A White Paper



Addressing the Leadership Gap in Healthcare

What's needed when it comes to leader talent?

Issued June 2010 / Revised June 2011

Center for Creative Leadership®
www.ccl.org

CONTENTS

3 Introduction

6 Prioritizing Competencies

10 Understanding Effectiveness

13 Identifying the Gap

15 Closing the Gap

18 Conclusion

19 About the Research

19 Resources

19 Contributors

Healthcare leaders know about change. The need to adapt – as individuals, as organizations and as an industry – is obvious. What is less apparent are the leadership skills that are most important in today's uncertain and complex environment.

For decades, US-based healthcare providers, insurance companies, pharmaceutical and device firms have been operating in a shifting landscape. Advances in technology and new standards of care, new business models, a growing population and changing demographics have propelled ongoing change in the healthcare sector. Regulation, access to care, cost pressures and legal and ethical considerations add to the complexity, as does healthcare reform. In this context, it can be difficult to know if organizations have the leadership talent they need to set direction, create alignment and gain commitment among employees, partners and stakeholders as they seek to provide safe, high-quality patient care.

To help our healthcare clients better understand and focus the development of leaders, CCL analyzed leadership effectiveness data from nearly 35,000 people working in the field.

This report shares the details of the study, introduces CCL's healthcare leadership framework and offers strategies for developing leaders.



introduction

The healthcare sector is experiencing significant and rapid change, with dramatic change yet to come. In an evolving and challenging environment, healthcare organizations must ensure high levels of technical and professional expertise. At the same time, they must develop the leadership capacity needed to adapt and succeed in the future.

The specific challenges faced by healthcare organizations and healthcare leaders are not one-dimensional nor easily characterized. CCL recognizes that hospitals, healthcare systems and other organizations in the health sector face a range of complex needs. Through the lens of leadership development, CCL has distilled common strategies and practices that cultivate high-performing healthcare organizations.

As part of this work, CCL has identified six essential organizational capabilities shown in the model at the right.



Organizations that develop a leadership strategy and culture that develop these six capabilities have a competitive advantage. To help our healthcare clients develop their leadership strategies – specifically to develop capability No. 3, Talent Transformation – CCL conducted a study using its Benchmarks® competency framework to answer two important questions:

1 What leadership competencies are most important for healthcare-sector organizations? CCL's Benchmarks[1] research has identified 16 key leadership skills and five "derailment factors" (warning signs that a leader's career is in jeopardy). All the competencies are important; however, some are more critical than others in various industries or organizations. Gaining clarity about what matters most within the healthcare sector allows organizations to set a leadership strategy and individuals to direct their learning and development.

2 How well do healthcare sector leaders perform those competencies? Organizations and individual leaders also need a clear picture of how leadership skills match up with organizational priorities. This begins with identifying and understanding leadership strengths and weak spots, then determining how well individual strengths align with organizational needs. Significant discrepancies between areas of strength and areas of need indicate leadership gaps – and help to focus development and learning.

To answer these questions, we analyzed a sample of 34,899 leadership-effectiveness evaluations taken between 2000 and 2009. These data come from people working across the healthcare sector (including employees of large hospital systems, regional providers, insurance firms, state and federal healthcare agencies, pharmaceutical firms, and medical device manufacturers) who were asked to evaluate the leadership competencies of a boss, peer or direct report using CCL's Benchmarks 360-degree feedback survey.

Each evaluator rated the relative *importance* of key competencies for success and the *effectiveness* of their coworkers at executing each competency. (See "About the Research" on page 19.)

[1] CCL's Benchmarks Assessment is used across a wide variety of companies as their main 360 degree assessment instrument.



The key findings of the CCL study:

- The top priority for leadership development in the healthcare sector is to *improve the ability to lead employees and work in teams*. This finding speaks to the importance of creating an organizational culture of collaboration. Leaders in healthcare organizations generally should develop a more participative management style, improve their ability to build relationships and lead teams, and learn to deal more effectively with problem employees.

