

Assessing Ever Changing Role and Responsibilities of a Hospital CEO

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The Endurance of Organization depends upon the quality of leadership.....

Chester Bernard

“The Function of the Executive”

A Great hospital CEO, I believe ,is one, Where people are doing things under his or her supervision because it's the right thing to do and they want to do it, not because you told them to do it.....

Vincent Caponi,

St Vincent Health System, Indianapolis

Who is a CEO?

- The highest Management Position within a hospital.
- Works directly with the Board of Directors to institute strategic planning for the hospital
- Balances between managing the day to day operations and handling the strategic development initiatives needed for long term success

Duties of hospital CEO

- Creating a positive and productive *Culture* through leadership
- Providing and modeling the standards for *Operational Excellence*
- Recruiting and retaining *Qualified Staff*
- Assuring the delivery of high *Quality Patient care*
- Implementing *Clinical policies and procedures*
- Ensuring *Compliance* with hospital policies as well as Government rules and regulations
- Developing relationship with internal and external *Stakeholders*
- Maintain strong *Financial performance*

Hospital CEO

- **ADMINISTRATOR:** Responsible for attaining and maintaining patient care, safety, education and community service goals. They also ensure hospital objectives are met through the process of selection, development, organization, motivation, management, evaluation and the promotion of human resources
- **FINANCIAL HEALTH:** Ensure financial stability and strength by promoting services in a cost effective manner.
- **COMPLIANCE:** Complies with Government regulations. Also operate in accordance with all regulatory agencies and accreditation bodies

CEO-Board Relationship

- Open Communication with Board
- Board clearly defines expectations of the CEO
- Well defined structure for Physician /Clinical Staff Relationship
- Periodic CEO performance evaluation
- Active engagement in Succession Planning

Healthcare landscape

In the Twenty First Century

Changing Hospital landscape?

- Public / Private / PPP hospitals
- Profit / Not for Profit Hospitals
- Multispecialty / Single specialty hospital
- Primary / Secondary / Tertiary / Quaternary level Hospitals
- Day care / Ambulatory care / Nursing homes / Preventive care
- Standalone / Network
- Brick & Mortar / Virtual Space (Technology enabled)
- Local / National / International Network
- Accountable Care Organization (ACOs)

ACO's

- Accountable Care Organizations are groups of doctors, hospitals and other healthcare providers, who come together VOLUNTARILY to give coordinated high quality care to patients they serve.
- Coordinated Care ensures that patients, especially the chronic ill. Get the right care at the right time, with the goal of avoiding unnecessary duplication of services and preventing medical errors.

Changing Landscape?

- An *Aware Consumer* demanding quality in care and services
- Competitive landscape giving Consumers *Choice*
- Geography becoming History: *Global Consumers*
- Disruptive *Technology*
- Shortage of *Skills & Resources*
- Alternative modes of *Funding*: PE/VC/IPO/Grants etc

PE investment in Healthcare

2012 65 deals valuing \$ 1.07 Billion

2013 77 deals valuing \$ 1.16 Billion

Source: VCCEdge

Changing Landscape.....Ctd

- *Mergers & Acquisition*
- *Role of Media esp. Social Media*
- *National & International Accreditation Standards*
- *Regulatory & Legislative Standards*
- *Collaborative Care systems: e.g.: Organ Sharing*

Biggest Innovations in Healthcare Technology in recent times

- **Microchip Modeling Clinical Trials:** Aim to replace the use of animals in clinical trials to accurately test the safety and efficacy of treatment for human patients and spares the lives of countless animals used in testing. These microchips are smaller than a human thumb, can reconstruct the complicated interface between organs and capillaries, which is similar to the idea of micro fabrication, the process of making structures on a micrometer scale.
- **Wearable Technology like Google Glass**
- **3D Printed Biological Material**
 - Embryonic Stem Cells, Printing Skins,
Cancer Cells

Ctd..

