

Building a Performance Culture

How strong management practices drive success in healthcare.

Garrett Ogden



Imagine you're the owner of a professional football team. You've drafted, traded for and secured the services of a group of highly skilled players. Each one is very good at his position, most are highly paid and all have a proven track record of performance.

It's the first game of the season. Your team takes the field. Each player knows his assignment in the generic sense — that is, whether to block, tackle, run, throw or catch — but has no clear idea of the plays that will be called or the team's overall strategy for winning. Will it be a running game? A passing attack? No one knows. They do know you expect them to win and they will be benched, or worse, if they don't contribute positively. But what each is to do and how you will evaluate those efforts — other than by the final score — is a mystery.

Sound ridiculous? Of course. Sports teams — any team, for that matter — achieve success when every player knows the game strategy, understands his or her role and can articulate what is expected of him or her.

A hospital is very much a team of stars and role players, and while the analogy is exaggerated, there are parallels between our fictional football squad on opening day and what is happening every day at many healthcare organizations, large and small.

Is your team ready?

Healthcare is a people business — people taking care of people — and every year, when pollsters survey healthcare executives on their most gut-wrenching challenges, one issue is always bubbling near the top of the list: workforce management. “How do I do more with less?” “How do I get the most out of my staff?” “How do I recruit and retain the best and brightest?” “How can I energize them?” “How do I cope with staffing shortages?”

The problem has never been more acute. The economic recession is freezing and, in some cases, rolling back healthcare budgets. Physicians and nurses are still in short supply. Operational expenses are rising and revenues declining as the ranks of the under- and uninsured swell and more patients find it harder to pay their bills. In the meantime, more payer reimbursement will be tied to quality, which requires investment in improvements.

In short, it's going to be a rough, hard-fought game going forward. You need to achieve more with your existing investments in technology, infrastructure and operations. To do that, you need the best-performing team possible on the field and a deep bench behind them.

What are your employees thinking?

Based on GE Healthcare performance management consulting work with healthcare systems and hospitals, here are some of the most prevalent employee concerns about their existing performance cultures:

1. Our organization does not deal decisively with poor performers.
2. Incentives are not distributed based on performance.
3. Human resources does not drive a culture of performance and accountability.
4. I do not have a formal career development plan in place.
5. Management processes are not regularly evaluated for effectiveness and continuously improved.

Data drawn from more than 2,000 healthcare respondents, including executives, managers and staff employees.

Building a performance culture.

The culture of any organization is, simply put, the way things get done. Gearing a healthcare culture toward high performance means linking the activities of every employee to common objectives and rigorously measuring his or her performance against these goals. In a cohesive, disciplined work environment, employees are more likely to become fully engaged in the business, improving results across the board.

The good news is that most healthcare organizations already have a strong team in the making. What's missing is the means to draw the best performance out of your players. Historically, there's been a reluctance in healthcare to provide a framework and discipline around how employees do their jobs, driven in large part by the complexity of stakeholder relationships and perceived conflict with a culture of caring. Yet there is great interest in the industry around instituting such processes because executives can clearly see the strong links between employee performance and patient satisfaction, operational efficiency and revenue growth.

What is holding healthcare leaders back from moving from good to great care by instituting a strong performance management program? The major concerns are over the scope of the undertaking, the cost and the risk of failure.

Such concerns are understandable. Performance management is hard and can push people's comfort levels. Approached in the right way, however, it will deliver desired results and real value to the organization. In fact, most thought leaders in the industry believe long-term sustainability and growth are not attainable without it. As Michael E. Porter and Elizabeth Olmsted Teisberg note in their ground-breaking book, *Redefining Health Care*: "Ultimately ... it is how medicine is practiced and the way patients are cared for that will determine the success or failure of the health care system." They go on to point out that poor performance reflects, in large measure, "weaknesses in how care delivery is structured and managed" in the organization. In other words, it's a system issue, not a people issue.

Based on our work with healthcare clients and the core management practices of our own company, we believe four characteristics distinguish a healthcare-ready performance management system. The program needs to be:

- **Flexible.** Organizations must be able to move forward in phases, as goals, needs, culture and budget dictate.

