Huron 2019 Leadership Research Report

THE FUTURE OF HEALTHCARE LEADERSHIP, TALENT AND CULTURE

FOUR KEY AREAS FOR CHANGE

HURON

INTRODUCTION

Healthcare leaders today face many of the same internal and external challenges as their predecessors: reducing costs, improving organizational efficiency and delivering better patient outcomes. However, with the rapid pace of disruption both from within and outside of the industry, current healthcare leaders have a new challenge: leadership itself.

While the goals may not have changed, how healthcare leaders intend to achieve those goals and what resources they can use to do so have evolved dramatically. To better understand healthcare organizations' leadership challenges and how they are investing in leadership, talent and culture, Huron surveyed 200 leaders from national, regional and federal healthcare organizations.

Although 79% of respondents say their organization either already has a defined leadership strategy in place or they are currently in the process of building one, leaders across strategy, technology and clinical functions all still expect to grapple with:

- Using data to unlock business insights and better inform decision-making and strategy.

- Finding, attracting and keeping the right talent with the right skill set.

- Implementing realistic and tangible innovation that goes beyond new technology or tools.

- Establishing organizational alignment and the governance structures needed to achieve business goals.

21%

respondents that say their organization doesn't have a leadership strategy in place

"Current healthcare leaders have a new challenge: leadership itself.

DATA AND DECISION-MAKING

As recently as five years ago, data management and analytics were relegated to the IT department. Today, healthcare leaders recognize the role data plays in successfully leading organizations through change and enhancing their ability to make informed business decisions.

Despite a shared understanding of the importance of data (54% of survey respondents place data utilization as a top business need), many healthcare leaders consider their organizations to be data-rich but insight-poor: organizations have the raw data, but leaders are unsure of how to translate data into action that improves organizational, financial and clinical outcomes.[1]

The key to successful data utilization is in determining the right data to analyze and using the findings to create strategies for growth, innovation, cost reduction, greater effic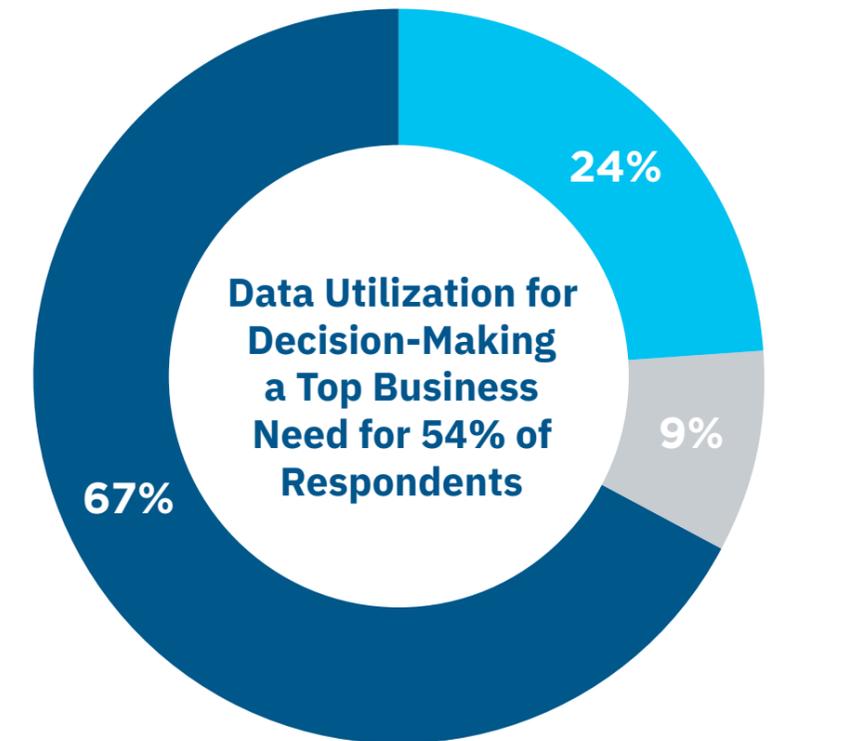iency, training and development, employee retention and cultural change. Data not only assists in identifying problem areas but can also be instrumental in uncovering the root causes behind those problems, enabling healthcare leaders and their teams to eliminate them.

In addition to solving problems within the organization itself, data also has the power to considerably impact patient satisfaction and outcomes. From predicting and preparing for population health events on a macro level to identifying at-risk patients for a variety of conditions on a micro level, leaders can set up their clinical teams for success in providing higher quality care and creating a personalized patient experience.

Healthcare leaders have the opportunity to transform their organizations if they optimize how the organization collects, analyses and uses data – but they can't do it alone. To reap the rewards of data, healthcare leaders should include the IT department in developing a strategy for data analysis and utilization that unearths opportunities to bring more value to the organization.

