

A leadership investment
with excellent returns,
year after year.

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With tighter budgets and the uncertain economy, healthcare organizations are carefully reviewing spending money, time and other resources on strategic and operational initiatives. The following are among the questions being asked: How will we afford the capital to build a new facility aligned with our growth goals and mission? Can new technology help our teams become more efficient and relieve staffing pressures? Where can we trim expenses to improve our cash situation?

Another area being scrutinized is the cost of leadership development. Organizations are evaluating program expense, travel, lodging and time away from the workplace to determine whether such activities are essential or expendable. Even applied learning projects assigned as part of a program are often considered “extracurricular” work and create additional demands on time. Are they worth it in these tough times?

Intuitively, we know the need for strong, effective leadership in healthcare has never been greater. The industry is facing unprecedented shortages in clinical and

nursing leadership, increases in turnover/retirements among executive teams, and challenges in attracting cross-industry management talent. But intuition is not enough. In this economic climate, how does a senior executive make the business case for justifying leadership education as an essential investment rather than an optional expense?

The answers lie in tightly connecting leadership development with business management.

Organic growth — the creation of *new* businesses and expansion of existing ones — was not always the mandate for GE management. Rather, GE leaders were prized for their ability to acquire, deconstruct and reconstruct existing companies to meet shareholder expectations. Their development path ensured they were skilled at integrating cultures, replicating best practices and tightening operations. When management imperatives shifted from acquisitions toward organic growth, the organization required new processes, new practices and new behaviors from its leaders. GE managers were presented with a fundamentally different business model — a situation that mirrors, in many ways, the fundamental shifts occurring in healthcare today. And many were ill-prepared for it.

At GE, a company with a long history of actively developing its leaders, current CEO Jeff Immelt is dedicated to working with his executive teams, in good times and in bad, to focus on the organization’s key imperative of organic growth. So the answer was the development and delivery of a game-changing leadership education program for the organization. Top business school faculty and leadership experts from around the globe were brought to GE’s renowned management development center in Crotonville, NY, to build executive education grounded in the context of business strategy. In 2006, GE launched the Leadership, Innovation and Growth (LIG) Program — the first effort in the center’s 51-year history to bring all the senior members of the management team together for training, including Immelt.

Steven Prokesch, senior editor at *Harvard Business Review*, was invited to attend a LIG Program for senior management at one GE business. One year later, he revisited the same senior managers to see how their participation in the program had affected the business. The impact, Prokesch says, was significant: “The business had accelerated its push into emerging markets, launched initiatives to revamp product development, and stepped up efforts to create new businesses. Managers seemed to be genuinely trying to alter their roles and behavior in order to foster growth.”¹

A fresh look for healthcare executives.

As the strategic impact of the LIG Program played out across GE businesses, it attracted the attention of two U.S. healthcare systems: Ochsner Health System in New Orleans and Virtua Health in New Jersey. Their leaders wanted to know if the program could be adapted and focused for healthcare industry executive teams.

Among the goals that Virtua and Ochsner executives hoped to address through the LIG Program were:

- Clarifying/testing the organization's strategic intent and growth opportunities
- Organizing resources, practices and operations for growth
- Building long-term vs. short-term capabilities
- Establishing the right culture

Both Ochsner and Virtua wanted to take a fresh look at its own organization's market and growth capabilities; assess the functionality of its senior leadership team; and learn effective concepts, frameworks and tools to drive growth. Yet, each organization had a very different assessment of how its executive team was functioning and what approach to growth and innovation it wanted to take.

Leadership development program as an integrated part of strategic planning.

The executive team from Ochsner came to use the LIG Program in the midst of a three-year strategic planning initiative. Groundwork already in place included basic mission/vision, strategic focus areas with corresponding initiatives, prioritization of challenges, and a host of data and information on market position, customers, constituents, financials and operations. Ochsner was looking for ways to inject new thinking, incorporate the voices of more leaders, encourage collaboration across the system, and generate buy-in and meaningful action around the strategies. Patrick Quinlan, MD CEO of Ochsner Health System, says: "It was important for us to prepare our leaders for the program and link our current strategic work directly to what they would learn at LIG. We knew the entire program would be highly experiential and contribute immediately to our strategic process."

Ochsner Health System

Ochsner Health System is a non-profit, academic, multi-specialty, healthcare delivery system dedicated to patient care, research and education. The system includes seven hospitals and more than 35 health centers located throughout southeastern Louisiana. Ochsner employs more than 750 physicians in 80 medical specialties and subspecialties and has more than 11,000 employees systemwide. Ochsner received the Consumer Choice for Healthcare in New Orleans again in 2009 and had several specialties named to the U.S. News Top 50.

Virtua Health

Virtua Health is a comprehensive healthcare system with headquarters in Marlton, NJ. Formed in 1998 from the merger of two systems, it comprises four hospitals, long-term care facilities, home health agencies, surgical centers, an ambulatory care center and a fitness center. The system has approximately 8,000 employees and 2,000 physicians. Recognized as one of the best-performing hospital systems in the nation, Virtua has won numerous awards for the excellence of its clinical services and patient care.

