



BUILDING LEADERSHIP THAT ENDURES

"Efficiency," "effectiveness," "market position"—these have for years been the lingua franca of health care. For-profit institutions add "return on investment" to the lexicon. When most health care organizations attempt "leadership development," they generally bring all these factors to their assessment of possible future leaders. They identify a small number of stellar performers (in terms of efficiency, effectiveness, etc.) and cultivate them for potential leadership roles.

In Catholic health care, however, technical administrative skills are only part of the leadership preparation picture. The unique mission of a Catholic health care institution—its ministry and fidelity to the spirit of its sponsors—requires more of future leaders.

At Catholic Health East (CHE), we have taken a different approach. CHE is a Newtown Square, PA-based system comprising 19 decentralized organizations, which we call "regional health corporations" (RHCs). Seeking a leadership development program that blends mission and business imperatives, we created CHE's "Leadership Formation Initiative" (LFI). The LFI will, first, foster a large pool of potential leaders within the organization, and, second, draw from this pool

*A New
Initiative
Enables
Catholic
Health East
to "Grow"
Its Own
Leaders*

BY PETER J.
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the leaders who will guide CHE far into the future.

A DIFFERENT KIND OF INITIATIVE

Many organizations have tried to institute consistently successful leadership development and succession planning. Most simply identify and develop a few "high potential" individuals, but such "stars" may leave the organization. Shifts in management can cause an organization to scramble, losing sight of its leadership objectives. Mergers and acquisitions can disperse the small number of people chosen for development; so can conflict about who is or is not a "star." Finally, failure can result if the organization does not codify and synchronize its leadership development model with its mission, vision, and strategic plan. CHE created the LFI to avoid such problems.

The LFI was put together by the system's Leadership Development Advisory Group (LDAG), consisting of the system CEO and several CEOs, executive vice presidents, and mission and human resources personnel from the RHCs. The LDAG was assisted in this work by the system's Sponsors' Council, composed of representatives of the sponsoring congregations.

One way the LFI differs from other leadership development plans is by greatly enlarging the pool of people "grown" from within the organization. CHE currently has nearly 200 executives, most at the vice presidential level in the system's various organizations, who are considered potential leaders.

This strategy reflects the overall inclusiveness of CHE's culture. We believe that everyone has the potential for development. It is not our style to select only a few individuals for that opportunity, thereby perhaps blocking the progress of a quiet "champion." CHE's sponsors, board, and senior management team have all contributed to



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the creation of the LFI and are totally committed to it. CHE's strategic plan details that commitment by articulating the "measures of success" used in "cultivating excellence in leadership."

FOUNDATION OF THE LFI

Leadership formation is especially important in today's Catholic health systems, including CHE. These often venerable institutions were shepherded for many years by their founders, congregations of religious women whose numbers are now dwindling. CHE is sponsored by 13 congregations of religious women and a public juridic person. To perpetuate and strengthen their mission, the congregations involved are transitioning their leadership functions over to lay leaders.

LEADERSHIP FORMATION SYSTEMWIDE

The system's Corporate Leadership Development Committee (CLDC) oversees the LFI's implementation. Through 2001 the system moved judiciously to acclimate its decentralized corporate culture to the idea of leadership development. The committee wanted to confront any obstacles that might arise before instituting the initiative on a systemwide basis. By the end of 2001, most of CHE's vice presidents had been through the first cycle.

Each of the RHCs (including nursing homes,

hospitals, and multifunction organizations incorporating both acute and long-term care) has a CEO who is an employee of the system. Although CEOs have broad autonomy in leading their organizations, they collaborate closely with CHE in regard to mission, ethics, strategy, capital allocation, and some areas of operations. "Selling" the LFI to these CEOs was not difficult because they all clearly saw the value of ensuring the future of the ministry by systematically developing prospective leaders. Some RHC CEOs have even proceeded to establish local programs modeled on the CHE effort.

INTERVIEWING AND SELECTION

The LFI actually comes into play even before a candidate for an executive position is interviewed. For each available position, the hiring executive develops a preferred-candidate profile that includes the 15 core competencies in the Leadership Profile (see the **Figure** below), as well as other specific position requirements. He or she will have previously agreed with colleagues on the competencies most critical for the position and discussed the extent to which the ideal candidate should possess those competencies.

Depending on the position, interviewing may involve people other than the hiring executive. If so, the interview team must decide beforehand

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CHE'S LEADERSHIP PROFILE

The foundation of CHE's initiative is an interlocking set of 15 competencies: seven Core Value and eight Leadership competencies, the demonstration of which will lead, over time, to the four Mission and Performance outcomes.





whether the sessions are to be conducted by a single interviewer, a pair of them, or the whole group. If interviewing is done sequentially, each interviewer should emphasize one or two competencies. To help them observe the relevant ethical and legal parameters, interviewers will have copies of the *Guide to Interviewing and Selection*, a CHE brochure based on the principles of behavioral-event interviewing.