- Healthcare organizations also need to create strategies to *provide current and future leaders broad, cross-organizational experiences and learning*. Healthcare leaders have gaps in several areas that are essential for learning and long-term success: *having a broad functional orientation, self-awareness and career management*. Organizational training and development, succession planning and individual feedback, coaching and development efforts should address these gaps. This supports what CCL has been hearing from hospitals about the needing for their employees to be able to work effectively across boundaries and communicate more effectively.

- Healthcare leaders have important strengths, too. The ability to *adapt to change* and to *meet business objectives* are strong points for healthcare leaders. They are *resourceful, straightforward and composed, fast learners* and willing to "*do whatever it takes*." These findings show that healthcare organizations have a pool of adaptable and committed leaders – a powerful asset in today's complicated world.

Leadership gaps – the disparities between leadership priorities and current skills – provide valuable information. With this insight, healthcare companies can develop meaningful leader development strategies, take steps to build the capability of people in key roles and begin to grow the leadership capacity of the organization.



prioritizing competencies

Many organizations and management experts develop competency models by which they evaluate individual leadership skills, plan development and manage the talent pipeline. Identifying the most important competencies for an industry sector or an organization is not (or should not be) a haphazard process.

To gain a deeper understanding of the competencies that healthcare organizations need most, CCL turned directly to the people who work in the sector.

Thousands of mid- and senior-level managers participate in CCL's leadership development programs annually. They complete CCL's Benchmarks® assessment along with their supervisors, peers and direct reports who rate their leadership behaviors, providing us with a vast database of information on the competencies required for effective leadership and the skill level of managers in each area. It is from this database that we were able to analyze healthcare-sector leadership needs.

Benchmarks is a 360-degree survey consisting of 155 behavioral descriptor items clustered into 21 scales. Sixteen of the scales rate leadership skills, and five of the scales rate derailment factors. The Benchmarks skills are:

1. Resourcefulness. Can think both strategically and make good decisions under pressure; can set up complex work systems and engage in flexible problem-solving behavior; can work effectively with higher management in dealing with the complexities of the management job.

2. Doing Whatever It Takes. Has perseverance and focus in face of obstacles; takes charge; is capable of standing alone yet is open to learning from others when necessary.

3. Being a Quick Study. Quickly masters new technical and business knowledge.

4. Decisiveness. Prefers quick and approximate actions to slow and precise ones in many management situations.

5. Leading Employees. Delegates to employees effectively, broadens employee opportunities, acts with fairness toward direct reports and hires talented people for his/her team.

6. Confronting Problem Employees. Acts decisively and with fairness when dealing with problem employees.

7. Participative Management. Uses effective listening skills and communication to involve others, build consensus and influence others in decision-making.

8. Change Management. Uses effective strategies to facilitate organizational change initiatives and overcome resistance to change.

9. Building Relationships. Knows how to build and maintain working relationships with co-workers and external parties; can negotiate and handle work problems without alienating people; understands others and is able to get their cooperation in non-authority relationships.

10. Compassion and Sensitivity. Shows genuine interest in others and sensitivity to employees' needs.

11. Straightforwardness and Composure. Is steadfast, relies on fact-based positions, doesn't blame others for mistakes and is able to recover from troubled situations.

12. Balance between Personal Life and Work. Balances work priorities with personal life so that neither is neglected.

13. Self-Awareness. Has an accurate picture of strengths and weaknesses and is willing to improve.

14. Putting People at Ease. Displays warmth and a good sense of humor.

15. Differences Matter. Demonstrates a respect for varying backgrounds and perspectives. Values cultural differences.

16. Career Management. Develops, maintains and uses professional relationships, including mentoring, coaching and feedback to manage own career.

