

Leading Change From the C-Suite

3 Leaders Share Their Strategies

by Laura Ramos Hegwer

The Affordable Care Act, new payment models, changing market dynamics and other factors are spurring healthcare executives to launch new and innovative strategies within their organizations. But how can healthcare executives ensure they are truly leading change with these initiatives—and not just spinning their wheels?

The key is to understand the difference between *leading* change and *managing* change, says Thomas A. Atchison, EdD, president and founder of LeClaire, Iowa-based Atchison Consulting LLC and an ACHE Member and faculty member. “Leading change is about having a transcendent purpose, while managing change is focused on tactical implementation,” says Atchison, who leads a new ACHE educational seminar, “Leading and Managing Change.”

Atchison suggests the widespread fatigue and frustration within the healthcare industry is caused by ineffective leadership during times of change. “Burnout occurs when we make changes without considering the greater context or vision,” he says. “Employees need to connect to a broader purpose. Effective leaders of change help their workforces understand how everything fits together.”

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At the same time, the C-suite needs to be transparent and honest about the changes ahead. “CEOs have so much real and perceived power,” Atchison says. “What makes them most successful during change is trust and respect.”

Following are examples of senior healthcare executives who are successfully leading change in their organizations and across the industry.

Creating an Environment That Embraces Change

Leading change in healthcare means bypassing some of the organizational hierarchy that can slow innovation. Peter W. Butler, president, Rush University Medical



“Leaders have a mirror that reflects how others see them.”

Thomas A. Atchison, EdD
Atchison Consulting LLC

Center, Chicago, and an ACHE Member, believes today’s healthcare leaders need to know how to cope with uncertainty to effectively lead change.

“It has never been more challenging to prioritize the work that needs to be done when you are not sure how fast and in what ways the market will change,” Butler says. “As a result, you need to be nimble and patient but nevertheless decisive.”

Ten years ago, Butler and his executive team followed this strategy when Rush embarked on a \$1 billion project to renovate its aging campus on Chicago’s Near West Side. “We recognized that we had an opportunity to transform how we deliver care, not just replace old, out-of-code buildings,” he says.

Butler believes the key to the redesign project’s success was establishing an office of transformation, staffed by

key clinical and administrative leaders who worked part time or full time in a separate office. “Providing them with decision-making authority for the redesign permitted us to set up a culture outside of our regular hierarchy, which, frankly, is not conducive to innovation,” Butler says. “We had to set up a separate entity to make sure that we could think freely about the future and not drag along some of the past processes and behaviors.”

When it comes to leading change, a healthcare organization’s secret weapon is stability in the C-suite, Butler says. He views the executive team as an ecosystem. “If someone leaves or someone new comes in, it disrupts the homeostasis

of the ecosystem,” he says. “You really want to maintain the rhythm of how the organization functions.”

Butler and his team also aim to get employees at every level involved in leading change. Rush has initiated innovation tournaments for employees to “crowdsource” ideas for processes they want to change. For example, the department of pediatrics recently selected eight ideas to fund from more than 340 entries. The idea that earned the top prize was virtual rounding for families. Using secure videoconferencing, families will be able to participate remotely in rounds when their child receives care. Leaders at Rush plan to roll out the innovation tournaments to the entire organization later this year.

Embracing Optimism During Change

Merger-and-acquisition activity continues across the industry, posing difficult leadership challenges for many healthcare

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leaders. During such transactions, healthcare leaders need to make sure they can communicate the rationale and plans to the board, employees, physicians and the community.

Since 2007, the financial troubles experienced by Raritan Bay Medical Center, with locations in Old Bridge and Perth Amboy, N.J., have been severe enough to threaten the future of the hospital and the community's access to care, says Michael R. D'Agnes, FACHE, president and CEO.

"The financial issues have created a lot of unknowns for employees, physicians and the community," D'Agnes says. "It



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is very difficult to make plans when you are in that status." Complicating matters even more was the fact that RBMC did not have the cash flow or borrowing capacity to invest in its future. "We were capital starved," D'Agnes says. "We couldn't really invest in programs, services, and bricks and mortar."

