percent of employees agreed or strongly agreed the organization was heading in the right direction and were personally committed to doing their part to help.

Now leaders hardwire communication through monthly management meetings where they cascade messaging from senior leaders to front-line staff. Recently, Clement asked 600 managers and front-line leaders to send him an e-mail with ways they could be more efficient in reducing costs and boosting growth. "I've asked them to act like the CEOs of their own departments and they're coming through with great ideas, like eliminating overtime," he says. "Don't be apologetic about making the necessary financial adjustments to deal with the challenges facing healthcare organizations in these scary economic times. Just be sure to make the connection so employees clearly understand both the 'whats' and the 'whys' of every action being taken."

that corresponded to that period and categorize how well leaders did.

Typically, results of the organization are not aligned with the results of leaders. Many leaders receive “substantially exceeds expectations” while the organization misses key targets. Experiences like that, where an organization reaches only one of nine goals yet 73.8 percent of its leaders receive an evaluation of “substantially exceeds expectations,” are not uncommon.

Such lack of alignment easily leads to misused resources and talent. A 2004 *Harvard Business Review* article notes that “80 percent of top management’s time is devoted to issues that account for less than 20 percent of a company’s long-term value.”<sup>a</sup>

Most organizations tend to spend more time and money on branding and the organizational logo than they do on ensuring the implementation of an objective, weighted leadership evaluation system that aligns organizational priorities. Yet organizations will be able to respond effectively to the current operating environment only when evaluations of leaders correlate with organizational results.

Consider the experience of Brian Dieter, CEO (and former CFO) of Mary Greeley Medical Center, a 220-bed public municipal hospital in Ames, Iowa, with 1,400 employees and 150 (nonemployed) physicians. Mary Greeley is currently in its second year of using an objective, weighted leader evaluation system. “I call it our second year of accountability,” says Dieter. “Now managers are looking at real opportunities to align and reengineer what they do.”

He adds: “By establishing ‘bands’ of objective metrics around current levels of performance and asking senior leaders to review them as a team,

we have made sure that performance is no longer subjective. It’s no longer about how big the challenge or effort was, but about how good the results actually were.” As an example, Dieter points to cost per statistic in volume goals (e.g., cost per patient day in an inpatient unit, or cost per case in a procedural unit) that have been incorporated in the hospital’s new leader evaluation system; it’s now possible for the organization to adjust more quickly when volume fluctuates.

### **2. Our leaders get the training they need to ensure they have the skill sets our organization needs to respond to the external operating environment.**

Your rating: \_\_\_\_\_ points (10 points possible)

When the external environment is more challenging than it used to be, leaders need to be more skilled than they used to be in managing financial resources, answering tough questions (so you don’t create a “we/they” culture), and thinking both critically and strategically. It’s like preparing your house for when a big storm is coming. The leadership development curriculum should align with training gaps. Also, the senior team should own and approve the curriculum.

The top challenge that managers typically report is that they don’t have enough time. The question is: Do they really lack time, or do they lack skill in making effective use of that time to optimize their resources? It’s very telling when you ask leaders how much of their time is spent attending unproductive meetings, handling something that is a result of another department not doing what should have been done, or counseling staff to improve performance. Well-trained leaders typically spend the majority of their time in productive meetings and coaching performance. They make it a priority to reward and recognize high-performing staff, and develop middle performers to become high performers.

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a. Mankins, M.C., “Stop Wasting Valuable Time,” *Harvard Business Review*, September 2004.

### 3. Leaders in my organization regularly visit, or “round,” with employees.

Your rating: \_\_\_\_\_ points (7 points possible)

Just as physicians round on patients, senior leaders can round on their divisions, and unit leaders can round on their staff. The focus of questions during this rounding is to:

- > Build relationships (“How is your family?”)
- > Harvest wins to learn what is going well and who has been helpful (“Are there any physicians I need to recognize today?”)
- > Identify process improvement areas (“What systems can be working better?”)
- > Repair and monitor systems to ensure chronic issues have been resolved (“Do you have the tools and equipment to do your job?”)
- > Ensure that key behavior standards in the organization are being consistently executed (“Are you discussing patient accounts only in private to maintain confidentiality?”)

These objectives correlate with those that Gallup Organization identified as linking closely to employee retention in its 1998 landmark study of 80,000 managers.<sup>b</sup>

### 4. Leaders in my organization use best practices to recruit and retain employees.

Your rating: \_\_\_\_\_ points (8 points possible)

The only thing worse than a good hire who leaves is a bad hire who stays. To ensure you hire for best cultural fit, use behavior-based questions in peer interviews. You can also boost employee morale when you involve high performers in the interview.