While all the competencies are elements of effective leadership, the respondents (both self-report and observers) are asked to rate the importance of the 16 leadership skills within their organization. Respondents indicate relative importance for success among the 16 leadership skills by identifying the eight that they believe to be more important than the other eight; compiling data permits a rank-ordering analysis.

The leadership skills ranked most important for success by people in healthcare organizations:

- Leading Employees
- Resourcefulness
- Straightforwardness and Composure
- Change Management
- Participative Management

The skills ranked least important for success:

- Confronting Problem Employees
- Compassion and Sensitivity
- Putting People at Ease
- Differences Matter
- Career Management

Figure 1

"Importance for Success" Rankings

Benchmarks Competencies	Rank
Leading Employees	1
Resourcefulness	2
Straightforwardness and Composure	3
Change Management	4
Participative Management	5
Decisiveness	6
Building and Mending Relationships	7
Doing Whatever It Takes	8
Being a Quick Study	9
Self-Awareness	10
Balance between Personal Life and Work	11
Confronting Problem Employees	12
Compassion and Sensitivity	13
Putting People at Ease	14
Differences Matter	15
Career Management	16
Number in Sample	34,899

The second category of leadership competencies included in the healthcare sector study involved "leadership derailment factors." Decades of research show five characteristics that can stall or break a management career:

- Problems with Interpersonal Relationships. Difficulties in developing good working relationships with others.
- Difficulty Building and Leading a Team. Difficulties in selecting and building a team.
- Difficulty Changing or Adapting. Resistant to change, learning from mistakes and developing.
- Failure to Meet Business Objectives. Difficulties in following up on promises and completing a job.
- Too Narrow Functional Orientation. Lacks depth to manage outside of one's current function.

These characteristics have been identified by a series of CCL studies that compared managers who continue to be considered for promotion and those who leave the organization non-voluntarily or reach a plateau. Based on research from CCL and others, these factors severely limit a leader's effectiveness and long-term success.





understanding effectiveness

In completing the Benchmarks assessment, respondents also rate an individual leader's effectiveness at executing each of the 21 competencies (both the leadership skills and the derailment factors).

Healthcare leaders were rated *most effective* in the following categories:

- Differences Matter.
- Putting People at Ease.
- Being a Quick Study.

From the derailment list, healthcare leaders were *least likely* to fail in the areas of:

- Adapting to Change.
- Meeting Business Objectives.

The three skills that observers rated the lowest were:

- Self-awareness.
- Leading Employees.
- Confronting Problem Employees.

The derailment factors that were most problematic for healthcare leaders were:

- Too Narrow Functional Orientation.
- Difficulty Building and Leading a Team.

Figure 2

Leadership Effectiveness: How do Healthcare Leaders Perform?

Benchmarks Competencies	Rank	Ave. Rating
Differences Matter	1	4.23
Putting People at Ease	2	4.19
Being a Quick Study	3	4.18
Resourcefulness	4	4.11
Doing Whatever It Takes	5	4.07
Straightforwardness and Composure	6	4.01
Decisiveness	7	4.00
Compassion and Sensitivity	8	4.00
Balance between Personal Life and Work	9	3.99
Change Management	10	3.96
Participative Management	11	3.96
Building and Mending Relationships	12	3.96
Career Management	13	3.93
Self-Awareness	14	3.90
Leading Employees	15	3.89
Confronting Problem Employees	16	3.74
Number in Sample	34,899	

(Note: the Benchmarks® rating scale for these competencies is based on a five-point scale, with five being the best score.)