For many years, D'Agnes believed RBMC's best option was merging with a larger, nonprofit health system in New Jersey. During the worst of the uncertainty, D'Agnes tried to keep his messages to the board, employees, physicians and the community hopeful. "My mantra was, 'We will find the right home for Raritan Bay Medical Center,'" he says. D'Agnes believes the hope of a better future helped employees through some of the worst times, including years when there were no pay raises and even one year when employees faced a pay decrease. "Our employees stayed with us, and we continued to maintain a turnover rate significantly below 10 percent. They believed in the direction, and as a result, we are in a very different place now than we were in 2007."

At press time, RBMC was in the midst of a merger with Meridian Health, a health system with six hospitals across New Jersey. The transaction is expected to close by the first quarter of 2016. In May, Meridian Health announced it would merge with Hackensack University Health Network to create one of the state's largest health networks. "In the end, our hard work paid off," D'Agnes says.

To lead change effectively, D'Agnes recommends healthcare executives cultivate their ability to think strategically—whether or not they are involved in a merger. "Leaders need to think beyond the next budget cycle and be aware of

where the industry is heading in terms of population health and bending the cost curve," D'Agnes says. "Those who think strategically, as well as those who have a very strong team around them, will be the leaders who are successful."

Being Laser-Focused on the *Right* Change

Many healthcare executives aim to transform how their organizations think about delivering care. However, the most successful leaders recognize that what they choose *not* to do is just as important as what they actually do during times of change.

Like other healthcare organizations, Woman's Hospital, Baton Rouge, La., has focused on becoming more efficient as the industry moves toward value-based care. Hospital leaders also are redesigning their facilities and adding virtual access to reflect the shift from inpatient care to ambulatory care. But just as important is what leaders for the hospital are not doing, according to

ACHE Identifies Core and Emerging Leadership Competencies

ACHE's Professional Development Task Force recently identified the core and emerging leadership competencies needed for healthcare executives to succeed in a rapidly evolving healthcare environment.

The task force conducted research in 2014 to gain perspectives from ACHE members, faculty and chief learning officers for healthcare organizations. More than 760 members and 69 faculty offered insight.

"We saw immediately that the tools and competencies that had served healthcare leaders well in the past were going to be very different in the future in a transformative healthcare environment," says Christine M. Candio, RN, FACHE, Immediate Past Chairman, ACHE, and chairman of the task force. "We looked at the changing healthcare landscape and began to brainstorm where healthcare is headed, where it needs to go in the future, and what competencies would best serve healthcare leaders during this period of transformation."

While core skill sets around financial management, patient safety and quality, and communication continue to be requirements for healthcare executives, emerging competencies also were identified. These include **visionary and adaptive leadership** (e.g., creating focus from change); **the ability to build loyalty and trust** (e.g., talent development, influencing and shaping relationships); **self-mastery** (e.g., self-knowledge, lifelong learning); **strategic thinking and strategic scanning** (e.g., use of new business models); and **masterful execution** (e.g., creating and sustaining high-reliability processes).

"Soft skills" such as emotional intelligence, a team-orientated management style, executive persona/leadership, change management and cultivation of talent also were identified as critical.

The task force used the research to create the ACHE Healthcare Leadership Competency Framework, which outlines core and emerging competencies for early careerists, mid-level leaders, senior leaders and top leaders. The framework and a report on the task force's research can be accessed at ache.org/PDf-report.

"This initiative is part of ACHE's commitment to providing groundbreaking tools and resources that meet the needs of healthcare leaders in a changing environment," Candio says. "I'm so excited about the competency framework that was developed and the impact it will have on advancing our members' professional success and healthcare management excellence for the field as a whole."



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Teri G. Fontenot, FACHE, president and CEO. For instance, the specialty hospital is not adding a health plan or starting up an accountable care organization, nor is the organization trying to employ physicians except in a few key subspecialties.

To Fontenot, leading change in healthcare means prioritizing. “The key is looking at your particular market and scope of services and figuring out how you can experiment,” she says. “What we have learned over the past few years is that there is no pattern to follow. Every organization is different.”

Because Woman’s Hospital is the country’s only independent, nonprofit women’s hospital, Fontenot and her leadership team can concentrate on what matters. “At the



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Woman’s Hospital

beginning of each strategic planning process, we are faced with expanding into general healthcare or continuing to focus on services for women and infants, and each time we have made a deliberate decision to specialize, because there is more that we can do for women and infants in our community,” Fontenot says. “We don’t have to consider capital needs and programmatic needs for a whole host of services. Every program or service that we have added in the past four years has been built around enhancing our core service lines: obstetrics, gynecological care, breast cancer and newborn care. Being an independent specialty hospital keeps us laser-focused on our vision.”