Before the candidate arrives, the interviewers review and consider closely each of the competencies, along with specific position requirements. The *Guide* clearly enunciates indicators that point to an individual's ability to demonstrate the competencies. These include, for example:

- *Embracing Ambiguity* indicators that show whether the candidate can cope effectively with change, make decisions, and act on them without having the total picture, as well as communicate organizational change as an opportunity rather than a threat.

- *Business Acumen* indicators that show whether the candidate possesses knowledge about current and possible future trends affecting the organization; knowledge of competing organizations; awareness of the way strategies and tactics work in the marketplace; and understanding of the operational, financial, and regulatory dynamics of U.S. health care.

THE INTERVIEW

Interviews probe a candidate's ability to meet all of the competencies and the mission and performance criteria in the Leadership Profile. Catholicism is not a prerequisite for a position at CHE, which employs people of all religious and ethnic backgrounds and gives them equal opportunities to become system leaders.

Interviewers begin by explaining that the process is based on the Leadership Profile, which candidates are given at the interview, along with answers to any questions they may have about it. As the interview progresses, those conducting it take notes in a prescribed fashion, thereby making it easy to compare accounts later. In addition, each interviewer ranks the candidate (on a three-point scale) according to his or her apparent ability to fulfill each competency, giving evidence to support the ranking.

The *Guide* is perhaps especially useful in offering, first, sample questions interviewers can ask to evoke replies related to the pivotal competencies, and second, descriptions of some verbal and behavioral responses they can expect to such questions. Take "Justice," for example. At CHE, this means: "We act as advocates for a society in

which all can realize their full potential and achieve the common good." The candidate being interviewed might reply that a truly fair health care executive will:

- Treat employees justly and respectfully
- Deal fairly with everyone and refuse to play favorites
- Act to ensure that diversity is encouraged at all levels
- Encourage providers, insurers, and policy makers to secure the human right to health care, especially for the poor and elderly
- Actively seek to form partnerships that promote health in the community

To probe a candidate's sense of justice, the *Guide* suggests that interviewers ask a candidate to describe "a situation in your job in which the 'right thing to do' was not obvious and you had to struggle with the alternatives." Interviewers might also ask candidates to describe, for example:

- The advantages and disadvantages they have noted concerning diversity in the workplace
- Situations in which they have attempted to work in partnership with another organization in the community

While asking such questions, interviewers will observe in the candidate such traits as:

- Self-awareness (the candidate seems to recognize how his or her own feelings might affect decisions)
- Candor (the candidate is capable of straight talk)
- Integrity (the candidate refuses to try to please everyone)

Each of the Leadership Profile's seven "Core Value" and eight "Leadership" competencies is similarly parsed in the *Guide*. The interviewers try to estimate, from a candidate's verbal and behavioral responses, how effectively he or she might accomplish the four "Mission and Performance" outcomes as well. And, of course, interviewers are free to ask other questions to elicit knowledge, skills, experience, and abilities critical to a particular position.

After a session is completed, all the interviewers get together (in a teleconference, if necessary) to discuss it. CHE believes that group discussion is a key element in achieving a shared view of the position and the candidates for it. Interviewers who meet as a group can, while comparing their assessments and explaining their rationales, articulate the areas in which they agree and those in which they disagree. The interviewers write down both agreements and disagreements, as well as other issues they may want to consider later.

In some cases, the interviewers can reach a final

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decision during the postinterview meeting. If not, the information brought together there will be reviewed by those who have hiring authority.

ORIENTATION

CHE's orientation program is an integral part of the LFI. Orientation is designed to be not just new executives' introduction to the system but also a strategic link between their recruitment and selection, on one hand, and their assimilation into their new roles, on the other.

The system offers orientation at the corporate level and, for new RHC executives, at the level of the local institution. In both instances, the program is intended to further familiarize new executives with the mission, core values, vision, and strategic plan of CHE and its RHCs and to inaugurate their exposure to the organizational culture. Having first heard about these things during the recruitment process, new executives will have a consistent message reinforced in the orientation program. The same message will be repeated throughout the leadership development process.

Of course, one should not underestimate the value of the traditional "meet-and-greet" aspects of orientation. What better way to get to know a culture? New executives will also have an opportunity to meet people with whom they will be interacting in other system locations. Executive orientation is offered at CHE's corporate offices at least twice a year. Specially focused orientations are also held as needed for new CEOs.

ASSESSMENT AND PERFORMANCE MANAGEMENT

The Leadership Profile's Core Value and Leadership competencies are the basis of leadership assessment at CHE. Overarching them is an executive's ability to achieve the Mission and Performance outcomes. Clearly, future leaders will be those who are consistently able to meet these criteria.

However, CHE keeps leadership assessment and development largely separate from performance appraisal because the system is looking for different things from each process. Executives gain compensation increases and bonuses by achieving system performance measures, which include mission fulfillment goals, operational/financial goals, and human resources goals. These measures, combined with individual performance objectives, comprise CHE's regular performance management system for executives.