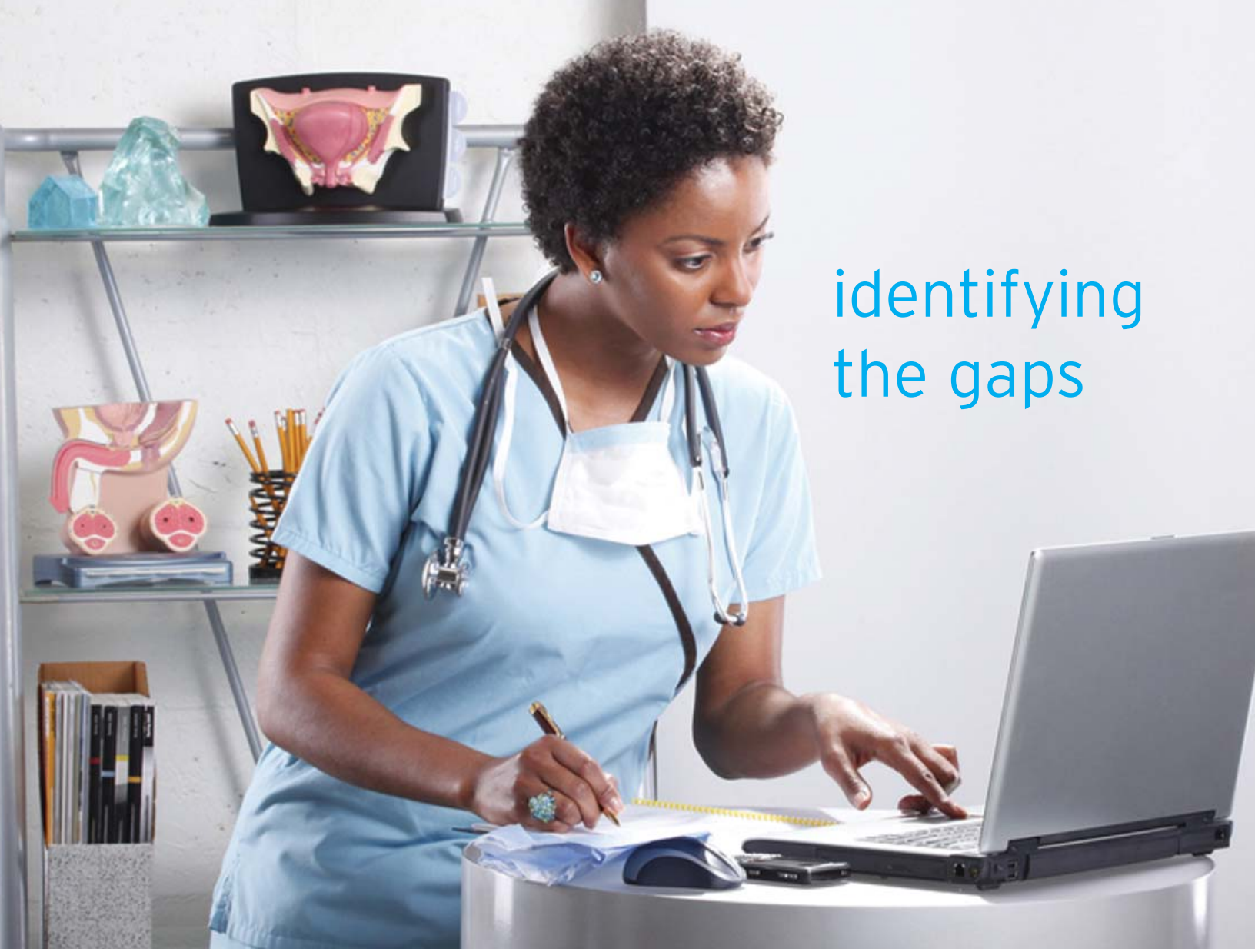
Figure 3

Derailment Factors: Are Healthcare Leaders at Risk?