- **Optogenetics:** A new technology in Neurosciences that target a single neuron in the brain of a mouse merely by turning on a light. Its purpose is to control the brain's activity with light.
- **Hybrid Operating Rooms:** A new innovation where a traditional OR is outfitted with advanced medical technology to improve care delivered to patients and also enhances the skill sets of medical practitioners.
- **Digestible Sensors:** A sensor that transmits information about a patient to medical professionals to help them customize the care.
- **Interoperability- Doctor to Doctor Communication using MHealth**

The Seven Skills You Need to Thrive as CEO's

A recent Harvard Business School interview of
Head Hunters and Placement Consultants

Leadership

- The skills cited as most indispensable for C-level executives—not just CEOs—are those that jointly constitute leadership.
- “Inspirational leadership,”
- “Take-charge” leadership,
- “Strategic leadership.”
- “Ethical leadership” .
- “Visionary leadership”

Strategic Thinking & Execution

- “Strategic foresight”— the ability to think strategically, often on a global basis.
- the ability to “set the strategic direction” for the organization;
- “integrative leadership.”
- the ability to execute a vision,

Technical & Technology Skills

- Technical skills—specifically, deep familiarity with the particular body of knowledge under their auspices, such as law, financials, or technology.
- “A C-level executive needs to understand how technology is impacting their organization and how to exploit technology,”
- Financial acumen and “industry-specific content knowledge.”
- In contrast to popular wisdom, many technical skills are not declining but increasing in importance.

Team & Relationship Building

- “Building and leading teams and working collegially”.
- “A world-class leader must be able to hire and develop an exceptionally strong leadership team—he/she cannot succeed as a brilliant one-person player,”
- “more interested and skilled in developing his/her team, less self-oriented.”
- “Executives no longer sit behind closed doors,”
- “Team-oriented, capable of multitasking continuously, leading without rank, resisting stress, ensuring that subordinates do not suffer burnout—and do all of this with a big smile in an open-plan office.”
- “leading and developing the company’s team, from the leadership down to the ‘troops.’”

Communication & Presentation

- “The power of persuasion and excellent presentation skills”
- “The intellectual capability to interact with a wide variety of stakeholders.”
- “Knowledgeable and unsophisticated, internal and external, friendly and sceptical—calls for mental deftness and stylistic versatility”.
- “Board-ready”;
- “Influence the direction of a business and the front office” and to achieve “organizational buy-in.”
- “Presentation skills have become key to success, and will continue to be of increasing importance in the future, as the media, governments, employees, shareholders and regulators take an ever-increasing interest in what occurs in big business.”
- “must be adept in receiving and synthesizing information”

Change Management.

- Virtually unacknowledged and underappreciated until quite recently, change-management skills are in growing demand.
- a “change driver,” able to “lead a transformation/change agenda” and capable of “driving transformational change.”
- a ‘change-agent’ executive, motivated by a continuous-improvement mindset, a sense of always upgrading organizations, building better processes and systems, improving commercial relationships, increasing market share, and developing leadership.”
- “a new skill set that can lead to significant change and growth”

Integrity

- Although not skills per se, integrity and a reputation for ethical conduct are highly valued,
- “unquestioned ethics.”
- “Personal integrity and ethical behavior . . . are far more important now because of the speed of communication.”

“One of the biggest changes CEO’s will face in the evolving healthcare landscape is moving from conventional command and control position to teamwork and collaborative leadership style.”

Rod Fralicx
Vice President- Healthcare Practice,
Hays Group

TRAITS of a Great Hospital CEO

- **Servant leadership:**
Responsive, Integrity, Genuineness, Gratitude
- **Communication**
“Communicate often and clearly”
- **Mentorship**
“Have and be a Mentor”
- **Role Model**
“Sets the tone and Culture of the Organization”
- **Sense of Humor**
“A little humor along the way can cut stress”
- **Balance**
“Maintaining a balance of concern for people and finance.”