Since Core Value competencies are a vital part of executive leadership, the ways in which CHE executives demonstrate these competencies are a part of their assessment and development as leaders, along with their regular performance

appraisal. If an executive were to perform outstandingly in meeting a financial goal but fail to demonstrate a core value—such as integrity—in meeting that goal, he or she would demonstrate a serious gap that supervisors would need to address. Core Value competencies—who you are—are thus assessed twice, in both the performance appraisal context and the leadership assessment and development context.

In the Leadership formation arena, an executive's supervisors review his or her competencies with an eye toward closing gaps that may exist between weaker skill ratings and highly important competencies. An executive who demonstrates proficiency in the Leadership competencies is likely to do well on the performance outcomes, of course. But CHE shies from too close a connection between these two aspects at this stage. Instead, we aim for a 360-degree assessment of each executive's leadership competencies, primarily for the purpose of development. This includes requiring executives to complete self-assessments and soliciting feedback from their peers, supervisors, and the people who report directly to them. We believe that this method encourages a level of communication and substantial interaction between executives and those who evaluate them, allowing supervising executives to provide support to each person in developing all the Core Value and Leadership competencies.

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LEADERSHIP FORMATION AND SUCCESSION PLANNING

CHE's CLDC oversees the work of assessment, development, and succession planning for executives reporting to senior management. The senior executive positions are, in turn, reviewed by a CHE board committee. Both committees are charged with ensuring that CHE maintains a strong "bench" of executives for future Catholic health care leadership.

Leadership assessments result in confidential reports that are released to the concerned individual alone. However, because these assessments are the basis of CHE's leadership development, the system is building a highly restricted database to contain information about its nearly 200 executive leaders. Each file includes a basic biography of the person, along with his or her assessment findings, a development plan, and notes concerning the interest he or she has expressed in possible future leadership roles.

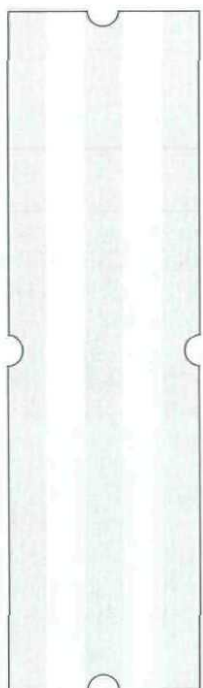
With this database, CHE intends to shape its succession plan. In contrast to other organizations' programs, the LFI provides a substantial pool of candidates for future leadership, rather than concentrating on grooming just a few

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BUILDING ON PAST SUCCESS

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with one another in their efforts to recruit and retain leaders. No executive likes to see a competent, successful manager leave the organization for a "competitor." Unfortunately, no organization has more than a limited number of leadership roles. Can Catholic health care embrace the notion of the common good in a way that allows it to retain scarce and valued human resources *in the ministry*, if not in particular systems or organizations?

The ministry needs all the talented human resources it can get. It also needs a model of leadership development that truly integrates mission, ministry principles, and ministry values with clinical, professional, executive competencies. Initial recruitment and selection, incorporation and development, reward and retention must embody a minimum set of ministry competencies and be applied to governance, clinical, managerial, financial, and sponsor selection. No arena is exempt from the need for careful attention to this central and critical area.

Clearly no magic formula for success in this area exists. All sectors of health care—religious, secular, not-for-profit, and for-profit—have grappled with one or more of the dimensions of the leadership issue, whether it be shortages of trained professionals; attracting and retaining committed individuals; or identifying the competencies needed by physician leaders, sponsors, trustees, and executives.

Because the Catholic health ministry is so integrally connected to the communities it serves, its future—its vitality as well as its very viability—is contingent on its ability to create and nurture communities of people committed to a common mission. What binds us together and gives us hope, in this pursuit of ministry leadership development, is that we share a common desire—to bring God's healing presence to our needy world. □

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"select" individuals. This plan allows for ongoing appraisal of the system's "bench strength." Moreover, those being assessed are fully aware of the process and what it might mean to their futures. They know that the system makes personal and family circumstances a part of succession planning and that it has absolutely no bias against those who choose not to move or transfer, for instance.

Indeed, CHE sees its LFI as a way of developing leaders for Catholic health care in general, not just for CHE. We realize that we have a responsibility to others in Catholic health care, and we freely acknowledge that some of our potential leaders will inevitably decide to work elsewhere in the ministry. If other organizations seek their talents, they will find that our leadership development concepts and plans are transportable. Anyone who has participated in our LFI will be well prepared to serve as a leader in other areas of the ministry.

WHAT'S NEXT?

Any sensible organization needs to develop leaders for the future. Doing so is especially important for a Catholic health care organization, in which the values of a healing ministry must be coupled with business and market success.

CHE's LFI continues. We want to be able to demonstrate to leaders at all levels exactly how they can move vertically or laterally through their hospitals, long-term care facilities, and other organizations and within the system itself. CHE's sponsors challenge us to adopt the program systemwide, not just because it contributes to achieving our mission as a Catholic health organization, but also because it builds leadership that lasts. □