Number in Sample: 34,899

	Rank	Ave. Rating
Too Narrow Functional Orientation	5	1.83
Difficulty Building and Leading a Team	4	1.74
Problems with Interpersonal Relationships	3	1.66
Failure to Meet Business Objectives	2	1.62
Difficulty Changing or Adapting	1	1.61

Note: In the derailment section of Benchmarks,® the rating scale is inverse, i.e., 1 is good and 5 is poor. The top five derailment factors are presented in order of how likely one is to derail as a result of that factor. The derailment factors, therefore, are ranked from higher scores to lower scores (i.e., from most likely to derail to least likely to derail).



identifying the gaps

Our research shows that leaders and managers in the healthcare sector are skilled in important areas such as *adapting to change, meeting business objectives and being resourceful*. They are reported to be *straightforward, quick studies, comfortable to be around and skilled at dealing with individual differences*. However, healthcare managers and leaders fall short in several crucial areas.

The study showed the skill ranked as most important for success in the healthcare sector – the *ability to lead employees* – rated lower than 14 other competencies in terms of leader performance. Healthcare leaders put a high value on the ability to lead others, yet there is notable room for improvement in how leaders perform in this competency. Healthcare leaders were also rated lower in performance on related high-value abilities – *confronting problem employees, building and mending relationships and participative management*.

These findings imply that the challenges in leading employees in health-sector organizations are significant. Leaders can benefit from further development of the interpersonal and leadership skills needed to create direction, alignment and commitment within the organization.

This work involves skills such as coaching employees, delegating effectively, hiring talented people and implementing change through others.

Healthcare leaders also need to place greater focus on gaining the experience and skills needed for future roles and future challenges. The study showed that leaders could improve in the area of *self-awareness and career management*, meaning organizations could benefit from a stronger focus on strategic talent development and preparing leaders for the future.

Efforts can and should be made at both the individual level and at the organizational level to understand how to improve and foster leadership development in areas where a gap or limitation is identified. In the following section, we offer insight into each of these issues and suggestions for addressing them.

	LOWER EFFECTIVENESS	HIGHER EFFECTIVENESS
Higher Importance	• Leading Employees • Participative Management	• Resourcefulness • Straightforwardness and Composure
Mid-level Importance	• Building and Mending Relationships • Self-Awareness	• Being a Quick Study • Doing Whatever It Takes
Lower Importance	• Confronting Problem Employees • Career Management	• Differences Matter • Putting People at Ease
Derailment Factors	• Too Narrow Functional Orientation • Difficulty Building and Leading a Team	• Adapting to Change • Meeting Business Objectives

closing the gaps



Healthcare organizations seeking to invest in their leaders should align organizational needs, system-wide leadership capability and individual leader development.

To close the leadership gap in the areas identified in this study, organizations and individual leaders will need a solid understanding of the skills and behaviors required to be effective in each area. Here, we offer a starting point for understanding six areas that healthcare leaders and organizations should emphasize:

1 Leading employees. The ability to lead employees is a highly variable skill, requiring strong self-awareness and interpersonal savvy. In addition to being skilled directors and motivators, managers and executives who are effective in leading employees will invest in others. They push decision-making to the lowest appropriate level, developing employees' confidence in their ability to take action. They consistently coach employees and provide challenge and opportunity. With this mindset of developing others, skilled leaders find and attract highly talented and productive people.

2 Participative Management. Strong leaders use participative management to involve others, build consensus and influence decisions. Managers who value participative management encourage others to share ideas, information, reactions and perspectives – and they listen. They communicate well, keeping others informed, involving others in change and paying attention to multiple perspectives.

3 Building and Mending Relationships. Managers who establish and maintain solid relationships are respectful, diplomatic and fair. They are able to relate to all kinds of people and easily gain support and trust of peers, higher management and customers. Skilled at negotiation, these managers get things done through collaboration and by finding common ground. They try to understand what other people think before making judgments or making decisions.

4 Self-Awareness. Effective leaders have an accurate picture of their strengths and weaknesses and the impact that their behavior has on others. Someone with a high degree of self-awareness seeks feedback and values reflection and learning. A self-aware manager will admit personal mistakes, learn from them and move on to correct the situation.