Higher learning for healthcare professionals.

GE is one of the most admired companies in the world in the area of leadership development, and we're partnering with the National Center for Healthcare Leadership (NCHL) to bring that knowledge to healthcare.

Our collaboration, the NCHL and GE Institute for Transformational Healthcare Leadership, provides educational resources to create and sustain leadership excellence across today's highly complex healthcare system. Offerings include assessment and planning methods, an integrated action learning portfolio to systematically develop leaders across all career stages, and access to in-depth guidance and expertise.

The institute's vision is to train and empower healthcare leaders to strategically manage change and create a culture of accountability. Through the combined capabilities of GE's successful management and leadership systems and NCHL's leadership research, evaluation and benchmarking, healthcare organizations can enhance their ability to recruit and retain the best people, elevating healthcare as a preferred industry for top talent.

For more information, go to www.nchl.gehealthcare.com.

- **Realistic.** Beware of performance management consultants who point out the pathway but don't equip you for the journey. Look instead for an approach that addresses underlying culture issues, translates strategy into specific plans, and instills desired behaviors with coaching and mentoring.
- **Results-oriented.** In lean times like this, how can you justify committing money and resources to something as seemingly nebulous as performance management? Because, done correctly, it can have material impact on your bottom line. One healthcare system we work with, for example, was performing just above break-even when its CEO made the commitment to institute a performance management program. Within a few years, it was achieving double-digit operating margins — and has continued to do so.
- **Balanced.** Measuring performance is only half the equation. A successful system also enables you to set clear performance expectations at the outset and to institute best practices around employee development so your staff is equipped to reach the goals you've set.

Balance: three essential strategies.

Three disciplines are critical to creating a culture that drives relentlessly toward higher performance: driving focus and alignment; exhibiting strong leadership and accountability; and developing talent and bench strength.

Focus & alignment.

A clearly defined and communicated

strategic focus is essential to putting your organization on the path to operational excellence. Without a guiding strategy, your business and your employees will lack direction, and nothing drains workforce energy faster. The first step is to build a repeatable process that enables your leadership team to determine a clear set of organizational priorities and communicate them to all stakeholders. These initiatives provide common purpose for your team and the means to channel the full energy of the organization toward achieving the larger mission.

The next step is critical: making the link between enterprise initiatives and the activities of each employee. In too many organizations, strategies float like brightly colored balloons above the workforce — attractive, vaguely inspiring, but ultimately ineffectual because they lack a meaningful connection to the employees laboring below. Without that link, employees have no way of understanding how their daily duties connect to the higher goals of the organization — and no way of being lifted up by the energy of your vision. An effective performance management system includes processes that enable each employee to understand how his or her work fits into the bigger picture and then aligns their actions to organizational priorities through a rigorous and regular system of cascading goals and objectives.

Leadership & accountability.

Like an effective playbook in sports, performance management practices have to support the organization's

goals while still being sensitive enough to motivate individual performance and accountability. Developing an objective evaluation process to regularly review and communicate the performance of operating units and staff is a critical best practice. Organizations that lack such a process are at greater risk of creating a workplace environment in which poor performers are tolerated and employee morale suffers. (See sidebar: What are your employees thinking?) There are indeed a set of proven leadership practices that encourage managers to challenge “status quo” performance expectations and hold every person to a higher standard.

In our experience, high-performing organizations have leaders who hold quarterly dialogues with employees about their goals and objectives. These conversations are candid and direct. Each employee is asked to assess his or her own performance, while the views of the manager, dotted line manager, peers and direct reports also are considered. Leaders measure employees on the results they've achieved and the values they've displayed along the way, ensuring that employees pay attention to team-building behaviors as well as outcomes. This approach forces managers to go beyond feel-good generalities and provide employees with specific feedback based upon their rating. This creates transparency around the employee's strengths and development planning. It also helps differentiate exceptional performers from highly valued contributors and makes it more likely that rewards and career opportunities will be tied to results.

Talent & bench strength.