Part of that vision included construction of a new hospital, which opened in 2012. During the seven years it took

to plan and build the new facility, there was some resistance among employees, residents and physicians. To help bring stakeholders on board with the change, Fontenot made transparency and frequent communication a priority. “We included people in every decision that we could allow them to make, and this helped to earn their trust and engagement,” she says.

For example, leaders asked employees to help choose the brick to build the new hospital. They also asked caregivers from surgery, labor and delivery, and postpartum care to help design the size and layout of patient rooms.

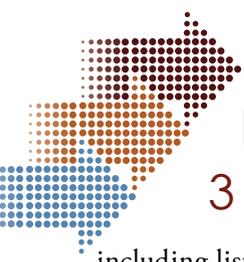
During times of change, Fontenot believes the best strategy to prevent employee burnout is providing education on healthcare trends. “You need to explain the external

factors and context,” she says. “Your employees may not read the same journals that you do, but they certainly understand why the organization needs to transform.”

12 Ideas for Leading Change in Healthcare

To successfully lead change in healthcare, executives should consider the following.

Lead according to your values. “Career success is based on four things: how smart you are, how hard you work, how well you communicate and what your values are,” says Butler of Rush University Medical Center. “Early in your career, your success depends more upon how smart you are and how well you work. Later in your career, success depends more upon your communication skills—



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including listening—and your values. At Rush, innovation, collaboration, accountability, respect and excellence are the formally adopted values. The test of success is the senior leaders' ability to display the behaviors associated with these values. That day-to-day modeling is what is critical to engaging the workforce to achieve the vision.”

Surround yourself with learners. When hiring new leaders on his team, Butler looks for healthcare executives who exhibit a high capacity to learn. “Not only do these individuals grow faster, but they tend to be more adaptable and prepared to meet the uncertain world ahead,” he says.

Build your technology and analytics acumen. Healthcare executives need to understand how their organizations can leverage data to prioritize which changes to pursue based on fact rather than opinions, Butler says.

Be able to articulate the why. “Starting at the board level, you have to make the case for the direction you are heading,” says D’Agnes of RBMC. “You have to be able to verbalize the issues of the current state, why you made your decision and ultimately what you expect the outcome will be.”

To keep employees informed about the hospital’s strategic direction, RBMC holds semiannual, two-day staff meetings. D’Agnes also sends letters in English and Spanish to the homes of employees to keep them updated on the merger and the rationale behind it.

Embrace your leadership style. Fontenot of Woman’s Hospital believes collaborating on change provides many opportunities for female CEOs and other women leaders. “In this environment of team-based solutions, women may be ideally suited because the typical female leadership style is empathic, nurturing and communicative,” she says. “Male leadership styles, on the other hand, have traditionally been more action- or task-oriented. However, not all men and women follow these typical styles, and there are exceptions everywhere, including on our team at Woman’s.”

Recognize your strengths and weaknesses. Fontenot, a former CFO, believes leading change can have special challenges for healthcare leaders who come from more technical fields like finance. “The challenge for someone who is in a technical role like the CFO is helping the board visualize you in a different role,” she says. “The challenge for an executive who wants to move vertically or horizontally is to position your current skills as an asset while proving you can fill perceived or real gaps in your experience through education and support.”

Make it clear from day one that every employee has a role in leading change in healthcare. “During orientation, I explain to new team members that my job is to create the vision, provide the resources and remove the obstacles so that they can aspire to the vision,” Fontenot says. “If we are not achieving our goals, we must be nimble in realigning our tactics to ensure success.”

Create an ad hoc advisory committee of five or six senior leaders if you need to build social capital to lead change. “Ask these leaders what their expectations are for your performance, share your vision for change and ask for their support in achieving that vision,” says Atchison of Atchison Consulting.

Participate in an active listening skills class. “A lack of active listening skills is probably the biggest deficiency of most executives I deal with,” Atchison says. Active listening is essential for teams working together to lead change.

Take a self-assessment. One core competency that executives need when collaborating with different stakeholders to lead change is emotional intelligence, Atchison says.

Fail forward. Healthcare executives can be so afraid to make mistakes that they fail to implement change that is needed. As Atchison puts it, “We never make mistakes; we only create learning opportunities.”

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