



LEADERSHIP DEVELOPMENT PLAN

Are annual pay-for-performance salary increases appropriate in an organization that has embraced the continuous quality improvement (CQI) philosophy? Administrators at St. Mary's Hospital Medical Center, Green Bay, WI, do not believe so. This is why in 1994 administrators and managers got together to revise the medical center's performance appraisal system for managers.

LEADERSHIP ATTRIBUTES

St. Mary's embraced CQI in 1991. Because hospital administrators took a top-down approach to implementing CQI, they saw a need to create a model to help managers become leaders, who would in turn teach CQI concepts and principles to subordinates.

Therefore in 1993 St. Mary's managers approved the following attributes of a successful leader in St. Mary's CQI culture:

- Demonstrates a customer orientation
- Is committed to the hospital's vision, values, and principles
- Functions as a "servant leader"
- Acts as a mentor, coach, and role model
- Shares optimism for the medical center's future
- Is proactive, takes risks, experiments



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A CQI Approach to Management Performance Appraisals

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- Empowers employees
- Encourages teamwork

Although managers were expected to demonstrate these attributes, St. Mary's had no formal method of recognizing managers' accomplishments or motivating managers to change unacceptable behavior. St. Mary's administrators believed that to create a successful CQI culture, managers had to be held accountable to make the

Summary In 1993 managers at St. Mary's Hospital Medical Center established the attributes necessary to be a successful leader in St. Mary's continuous quality improvement culture. These leadership attributes formed the basis of a new performance appraisal system for managers.

The medical center adopted its new performance appraisal system at the beginning of fiscal year 1994-1995. The objective of the plan is to develop St. Mary's managers' leadership skills. St. Mary's Leadership Development Plan is an ongoing cycle, with three phases.

First, managers and administrative representatives jointly agree on objectives to discuss throughout the fiscal year. The objectives reflect the hospital planning and financial goals and objectives, department goals and objectives, and leadership growth opportunities.

Each manager is then responsible for gathering feedback from subordinates on how well he or she is meeting the set objectives. Finally, each manager and administrative representative highlight accomplishments achieved during the fiscal year.

St. Mary's decided to discontinue pay-for-performance salary increases beginning with the 1994-1995 fiscal year, coinciding with the initiation of the Leadership Development Plan. Manager's compensation is now a flat percentage increase granted to all managers.



transition to the CQI culture and to serve as role models for subordinates.

These leadership attributes therefore formed the basis of a new performance appraisal system for managers. Each St. Mary's manager completed a survey on how he or she believed the new performance appraisal system should be designed. In addition, interviews on performance appraisals were conducted with the four assistant administrators (i.e., administrative representatives) to whom managers report. The survey's goal was to provide a qualitative and quantitative assessment of the strengths and weaknesses of the pay-for-performance manager appraisal system.

SURVEY RESULTS

Managers and administrative representatives supported the use of subordinate reviews in the revised performance management system. The majority supported both a rating scale and written comments as part of the subordinate review. St. Mary's Hospital Medical Center has a customer focus. Subordinates are one group of managers' customers. Subordinates' input on managers' performance is therefore crucial.

