One of the most effective ways trustees and healthcare executives can ensure their organizations consistently achieve better quality and financial outcomes is to use evidence-based approaches with their human capital. With roughly 60% of hospitals’ budgets allocated to human capital, those senior executives who selectively leverage their resources in high potential performers are most likely to earn the highest ROI’s while mitigating their risks. This article seeks to encourage readers to use the 80/20 rule through the use of evidence-based recruitment, selection, development and retention strategies. Many finance executives (who often are not actively involved in organization-wide leadership initiatives) are drawn to these approaches because they are metrics-driven, results-oriented, and clearly linked to actions that improve the bottom line.

Integrating progressive human capital strategies into hospitals’ strategic initiatives are great examples of what the highly respected Baldrige Performance Excellence Program’s 2011-2012 Criteria for Performance Excellence refer to as “intelligent risk taking”. Originally established by the U.S. Department of Commerce as a means to help American businesses compete more effectively with foreign organizations, the Baldrige Quality program has proven to be so effective that over 65% of all national program applicants are hospitals and health systems. Organizations on their “Baldrige Journey” typically realize significant cost-savings and multiple operational benefits. For example, Category 5 involves “Workforce Focus”. Applying these criteria as part of the integrated and comprehensive Baldrige approach can help hospitals avoid falling into the all too common, vicious cycle of “hire-fire-hire-fire-hire-fire”. Instead, using recommended Evidence-Based approaches can help great leaders replace “firing the people they’ve hired” with consistently “hiring the people on fire”.

To give you an example of how this concept can be put into practice, The Synergy Organization has found great success in matching organizations with their prospective leaders along 20 dimensions that matter most to their success, such as their Decision Making Style, Performance Feedback, Authority, Primary Leadership Style(s), and Autonomy. Evidence-based executive search differs from traditional executive search by:

- Utilizing initial diagnostic processes which include objectively identifying and cross-validating the primary stakeholders’ expectations for the new leader,
- Ensuring that internal consistency exists among these behavioral expectations and that what they say they want is really what they need,
• Objectively matching the subjective side of the job (including the culture, immediate supervisor's and other key constituents' behavioral requirements for success) with the unique style, experiences, and leadership strengths of the prospective leaders,
• Using validated leadership/behavioral profiles and behaviorally based interviews,
• Applying the Baldrige Criteria in all business practices to achieve World Class results, and
• Conducting best practices research studies. For more information about the “Six Building Blocks of Lasting Leaders”, refer to the CHG Monograph Series presentation, “Best Practices for Developing Effective and Enduring Board/CEO Relationships”.

Unfortunately, some senior executives persist in using the rough economy and health care reform as excuses to delay human capital planning. Having the right people in place is now more important than ever before. All well run healthcare organizations understand the need to run “lean and mean,” especially because they require their leaders to meet so many diverse needs.

If healthcare executives do not ensure that proactive human capital planning is in place, they put themselves at risk with their boards. Although trustees should maintain their focus on policy and strategy, they also are responsible for ensuring that the hospital’s senior executives are managing various operational risks, such as finance, exposure from external competitors, and clinical quality issues. A primary responsibility of all senior executives is to anticipate and safeguard their hospitals from such predictable risks, and boards have both the right and responsibility to ensure that such practices have been implemented appropriately.

Effective leadership involves balancing risks and rewards in building high performance leadership teams. Many people mistakenly believe that the safest and easiest thing to do is to promote the internal candidate, regardless of how well qualified they are for the job. (Their underlying assumption often is that they can train anyone to do just about anything, as long as the “student” is willing to try hard enough for as long as it takes.) For example, at the “lower” ends of the career ladder, think about how many good staff nurses have been unintentionally “set up” for failure by being promoted without anyone first checking to see if they would be comfortable moving from direct patient care to evaluating and disciplining others, as well as, staffing, scheduling, etc? To help avoid these types of mistakes “up front”, employers should use a variety of proven tools, including psychological testing and behavioral interviews, to determine if the candidate has the “right stuff” for the position by gathering the facts about the person.

Interestingly, in their Evidence Based Executive Assessment and Search work and formal research studies over the last 23 years, Synergy has found that the
highest performing individual contributors (including physicians) often become poor managers because it’s difficult for them to let go of work that they were trained to do and that they have done well. In contrast, good managers have learned how to assign work to others, motivate and coach them, and measure their performance instead of putting out fires and handling the tasks themselves. Good leaders and managers have learned the need to shift from doing the work themselves to getting it done through others.

In summary, intelligent risk taking is demonstrated by adopting Evidence-Based approaches in recruiting, selecting, and developing healthcare leaders. Many progressive senior executives have found that the potential rewards are great, easily exceed the associated risks, and help them to make educated personnel decisions.

Kenneth R. Cohen, Ph.D., is the President and Founder of The Synergy Organization, the country’s first Evidence-Based Executive Search and Executive Assessment firm. He has published extensively, has spoken to many state and national healthcare associations including ACHE, ASHHRA, SHRM, and is a Recommended Speaker by the AHA’s Center for Healthcare Governance. For more information on Kenneth R. Cohen, Ph.D., click here.

The Business Case- Why use Evidence-Based Human Capital Management strategies?

- Costs of hiring the wrong leader are 6-10 times a leader’s annual earnings.
- 40% of senior executives’ time is spent dealing with conflict.
- Over 92% of leader separations are due to the poor fit or mismatch between their values, behaviors and leadership styles and what is required by their positions.
- People don’t change themselves to fit their jobs; instead, they try to change their work responsibilities to suit their own preferences.
- The higher one progresses in an organization, the less important their technical knowledge and formal education become. What becomes increasingly important as they advance is their interpersonal skills.
- It always costs less to recruit, develop and retain the right people the first time.
- You can teach the right person some of the finer technical aspects of their job, but you can’t teach them their personalities or values.
- U.S. demographics reflect increasingly limited pool of qualified candidates.