Ref: Becker's Hospital Review (2011)

From My Experience

- Strongly believe in Management By Walking Around
- Mentor
- Team Builder
- Visionary “Think Big”
- Quick to Adapt to Changing Technology
- Customer Centric
- Risk Takers
- Specialist.....Generalist
- Network with Stakeholders
- Fund raisers
- Benchmark with the Best “ Service Excellence”

Excellence, Excellence, Excellence....is the MANTRA

Skill sets...Priorities in the future

- Importance of a *Global Outlook and meaningful International Experience*.
- The demise of the Star Culture. Being a *Team player*—working well with others—matters more and is expected to grow in importance.
- *Team skills* and *Change-Management skills* tied for second place among those considered crucial today but largely ignored ten years ago.
- Technical skills—once the prime goal of executive searches—are still important but have become merely a baseline requirement.

“ To be persuasive, we must be believable. To be believable we must be credible. To be credible we must be truthful. Leaders have to earn their credibility through action and through example. The only effective communication—the only reality—is performance. And leaders must perform in order to earn trust, and before a sense of common purpose can emerge”

-Edward R. Murrow

“Broadcaster whose story was dramatized in the Oscar nominated movie “Good Night and Good Luck”

Strategic Leadership Model for Organizations

A Funnel Framework for CEO's
A Stanford Business School Approach

Leaders are agents responsible for integrating mission and strategy and ensuring their execution.

James A. Phills Jr

Stanford Graduate School of Business

Funnel Framework



Why Framework?

- The funnel identifies the key concepts and frameworks that will allow organizational teams to understand the organization and industry, and leaders to develop a mission, strategy and execution plan that will help achieve the organizational goals.
- The objective of going through this analysis is to find a mission that:
 1. Places boundaries on the organization
 2. Energizes and inspires the organization
 3. Provided a tangible basis for evaluating the fit between mission and the organization's action

Why Framework?

- To find a strategy and execution plan that:
 1. Charts a path through the dynamics of your particular industry that gives you control over your destiny by ensuring your organization enjoys sufficient prosperity to pursue and fulfill its mission.
 2. Guides the decisions about resource allocation, policies and activities that you will have to make on a day to day basis.

Mission

What is Mission?

- The **psychological and emotional logic** that drives an organization
- A language and a set of test for thinking about “ what are we here to do and why is that important”
- Captures the basis for people’s passion and excitement
- Inspires the organization and its stakeholders
- Mission is why we get up in the morning to go to work
- Financial goals do not belong in the mission- they are a means to the ultimate ends of the organization.

Mission

- Core Values
- Purpose
- Primary Goals
- Vision

Mission

• Core Values

Definition: *Enduring Tenets, Guiding principles*

- *Essential and enduring tenets of an organization.*
- *Timeless guiding principles. Things we care deeply about.*
- *We would sooner close the door than violate*

Tests:

Has it guided the organization since its inception?

Will it still be guiding the organization in 100 yrs

Tips:

Values are usually nouns

Typically fewer than four or five

• Primary Goals(BHAG)

Definition: *Big things you want to accomplish over time*

- *Applies to whole organization*
- *Long term. Requires significant time and effort to accomplish. Usually seven to ten years*
- *Sufficiently concrete that you know when they are achieved*

Tips:

Not financial goals. Attainable but ambitious. A stretch goal

Test:

High five or Champaign moment when we achieve it.

Do they energize and inspire?

Oyster Healthcare

• Purpose

Definition: *Enduring reason for being*

- *Enduring reason for being. Never completely fulfilled.*
- *Not simply a description of output, customers or goals. More than just what you do, but why you do it.*

Tests:

Can it last for 100 years

Does it guide and inspire? Is it exciting or a big yawn

Tips:

Things that are verbs, eg “educate”

Ask yourself “why” three, four or five times.

• Vision

Definition: *Vivid description of what the world looks like once these goals have been accomplished*

- *The vibrant, engaging ,very specific picture of what it will look like to achieve the goals*

Tips:

Evocative, concrete and tangible

Does not need to be concise. It should paint a rich and elaborate picture

Where you exercise your poetic impulses

Test:

Is it energizing and inspiring and does it paint a rich picture of what the world will look like once you have achieved the BHAG/primary goals

Strategy

What is Strategy?