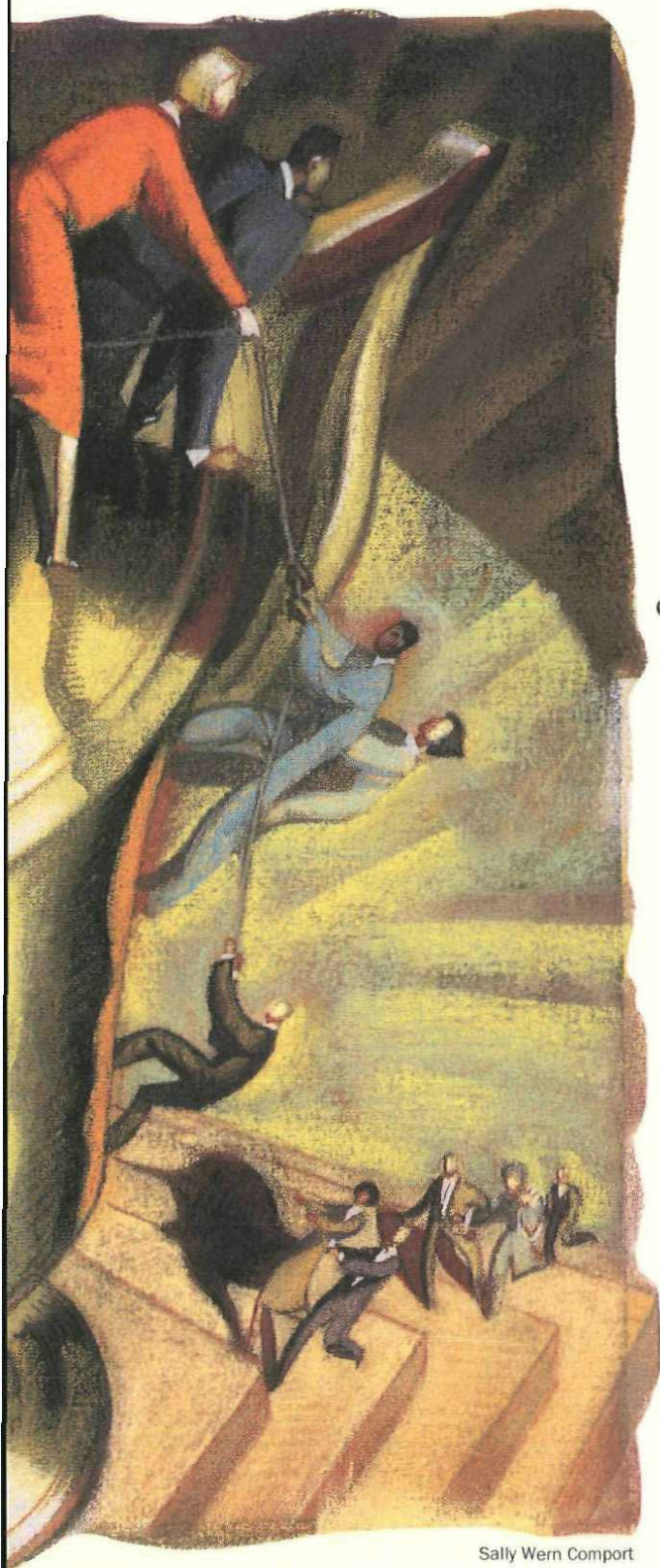
Managers supported the use of peer reviews. Some managers and administrative representatives, however, were concerned about the use of written comments because a peer may not have enough knowledge of the requesting manager's responsibilities to do a fair evaluation. The administrative representatives also believed the organization needed to promote more open, honest communication before peer reviews could be a successful component of the revised performance management system.

Managers supported the continuance of the pay-for-performance system, while administrative representatives supported a flat increase. In addition, a focus group of managers decided the incentive bonus was contrary to a commitment to CQI and voted it down.

LEADERSHIP DEVELOPMENT PLAN

Managers' and administrative representatives' survey responses, along with a literature review, became the foundation of St. Mary's Leadership Development Plan. The medical





Sally Wern Comport

The plan emphasizes the integration of a manager's career and personal growth goals with the goals of St. Mary's.

center adopted this new performance appraisal system at the beginning of fiscal year 1994-1995 (see **Box** on page 42).

The objective of the plan is to develop St. Mary's managers' leadership skills. The Leadership Development Plan promotes St. Mary's vision and managers' personal leadership needs. The plan is a personal and professional growth opportunity specifically designed to help managers attain the leadership attributes described earlier and to help the hospital create a CQI culture. The Leadership Development Plan emphasizes the integration of a manager's career and personal growth goals with the goals of St. Mary's.