5 Broad organizational perspective. When a manager's orientation is too narrow, he or she is limited in terms of level of responsibility and movement across departments or functions. A promotion would be seen as pushing this person beyond their current level of competence, and a lack of understanding of how other departments operate is viewed as an inability to collaborate. In contrast, leaders with a broad organizational perspective have worked in multiple departments or functions over time. They have experience working with groups or on teams with competing interests, expertise and points of view. They have developed tactical or technical skill, but also appreciate strategic and organization-level issues.

6 Building and leading a team. Managers who are effective team leaders set clear goals and expectations. They are able to resolve conflict, motivate team members and help individuals understand how their work fits into the goals of the organization. They select the right mix of people for the team, bringing together people who collectively have the expertise, knowledge and skills needed to complete an assigned task or ongoing work.



Organizations will also want to provide leaders with opportunities for assessment, challenge and support as they seek to improve these or other leadership competencies.

Assessment involves information about current strengths, development needs and current level of effectiveness. Most healthcare professionals understand the power of data for managing the technical aspects of their work – medical tests can narrow the scope for accurate diagnosis and treatment, for example. Similarly, organizations should understand the leadership behaviors and skills that are needed for the long-term health of the organization and find ways to accurately measure them. 360-degree leadership development assessment tools are often most detailed and helpful, but informal assessments and ongoing feedback are beneficial, too.

Challenge provides opportunity to grow and learn – for example, an experience that is new and requires new skills. Healthcare organizations should help employees at all levels and across functions understand the importance of "stretch" assignments and how to get the most out of them. Just as physicians learned through rotations and residency early in their careers, healthcare leaders should have leadership assignments or roles that allow them to try new things, work in different ways and manage change.

Support provides guidance and reassurance about strengths, current skills and established ways of thinking and acting. Individual coaching, action learning and team coaching are effective ways to provide learning and performance support for administrators and organizational management, as well as for physician leaders, nursing professionals and care teams.

Finally, the most successful healthcare organizations create a leadership strategy that builds essential skills and behaviors of individual leaders AND invests in its culture. Culture, in concert with the business strategy, drives outcomes. Through a culture of collaboration, people throughout the organization can develop a full spectrum of capabilities required to lead into the future.

conclusion



In uncertain times, healthcare companies cannot afford to pour resources into generalized leadership development, hoping that somehow they will end up with the "right" outcomes. Yet, they know leadership talent and technical expertise are necessary to meet the population's healthcare needs, manage operations and find innovative and effective solutions to complex challenges. Well-targeted leadership development initiatives, then, are essential for success.

Using CCL research as a starting point, healthcare organizations have the opportunity to re-assess their organizational leadership capabilities and begin focused efforts to develop leaders and create a culture of collaboration.

About the Research

Between 2000 and 2009, 34,899 individuals from healthcare-sector organizations completed CCL's® Benchmarks® assessment, a 360-degree feedback survey consisting of 155 behavioral descriptor items clustered into 21 scales (see pages 7 and 9 for definitions of scales). The sample split evenly between male and female, had an average age of 44, and was made up of 25 percent top management and executives, 55 percent middle and upper-middle managers, 10 percent frontline and hourly workers, and 10 percent who did not provide information on their organizational level. Sixteen of the scales rate leadership skills, and five of the scales rate derailment factors. Respondents to the survey (both self-report and observers) indicate relative importance for success among the 16 leadership skills by identifying the eight competencies that they believe to be most important. Respondents also rate effectiveness at executing each of the 16 competencies on a 5-point scale, with 5 representing the highest level of effectiveness; ratings were averaged across all observers. Additionally, the respondents rated the likelihood of participants derailing on five scales in the derailment section. This study examines the relationship between importance rankings and effectiveness ratings from 34,899 observers who provided ratings on Benchmarks for the participants.

