

Objective Leadership Evaluations Drive Successful Performance

BY QUINT STUDER

Why do some organizations sustain excellent performance while others operate in fits and starts? Even though they may work under the same financial pressures and in a similar external operating environment, some organizations excel at attracting talent, growing market share, and maintaining financial health, while others just don't.

The difference: Successful organizations hardwire evidence-based leadership tools at all levels of the organization. In Studer Group's experience, the tool that most effectively drives and accelerates results in service, quality, finance, people, and growth is the use of an objective leadership evaluation. All leaders in health care today are busy. However, the key to getting results is the ability to prioritize focus on the right goals versus just keeping pace with the everyday demands placed on leadership.

Financial managers are adept at reducing variance through monitoring, measuring, and taking action on key metrics, like days cash on hand and collections. An objective leader evaluation offers financial managers a tool to hardwire the same tracking and accountability process across the entire organization.

If we believe that it's important to focus consistently on financial performance and to identify negative variance, isn't that same level of attention warranted for clinicians? If an organization is to exceed its financial objectives, would not all leaders be focused on financial performance? With the right leader evaluation system, this is possible. When physicians and nurses reduce hospital-acquired pressure ulcers, central bloodstream infections, and patient falls, they do more than deliver better clinical outcomes for patients. They also drive better financial outcomes for the organization through alignment of goals and accountability for their results.

LESSONS IN LEADERSHIP

Don't miss Quint Studer's keynote presentation "Evidence-Based Leadership: Using Evidence to Drive Operational, Clinical, and Financial Results" during this morning's general session! The session will be held 8-9:30 a.m. in the Manchester Ballroom, Manchester Grand Hyatt.

An effective evaluation tool ensures clinicians have the time and focus they need to address the clinical metrics that matter to them, while also correlating clinical performance with financial benefit. Now, by balancing and prioritizing goals in these five "pillars" (people, service, quality, finance, and growth), it becomes clear which leaders are driving outcomes and which are ineffective. While a CFO may have more impact in finance and a CNO may focus more on quality and outcomes, every leader has ownership, alignment, and accountability in meeting the organization's overall goals, including financial health.

Getting Started

Here's how the goal-setting and evaluation process works:

Step 1: Set the right goals. A good goal is specific, measurable, time-bound, and outcome-based. Many goals should also have a positive financial impact. They are also weighted so

SETTING GOALS FOR CHIEF NURSING OFFICERS

<p>Quality</p> <p>Weighted Value 25%</p>	<p>Goal: Decrease Mortality Index from 0.71 to 0.63.</p> <p>National 10% 0.59</p> <p>Result: add goal remove above goal</p>	<p>Set Rating Type: Mortality Index</p> <p>5 = less than or = 0.59 4 = 0.6 - 0.62 3 = 0.63 - 0.66 2 = 0.67 - 0.7 1 = greater than or = 0.71</p>	<table border="1"> <thead> <tr> <th></th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> </thead> <tbody> <tr> <td>25%</td> <td>X</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Weighted Value</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Score</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Item Score</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		1	2	3	4	5	25%	X					Weighted Value						Score						Item Score					
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<p>Finance</p> <p>Weighted Value 25%</p>	<p>Goal: Reduce labor expense by 10%</p> <p>Result: add goal remove above goal</p>	<p>Set Rating Type: Percent</p> <p>5 = greater than or = 15 4 = 12 - 14.9 3 = 10 - 11.9 2 = 8 - 9.9 1 = less than or = 7.9</p>	<table border="1"> <thead> <tr> <th></th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> </thead> <tbody> <tr> <td>25%</td> <td>X</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Weighted Value</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Score</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Item Score</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		1	2	3	4	5	25%	X					Weighted Value						Score						Item Score					
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that leaders understand how to prioritize their time and focus. In the example below, the chief nursing officer's quality goal—to decrease the mortality index from 0.71 to 0.63—is worth 25 percent of her or his total year-end evaluation. In addition, the CNO is focused on a finance goal (reduction in labor expense) that is also worth 25 percent of her or his year-end evaluation. Other goals in areas the CNO can impact—such as patient satisfaction and employee retention—will add up to 100 percent.