- The **economic logic** that guides an organization and determines its long term prosperity
- Strategy determines the ability to secure the resources you need from the environment in order to fulfill the mission
- Strategy should be designed to achieve and serve the mission
- Strategy places specific constraints on the organization and its choices.(Mission on the other hand ,is fairly broad. Two organizations can have the same mission with very different strategies)
- Strategy allows you to chart a path through the industry forces to give you control over your destiny

Strategy

Industry Analysis

Buyers

Suppliers

Competitors

Substitutes

Barriers to Entry

Strategy Identification

Scope

Competitive Advantage

Logic

Industry Analysis

Understanding the Environment

Purpose:

To provide a systematic approach to understand the environment

Provide a framework and structured process for getting all of the relevant facts about the environment out on the table

Barriers of Entry

Feature of industry that might prevent a potential entrant from entering the industry

- What might prevent others from coming in and doing what you do?

Competitors

Industry incumbents or rivals, typically identified by name

- Which organizations are closest to you in terms of alternatives?

Industry

Definition of market to be analyzed(not too narrow or broad)

- What industry are we in?
- Does your organization operate in more than one industry? Conduct separate analysis for each one

Suppliers

Those who sell resources required by an organization in order to produce its products and services

- People you pay to give you the materials or services

Buyers

Those who buy or use the industry's products and services

- Clients, customers or individuals you serve directly

Substitutes

Products or services that can fulfill the same or similar needs as the industry

Strategy

Economic logic

Strategy is about how NOT to compete . It is about how to differentiate in order to avoid direct competition

Tests of a good strategy:

- Industry Test: Does the strategy deal with challenges posed by the industry analysis (e.g. ,provide a way to deal with high buyer power)?
- Grandmother Test: Can you explain to your grandmother without a pile of slides. Must be sufficiently concise and simple
- Bus Test: Is your strategy sufficiently specific to your organization so that if a competitor found it on a bus, they could not pursue it?

Strategy

Economic Logic

Scope

Dimensions over which the sustainable competitive advantage is valid

- **Products & Services:** *How our organization's range of products and services compare to that of competitors (along various dimensions like quality, size, complexity)*

Test: \$ 20 bill on table- you will leave the money on the table since they are not consistent with your strategy

- **Buyers:** *Subset of buyers for the industry targeted by your organization*

Should be defined in terms of observable characteristics

- **Geography:** *Areas , regions or countries in which a firm competes in a coordinated fashion*

Competitive Advantage

Why buyers choose your product/services over those of competitors, the unique source of value you provide to your buyers

- Should be sustainable and resist emulation
- Stems from *the value* a firm is able to provide to its customers, above its cost of creating that value
- Types of competitive advantage: cost, differentiation
- Sources of competitive advantage: capability, position

Test: Vanity test: Are the competitive advantages identified, the same ones a the competitors and customers would identify for you?

Execution & Logic

What is Execution?

- The translation of mission and strategy into concrete choices and activities
- Where the competitive advantage is made or lost.

Execution & Logic

- Resources Allocation
- Activities
- Policies



Execution is translation of Mission and Strategy into resource allocation, activity and policy decisions.

Logic is the story of why the strategy will work and specifies the relationship among the key elements of the strategy. Logic describes how the policies, resource allocation and activities support the organization's competitive advantage and scope

Execution & Logic

Economic Logic & Resources Allocation



What makes a good strategic logic?



*If you want one year of prosperity, grow grain
If you want ten years of prosperity, grow trees
If you want one hundred years of prosperity, grow people*

Chinese Proverb

“I dream, I test my dreams against my beliefs, I dare to take risk, and I execute my vision to make these dreams come true”

- Walt Disney

CONCLUSION

Dream beyond the boundaries of today

Believe in Social Values

Dare to make a difference

And then go out and **do it.**

DREAM, BELIEVE, DARE ,DO

Q&A

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