Resources

Collaborative Healthcare Leadership (2nd white paper)
The Leadership Gap Indicator
Benchmarks
Developmental Assignments: Creating Learning Experiences without Changing Jobs, CCL Press, 2006
Selling Yourself without Selling Out: A Leader's Guide to Ethical Self-Promotion, CCL Press, 2006
Keeping Your Career on Track: Twenty Success Strategies, CCL Press, 2000
Feedback Guidebook Package, CCL Press, 2000

- *Feedback That Works: How to Build and Deliver Your Message*
- *Giving Feedback to Subordinates*
- *Ongoing Feedback: How to Get It, How to Use It*

Seven Keys to Successful Mentoring, CCL Press, 2009

- Teams Guidebook Package, CCL Press, 2004.
- *Maintaining Team Performance*
- *Raising Sensitive Issues in a Team*
- *How to Form a Team: Five Keys to High Performance*
- *How to Launch a Team: Start Right for Success*
- *Leading Dispersed Teams*

Building Conflict Competent Teams, Jossey-Bass, 2008
FYI For Your Improvement™ 5th Edition
LEAD: Leadership Performance Tool

Contributors to This Paper

Tracy Enright Patterson, Heather Champion, Henry Browning, Deborah Torain, Courtney Harrison, Joan Gurvis, John Fleenor and Michael Campbell

For more information about any of these resources, please visit us online:
www.ccl.org/leadership/landing/healthcare/index.aspx



About the Center for Creative Leadership

The Center for Creative Leadership (CCL®) is a top-ranked, global provider of executive education that accelerates strategy and business results by unlocking the leadership potential of individuals and organizations. Founded in 1970 as a nonprofit educational institution focused exclusively on leadership education and research, CCL helps clients worldwide cultivate creative leadership – the capacity to achieve more than imagined by thinking and acting beyond boundaries – through an array of programs, products and other services. Ranked among the world's Top 10 providers of executive education by *Bloomberg BusinessWeek* and the *Financial Times*, CCL is headquartered in Greensboro, NC, USA with campuses in Colorado Springs, CO; San Diego, CA; Brussels; Moscow; Singapore; Pune, India and Addis Ababa, Ethiopia. Its work is supported by 500 faculty members and staff.

CCL – Americas
One Leadership Place
PO Box 26300
Greensboro, NC • 27438-6300
p: +1 336 545 2810
f: +1 336 282 3284
e-mail: info@ccl.org

CCL – Europe, Middle East, Africa
Avenue de Tervueren 270
Tervurenlaan • B-1150
Brussels, Belgium
p: +32 (0)2 679 09 10
f: +32 (0)2 673 63 06
e-mail: ccl.europe@ccl.org

CCL – Asia-Pacific
89 Science Park Drive
Singapore Science Park I
The Rutherford
Lobby B, #03-07/08
Singapore • 118261
p: +65 6854 6000
f: +65 6854 6001
e-mail: cclasia@ccl.org

CCL – Russia
CCL LLC
8th Marta Street 10
Building 14
Moscow Russia • 127083
p: +7 495 662 31 39
f: +7 495 662 31 39
e-mail: ccl.cis@ccl.org

Other campus locations:

Colorado – 850 Leader Way, Colorado Springs, Colorado, 80905, USA, p: +1 719 633 3891

California – 8910 University Center Lane, Tenth Floor, San Diego, California, 92122-1029, USA, p: +1 858 638 8000

Africa – Unity University, Sub-City: Bole, Kebele: 11, House No: 632, PO Box 6722, Addis Ababa, Ethiopia, p: +251 913204547

India – 238 Regus Connaught Place, Level 2, Kumar Connaught Place, Bund Garden Road, Pune - 411 001, India, p:+91 20 4014 7709/10

The Center for Creative Leadership is committed to a policy of equality of opportunity for the admission of all students regardless of race, color, creed, sex, age, national origin, sexual orientation, or disability, and does not discriminate on any such basis with respect to its activities, programs or policies.

Center for Creative Leadership, CCL®, and its logo are registered trademarks owned by the Center for Creative Leadership.
©2011 Center for Creative Leadership. All rights reserved.