Retention of high performers is key. Research shows that organizations with low employee turnover (below 12 percent) experience lower

b. Buckingham, M., Coffman, Curt., *First Break All the Rules: What the World's Greatest Managers Do Differently*, Simon & Schuster, 1999.

length of stay and mortality.<sup>c</sup> Meeting with new hires after 30 and 90 days of employment can reduce new employee turnover by about two-thirds.<sup>d</sup>

### 5. I consistently rerecruit high performers, develop middle performers, and deselect low performers.

Your rating: \_\_\_\_\_ points (12 points possible)

Learn how to categorize your employees by performance, ensuring you are rerecruiting the best, developing the middle, and taking an “up or out” approach to the worst.<sup>e</sup>

Ask yourself: How many of the employees that you supervise would you not want to hire again? In the current environment, there is no room for low performance.

Studer Group research shows that the average manager in health care has between 1.07 and 1.78 employees who are low performers. And yet typically, only 40 percent of those low performers are documented or have received any performance counseling. Remember—what you permit, you promote. What you accept, you encourage.

### 6. I write thank you notes and “manage up” other leaders and employees.

Your rating: \_\_\_\_\_ points (2 points possible)

A personalized thank you note is one of the best validations that someone is doing worthwhile work and making a difference. These notes rerecruit top employees, and they can help put senior leaders and front-line employees on the same side to avoid a “we/they” culture. Great

c. “The Business Case for Work Force Stability,” VHA, November 2003.

d. For more detail on how to calculate the ROI of improved staff recruitment and retention, see Studer, Q., “Selecting Talent: Tools for the Bottom Line,” *hfm*, July 2006, [www.hfma.org/hfm](http://www.hfma.org/hfm).

e. For more detail, see Studer, Q., “High-Middle-Low Performer Conversations,” *hfm*, August 2005, [www.hfma.org/hfm](http://www.hfma.org/hfm).

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leaders hardwire a process where they ask leaders to send them specifics on top performers. Then they mail a hand-written, specific, thank you note to the employee's home.

“Managing up” refers to all the ways that leaders spotlight and give recognition and credit to those who are doing a good job.

### **7. All employees are trained in communication best practices that can help reduce patient anxiety, defuse frustration, and ensure understanding.**

Your rating: \_\_\_\_\_ points (5 points possible)

In the same way that transparency of information creates ownership of financials, transparency of communication creates ownership of behaviors. Also, by standardizing the way you communicate with patients and families, you align words with actions to give a consistent experience and message.

Experience in field-testing communication tools in hundreds of healthcare organizations provides a basis for several recommendations.

*Develop a system for key words at key times.* These key words “connect the dots” to help patients and families understand why we are doing what we are doing (e.g., “Let me close that curtain to ensure your privacy” or “I am checking your arm band to ensure your safety.”)

*Rely on the five fundamentals of service.* Consider “AIDET” fundamentals: acknowledge, introduce, duration, explanation, and thank you. When using this approach, care givers *acknowledge* the patient by name and eye contact; *introduce* themselves, including a description of skill set, professional certification, and experience; give an accurate time expectation for *duration* of service (for example, tests, physician arrival or tray delivery); offer a step-by-step *explanation* of what will happen; and *thank* the patient for choosing the hospital.

## How to Run an Effective Meeting

What steals most of a leader's time? Unproductive meetings. Use these tips to ensure your meetings align participants, accomplish priorities, and support accountability.

*Use a standardized agenda format.* Include team member names next to assigned agenda item with time allotment, define desired outcomes, and set expectations for each subject (for example, information, discussion, or action).

*Establish ground rules.* Examples include starting the meeting on time, coming prepared, planning for the meeting to end 15 minutes early, recapping next steps during the last 10 minutes of the meeting, and rating the meeting outcomes.

*Take minutes.* This process involves listing who was present/absent, summarizing decisions, listing follow-up action items with names for accountability, distributing the minutes to others who might need to know, and including next meeting plans.

## 8. Patients are loyal to my organization.

Your rating: \_\_\_\_\_ points (18 points possible)

Patients who are very satisfied also tend to be very loyal (Press Ganey and Associates, March 2007), which increases volume through referrals. Do your satisfaction scores or HCAHPS survey results say patients will definitely recommend your organization?

### Covenant Health Works Its Plan

"I laugh when people say they are going to build a replacement hospital when the numbers get better," says Tony Spezia, FHFMA, CEO of Covenant Healthcare, a seven-hospital system with 9,000 employees in Knoxville, Tenn. "If you believe in your strategy and what you are doing for your community, you should do it now if you can. Then you'll get the results you desire. If you're not making decisions based on your strategic commitment, then there will always be another reason not to move forward."

Spezia walks the talk. Based on strategies approved by Covenant's board three years ago, he's currently leading \$168 million in capital spending—a historic high for the organization—to improve facilities and enhance technology, even as he communicates a hiring freeze to employees to adjust for the external operating environment.

He attributes his organization's ability to sustain organizational excellence to a long-term investment in people, service, quality, finance, and growth. "While there are ebbs and flows that impact finance, ultimately, our investment in other areas has created excellence in finance. This has allowed us to perform in a way in which we can stay on our curve," he says.