Leaders who build winning teams do so by surrounding themselves with a strong staff and equipping staff members

to meet organizational priorities. A vital step is to put processes in place that enable managers to identify and nurture high-potential employees, channeling them into development programs that help them become more effective in their current roles while preparing to move to the next level. While the employee is the primary driver of his or her own development, the manager has the responsibility to provide honest and open feedback about any gaps in skills or behaviors that may hold the person back. Delivering such an assessment is not easy, and many managers shy away from it. But when there is candid, respectful communication on a regular basis between a manager and an employee, good things happen. Employees develop greater self-awareness and willingness to invest the effort in their own growth, and managers fulfill their responsibility in creating a stronger workforce.

None of this happens by accident. Managers are not born knowing how to cultivate the optimal performance from their staff. They need access to resources that will help them develop the coaching and mentoring skills required to interact productively with employees. And they will perform best when they can practice and refine these skills under the guidance of a professional trainer until they feel confident and comfortable in any management situation.

Leading change.

The above initiatives are critical to driving performance, but none of them can be implemented without the skill and commitment to lead change. Too often in healthcare, initiatives like these are mandated from on high and, ultimately, fail because they become a “tell versus sell” scenario. With each failure, it becomes that much harder to gain traction with the next initiative. Thus, if an organization undertakes any of the above initiatives, it should be accompanied by the deployment of a change leadership model that equips executives and managers to drive acceptance of the new processes and articulate the benefits to each employee. Building a team of change agents with expertise in performance improvement methodologies will enable your organization to achieve the results you seek.

Dispelling myths.

Developing a strong performance culture can result in amazing improvements in productivity, efficiency, quality of care and revenue generation. Unfortunately, many misconceptions about performance management programs keep leaders from tapping into a tremendously powerful way to motivate employees and drive organizational success. Let’s dispel three of the most prevalent myths.

1 It’s all or nothing.

Few organizations start with a blank slate. Chances are you already have elements of a performance management program that are

functioning well, and it may just be a case of filling in the gaps. A good first step is to “audit” the organization’s current state and work with key staff to design the desired future state, and then develop a road map that shows you how to get there. The road map enables a multi-generational view so elements can be rolled out in phases, taking on different aspects and/or going deeper into the organization in a controlled way.

2 Employees will hate it.

One of the biggest misconceptions in healthcare is that a rigorous performance management process won’t be

“people friendly.” Many leaders fear a framework of discipline and accountability will be perceived as management being too tough on employees. Actually, the reverse is true. Our research shows that employees are far more resentful when organizations have no clear-cut standards of performance. In such hospitals, both above-average and below-par performers are likely to go unnoticed and, as a consequence, given no motivation to continue or change their work habits.

Your employees want to know where they stand. They want a clear set of objectives to aim for and honest feedback on their efforts. Poor performers undoubtedly will be exposed in the process, and that’s good because, just as on a football team, they hold everyone back. On the other end of the spectrum, your stellar performers will stand out, giving you a way to identify, reward, and cultivate the top talent you need to grow and sustain the business. Remember the healthcare system mentioned previously that was operating at break-even? By leveraging a stringent performance management structure, it rebounded to post the highest operating margins of any provider in the state. For several years running, this organization also has been recognized as one of the best employers to work for in its region — proof that performance management can be a winning proposition on multiple levels.

3 Meaningful change will take many years.

Actually, improvements occur fairly quickly in our experience. Just the first step of defining expectations can be a breath of fresh air in many organizations. It’s amazing how many employees come to work each day without a clear understanding of the five or six things management expects from them in the next eight hours, month or year. Once those expectations are communicated effectively, there’s usually an immediate improvement in behavior. In most of our engagements, organizations see qualitative and quantifiable changes within the first year, creating a visible transformation — and substantive impact — across the organization.

Thriving, not just surviving.

We’ve seen hospitals and health systems leverage the principles of performance management to build cultures that deliver the best possible patient care in the most efficient and cost-effective manner. We’ve seen leaders equip and inspire their employees to overcome daunting challenges and emerge as a more cohesive and competitively fit organization. We’ve seen organizations, just like yours, take their performance to the next level and not just survive in today’s healthcare challenging marketplace, but thrive.

Is it time for your team to step up to the next level?

Author



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