Step 2: Cascade the goals. Goals should align from senior leaders to department supervisors. They flow from the organization to the individual. Although goals may differ, they should impact and/or align to the same leader metric. In the examples on the next page, you can see how an

CASCADING GOALS FROM THE CNO TO NURSING DIRECTORS

Quality	Goal: Decrease infections by 30% as measured by all hospital infections.	Set Rating Type Percent	1	2	3	4	5
Weighted Value 45%		5 = greater than or = 35 4 = 33 - 34.9 3 = 30 - 32.9 2 = 26 - 29.9 1 = less than or = 25.9	45%	X	=		
Result:	add goal remove above goal		Weighted Value	Score	Item	Score	

Finance	Goal: Decrease Agency Nursing by 30%	Set Rating Type Percent	1	2	3	4	5
Weighted Value 35%		5 = greater than or = 35 4 = 33 - 34.9 3 = 30 - 32.9 2 = 25 - 28.9 1 = less than or = 24.9	35%	X	=		
Result:	add goal remove above goal		Weighted Value	Score	Item	Score	

CASCADING GOALS FROM THE CNO TO ICU MANAGERS

Quality	Goal: Decrease central line infections associated with blood stream infections by 25%	Set Rating Type Percent	1	2	3	4	5
Weighted Value 30%		5 = greater than or = 30 4 = 28 - 29.9 3 = 25 - 27.9 2 = 20 - 24.9 1 = less than or = 19.9	30%	X	=		
Result:	add goal remove above goal		Weighted Value	Score	Item	Score	

Finance	Goal: Decrease Overtime by 25%	Set Rating Type Percentage	1	2	3	4	5
Weighted Value 25%		5 = greater than or = 30 4 = 27 - 29.9 3 = 25 - 28.9 2 = 20 - 24.9 1 = less than or = 19.9	25%	X	=		
Result:			Weighted Value	Score	Item	Score	

organization's clinical quality, and finance, goals for the CNO cascade from the CNO to the ICU nurse manager.

Step 3: Track, adjust, and evaluate. The most effective organizations also use a leadership report card and 90-day work plan to track progress and adjust with individual coaching as necessary. Also, many organizations choose to automate organizational goal-setting so everyone can track personal and organizational process real-time. This type of transparency drives optimum accountability so there are no surprises at evaluation time. ■

MORE TOOLS YOU CAN USE

Find practical tools and tips for your organization in HFMA's online resource library, www.hfma.org/library.

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John P. McGuire Named Morgan Award Recipient

HFMA will award the 2007 Frederick C. Morgan Achievement Award—the Association's highest individual honor—to John P. McGuire, FHFMA, CPA, executive vice president, CFO, and assistant treasurer of the board of St. Anthony's Medical Center in St. Louis, during the annual Chairman's Reception and Banquet this evening.

McGuire is the 49th recipient of this prestigious award that honors careerlong contributions to healthcare financial management and HFMA.

"John is an inspiring leader who treats others with respect and dignity," says Mark S. Solari, FHFMA, CPA, past president of HFMA's Greater St. Louis Chapter, adding that McGuire is "a very good motivator and mentor."



McGuire's career in health care began as an undergraduate student working part-time in the finance office of a Memphis hospital. His career has taken him to leadership positions not only with HFMA, but also with provider organizations in the thick of some of health care's most dramatic changes.

McGuire served 19 years of his professional career in the BJC Health System—the first 17 years at the Jewish Hospital, where he rose to the position of executive vice president. BJC was one of the first mega-systems in the country as managed care began to flourish and healthcare providers looked for ways to enhance the efficiency and continuity of care. A key player in the development of the BJC system, McGuire became executive leader for the administration and operation of the newly merged Barnes-Jewish Hospital.

McGuire also has served as senior executive officer of the 628-bed Greenville Hospital in Greenville, S.C., the flagship hospital of one of the largest health systems in the Southeast.

His volunteer leadership in HFMA took him from chapter officer to the National Board of Directors, on which he served as secretary, treasurer, chairman-elect, and finally Chairman in 1994–1995. He has been heavily involved with the Greater St. Louis Chapter, and has received the St. Louis Gateway Award for service to the Chapter over an extended period of time. ■