Covenant has gained 2 percent to 3 percent market share over the past two years, is achieving scores in the top decile for core measure performance, and handily beats the national average of 68 percent "definitely recommend" on the Hospital Consumer Assessment of Healthcare Providers and Systems survey of the Centers for Medicare & Medicaid Services with its systemwide average of over 80 percent. Last month, Spezia won *Modern Healthcare's* CEO IT Achievement Award.

"Our success also comes because we have an aligned workforce. Our high performer turnover is just 3.2 percent, and our 90-day new employee retention is 96 percent," he adds. "We send a message of confidence in our communications. One manager said to me recently, 'Thank you for telling why we aren't filling that position. Now that I understand, I'm fine with it.'"

Three key tactics can be instrumental in improving patient loyalty.

**Hourly nurse rounds on patients.** In a study of 27 units in 14 hospitals that took this approach, patient satisfaction scores increased an average of 8.9 points on a 100 point scale.<sup>f</sup> (A side note: Hourly rounding also dramatically reduces falls [estimated by AHRQ in 2005 to cost hospitals \$11,402 each] and hospital-acquired pressure ulcers [estimated at \$15,958 by the National Center for Injury Prevention in 2004]. Remember, CMS no longer reimburses hospitals for these "never events.")

**Calls in advance to patients before a hospital visit or inpatient stay.** These calls reduce no-shows and late arrivals (potentially increasing revenue and improving access by optimizing capacity), improve patient perceptions of care, and promote patient safety through an explanation of preprocedure protocols. One organization conducted a study in its Digestive Disease Center—12,000 annual visits—and reduced its percentage of no-shows from levels near 12 percent and 15 percent to 4 percent. The advance calls also improved patient satisfaction from the 47th to 60th percentile and increased revenue capacity by \$750,000.

**Discharge phone calls.** These critical calls improve both safety and patient satisfaction. According to a study in the *Annals of Internal Medicine*, nearly one in five patients will suffer an adverse event after being discharged.<sup>g</sup> Another study found that only 28 percent of discharged patients know their medication names (State University of New York, *Mayo Clinic Proceedings*, August 2005).

When Hackensack University Medical Center (HUMC) in Hackensack, NJ., tested whether discharge phone calls would affect patient satis-

f. Meade, C.M., Bursell, A.L., Ketelsen, L., "Effects of Nursing Rounds on Patients' Call Light Use, Satisfaction, and Safety," *AJN*, Sept. 2006, Vol. 106, No. 9, pp. 58-70; highlights findings of Studer Group's Alliance for Health Care Research.

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faction, it found that those who received calls were more than twice as likely to report satisfaction with service than those who didn't receive calls. What's more, patients who received calls reported feeling more prepared for discharge and were more likely to be satisfied with home care instructions and overall nursing care.

Consistently, the patients who received calls were more likely to recommend HUMC than were other patients.

### **9. Communication to all employees is standardized, cascaded, and transparent so everyone understands the urgency of the external environment we are operating in and how they can help our organization best respond.**

Your rating: \_\_\_\_\_ points (13 points possible.  
Give yourself 6 points if you communicate regularly with all employees. Add 2 points if you use a standardized meeting agenda format in your organization. Add 5 more points if you hold leaders accountable for follow-up on leadership training to ensure results.)

Do you communicate about changes in the operating environment openly and frequently with all employees? Most leaders don't. Middle managers often want to protect staff from these pressures.

Unfortunately, the result is that staff often mistake concern that is based on external pressures for concern that is originating from senior leaders. They may feel micromanaged.

Until everyone in an organization sees the external environment the same way, it's impossible to act in an aligned way. It's very similar to what is sometimes seen in response to a hurricane. When Hurricane Ivan came through Pensacola Beach, Fla., authorities issued a mandatory and immediate evacuation at the beach. But not everyone left.

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g. Forster, A.J., Murff, H.J., Peterson, J.F., et al., "The Incidence and Severity of Adverse Events Affecting Patients After Discharge from the Hospital," *Annals of Internal Medicine*, Feb. 2003; pp.161-167.

Some people immediately evacuated while others took time to make sure their homes were secure. Some stayed because they thought everyone was overreacting. Twenty-two people died.

What was the mistake? Everyone read the external environment differently. When people understand the environment differently, they move differently. Nine months later, when Hurricane Dennis was approaching and the authorities said there might be a hurricane, everyone evacuated immediately. The difference? People understood the consequences. Everyone understood the external environment the same way.

To align employees' behavior and create urgency, it's important to increase transparency and cascade information about the current healthcare operating environment. Everyone must understand the external forces that are causing changes in how today's organizations must manage their resources and structure their systems. Then managers and employees are more likely to engage in the behaviors needed to be successful. They understand the *why* behind the request.

Try this exercise: Ask senior leadership to make a list of all current external factors impacting the organization. Record the factors on a flip chart and ask the CEO to lead a discussion to identify the top three to five factors that are most pressing on the organization. As part of the discussion, work with the senior team to develop some key message points about each factor. Then ask leaders to share these with staff and keep them current with frequent updates. In times of crisis, communicate, communicate, communicate! ●

### **About the author**



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