ST. MARY'S PROFILE

System Affiliation

Hospital Sisters Health System, Springfield, IL

Sponsor

Hospital Sisters of the 3d Order of St. Francis, Springfield, IL

THE PLAN'S PHASES

St. Mary's Leadership Development Plan is an ongoing cycle, with three phases:

- Identify growth opportunities. The manager and administrative representative jointly agree on objectives to discuss throughout the fiscal year. The objectives reflect the hospital planning and financial goals and objectives, department goals and objectives, and leadership growth opportunities. The hospital-wide objectives are consistent for all managers at St. Mary's. Department objectives support hospital objectives and the needs of the department. Leadership growth opportunities are personal objectives associated with educational opportunities or career development needs.

- Gather feedback. Each manager and administrative representative seeks information supporting the Leadership Development Plan. Each manager has the primary responsibility for gathering feedback through the Employee Inquiry Tool and the Customer Inquiry Tool. Each manager must develop his or her own specific tools for gathering data, with the assistance of the human resources department and his or her administrative representative. The employee tool is used to solicit employee feedback on a manager's growth relating to the leadership attributes and personal objectives. A manager selects a group of employees or his or her entire staff to provide written comments on the tool. The customer tool is used to gather internal customer data. Each manager uses both tools during self-assessment; he or she can use them at any time



during the year for "course corrections."

• Summarize accomplishments. Each manager and administrative representative highlights accomplishments achieved during the fiscal year. Highlights are summarized on the Leadership

1994-1995 LEADERSHIP DEVELOPMENT PLAN

Hospital-wide Objectives

1. Achieve a 10 percent reduction in direct expenses from fiscal year end 1994.
2. Lead a CQI project team.
3. _____
4. _____

Department Objectives

1. _____
2. _____
3. _____
4. _____

Personal Objectives/Leadership Growth Opportunities

Include at least two attributes from the leadership attributes

1. _____
2. _____
3. _____
4. _____

We have jointly identified and discussed the above personal and professional growth opportunity plan.

Administrative Representative Date

Department Leader Date

Accomplishments

Hospital-wide Objectives:

Department Objectives:

Personal Objectives/Leadership Growth Opportunities:

Development Plan (see **Box** below). At the end of the fiscal year, the Leadership Development Plan is included in the manager's human resources file. The process of identifying growth opportunities, gathering feedback, and summarizing accomplishments then repeats itself.

PAY FOR PERFORMANCE DISCONTINUED

St. Mary's decided to discontinue pay-for-performance salary increases beginning with the 1994-1995 fiscal year, coinciding with the initiation of the Leadership Development Plan. Managers' compensation is now a flat percentage increase granted to all managers.

The flat percentage will be determined using the MSA Executive Compensation Survey, St. Mary's competitive market position, and St. Mary's financial ability. The MSA Executive Compensation Survey, published by the St. Louis-based Management Science Association, provides recommended compensation for health-care positions based on St. Mary's geographic location and operating equipment.


PLAN RECEIVES POSITIVE RESPONSE

St. Mary's Hospital Medical Center developed a new performance appraisal system for managers to help create a culture to support CQI efforts. Managers' initial reaction to both the Leadership Development Plan and the flat pay increase have been positive.

Managers have had their midyear progress reviews and they continue to be positive about the Leadership Development Plan. After additional discussion, managers and administrative representatives have reaffirmed that the leadership attributes are a valid measure of leaders in the St. Mary's culture. Discussions are under way on how administrative representatives can mentor managers in leadership attributes and help them "shine" so managers can share their experiences with others.

A thorough assessment of the changes will take place before the start of fiscal year 1995-1996. This evaluation will include input from managers and administrative representatives.

St. Mary's human resources department is currently researching the preemployment process to help select employees who will fit into a CQI culture. St. Mary's goal is to implement a new selection process in fiscal year 1996-1997. □

 For more information on St. Mary's Leadership Development Plan, call Lisa Maas, 414-498-4616.