“Ninety days after the LIG Program, we have the entire leadership team [including physicians] re-energized around a new mission and vision for our organization. Without the LIG experience, we’d still be in the early stages of our planning cycle ... with LIG, our division operating teams have already begun implementing strategic programs, which will drive their success. We also created focused strategic programs to drive our new direction and create better alignment and clarity our physicians and management.”

— Warner Thomas, President and COO, Ochsner Health System

“The LIG Program was the sparkplug for a team approach to building a new global strategy. We are now off the ground much quicker with launching that strategy than we would have been without LIG.”

— Richard P. Miller, CEO, Virtua Health

Ensuring a strong return.

Commitment to an effective leadership development Program requires comprehensive preparation to

achieve maximum outcomes from the session. Among the pre-work for LIG, for example:

- Establishing and communicating program expectations to the attending senior executives
- Reading regarding the methods of the program and the execution of strategy
- Assessment of leadership team behaviors relative to an innovation climate
- Preparation of organization reference data for in-session work and briefing of faculty

According to the attendees from Virtua and Ochsner, they found value in the exposure to professors from top U.S. graduate business schools, such as Northwestern, Dartmouth and Harvard, and in the input from global practitioners in leadership dynamics and creative problem-solving/communication, as well as visiting with GE executives who shared their perspectives and guidance on real-life application of the program concepts. Above all, the greatest benefit was the experiential learning facilitated by the GE team during the breakout sessions that helped the group process and apply content to make the strategy actionable. The conversations and work accomplished each day continually moved the teams along a path of strategy re-examination, enabling them to identify gaps and opportunities, generate ideas to advance the organization in new directions, and prioritize commitments and actions post-program.

“Our mission/vision work accomplished in the breakouts was of significant value. To be able to immediately align our strategic imperatives around our vision really gave us a concrete blueprint for execution,” Quinlan says. “While the content of the LIG Program was great, it was really the venue and the process of the program that helped us move forward.”

Leadership development program as a strategic off-cycle thought refresher.

Having recently completed a multi-year strategic planning effort, the executive team from Virtua wanted to open up thinking about strategies, mission and tactics while also cultivating the right dynamics within the senior leadership team to create an environment of innovation and growth. Known for their intense focus on operational excellence and leading by metrics and accountability, the Virtua managers were committed and willing to question where they were going and to grapple with new concepts from cross-industry thought leaders. They anticipated having deep conversations about how to continue building their capabilities.

These leading regional healthcare systems were eager for the opportunity to bring leaders together across functions, services and locations and to give both teams a common learning and application experience to take their systems to the next level. “Coming into the program, I wasn’t sure what to expect. I thought we would just focus on a specific area of strategic planning, but the program was much bigger than that ... and we grew tremendously as a team,” explains Richard P. Miller, CEO of Virtua Health.

What to look for.

In today's economy, an executive program has to really prove its worth. Leaders have to be exposed to new ways of thinking to develop effective growth strategies, but not only that.

The senior executives from Ochsner and Virtua were able to accomplish significant work during the LIG Program, not just learn and not just plan. The team experience facilitated both learning and application because everyone participated in the same discussions and immediately applied the concepts, enabling them to:

- Establish directives for balancing short-term and long-term tactics to support their initiatives
- Recognize where strategic planning for growth and innovation needed to create new capabilities and opportunities
- Develop new approaches to meeting their goals — ways that they had not considered before
- Leave with practical action plans and steps to create joint accountability to ensure follow-through

What will the LIG Program mean in the long-term for these two organizations? "We are taking our internal strategies and testing them against these new concepts," Miller says. "As we start to consider future strategies, we can look at how everything fits together... we'll also build the next level of plans and tactics, and then follow up in a few months to assess our progress."

Integrating leader development into an organization's strategic initiatives is key to justifying the expense, from an operational, financial and behavioral standpoint. Learning, by definition, needs a context for application, and the core concepts of the LIG Program have proven to be the right ingredients for creating meaningful change with leader development.

As Quinlan observes: "I saw change happening during the session, and it has persisted ... members of the team who participated are now stepping up to lead the resulting initiatives. We're really seeing a return on our investment in the program at Ochsner."

The LIG Program.

GE invests around \$1 billion every year in talent development, and one of the main catalysts for its business growth has been the Leadership, Innovation and Growth (LIG) Program. This course provides access to luminary thinkers and academics, and skilled facilitation that help executives chart and implement the right strategic course for their organizations. Participants experience:

- Frank conversations about what is holding the team back
- Transformational breakthroughs in planning and strategy to get them moving forward
- Coaching to help team members look at the organization and its challenges in new ways
- Hard work that takes the team far beyond where it was before the program.
- Practical approaches to integrating new strategies and plans into the rhythms of their organization

Authors



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