1. "Health data alone doesn't account for much. We need better ways to extract its value." Cohen, Lawrence. STAT News. March 6, 2019 https://www.statnews.com/2019/03/06/health-data-extract-value/

Data Utilization for Decision-Making a Top Business Need for 54% of Respondents

24%

9%

67%

Results by Function

■ **Strategy**
■ **Clinical**
■ **Technology**

RECOMMENDED READING:

▶ Mapping a Data-Driven Customer Journey

▶ Digital Trust: Earn It and Sustain It to Fuel Tomorrow's Healthcare

▶ Healthcare Data Analytics: Leverage Assets Now to Prepare for What's Next

ATTRACTING AND RETAINING THE RIGHT PEOPLE

The talent shortage in healthcare is challenging for leaders, physicians, clinicians, staff and consumers alike. Combined with a growing population of people who are living longer, the industry is at risk for a surge in patients without enough providers to care for them.[2]

Healthcare leaders are trying to solve for multiple problems at once and the talent shortage only exacerbates those problems: strained resources and frequent unfilled vacancies cause more burnout for the existing physicians and staff in the organization, which can in turn negatively impact patient experience, satisfaction and even outcomes.

Healthcare leaders are well aware of the problem: 79% of survey respondents name talent acquisition and retention as one of their top business priorities. Solving the problem requires today's leaders to transform their approach to attracting, developing and retaining high-performing talent.

Initially, leaders must focus on attracting people who possess not only the hard skills to perform the technical aspects of their roles, but also the soft skills necessary for creating a positive working environment and providing exceptional patient experiences.

Hiring the right talent with the right skills can solve the short-term problems of understaffing, but it is a costly exercise in futility if the organization cannot retain its best people for the long-term. Leaders must provide a differentiated employee experience that incentivizes employees to stay. Pay, hours and benefits are still important, but culture, mission and values, how the organization handles change and other work environment factors hold more weight with today's workforce.

Retention can also be improved if new hires can visualize the future of their careers. By nurturing and developing talent with the intention that these individuals will one day be leaders themselves, current leaders can achieve greater retention and ensure seamless succession for the organization's future.

Healthcare Organizations Most Critical Talent Challenges

1. Finding or building leaders with strategic skill sets

2. Recruiting the right talent for the role and organizational cutlure

3. Retention and turnover

RECOMMENDED READING:

▶ Attract, Retain and Promote Healthcare Talent in An Age of Disruption

▶ Filling the Leadership Gap: Creating Your Organization's Next Generation of Leaders

▶ Managing Multiple Generations in Your Healthcare Organization

▶ Bringing the Gig Economy to Healthcare

2. Talent shortage is plaguing majority of healthcare execs, according to JP Morgan survey." Sanborn, Beth Jones. February 20, 2019. https://www.healthcarefinancenews.com/news/talent-shortage-plaguing-majority-healthcare-execs-according-jp-morgan-survey

LEADERSHIP INNOVATION

Consumerism is forcing clinical leaders to rethink healthcare. As retail and technology companies gain stronger footholds in the healthcare space, leaders have no choice but to fully embrace innovation as a means of keeping their competitive edge.

Innovation is defined as the ability to create new products or business models that have meaningful marketplace impact. However, innovation means different things to different people and organizations define innovation in their own ways: 67% of survey respondents say innovation can take the form of new technology, fresh methodologies, new partnerships or transformative business models. It can be any tool (artificial intelligence, robotics, voice technology) or approach (design thinking, outcomes-based metrics) that improves upon existing frameworks and tactics or provides an entirely new way of looking at challenges, solutions and opportunities.

Even with the clear need and appreciation for innovation, many healthcare leaders grapple with making innovation a reality. As they balance competing priorities, some leaders are stuck planning for their current business needs and do not have capacity to introduce new ideas or solve for future business needs.

To meet the challenges five, 10 and 20 years down the road, healthcare leaders must make time now for creating and implementing innovative change. Leaders can find inspiration by looking at other healthcare organizations that have created effective cultures of innovation, and they can also discover valuable insights by looking at other industries, such as hospitality or retail.[3]

Ultimately, healthcare leaders must enable their most forward-thinking talent to create, test and implement transformative ideas. By transforming into a nimble, change-ready organization that can think, plan and act differently, leaders and their teams can successfully address major industry pain points to become an innovative provider of choice.

Top Opportunities for Leadership Innovation

1. New ways of thinking about a business model

2. Better data on performance to generate insights

3. New technological tools for leaders

RECOMMENDED READING:

▶ Developing Strategies That Empower Healthcare Leaders to Drive Innovative Change

▶ 6 Innovations from Other Industries That Healthcare Organizations Should Adopt

▶ Changing Behaviors with The Gamification of Healthcare

3."Healthcare Innovation – 10 Recent Examples of Powerful Innovation in Healthcare." Morgan, Blake. March 12, 2019. https://www.forbes.com/sites/blakemorgan/2019/03/12/healthcare-innovation-10-recent-examples-of-powerful-innovation-in-healthcare/#3dc88ff357dc
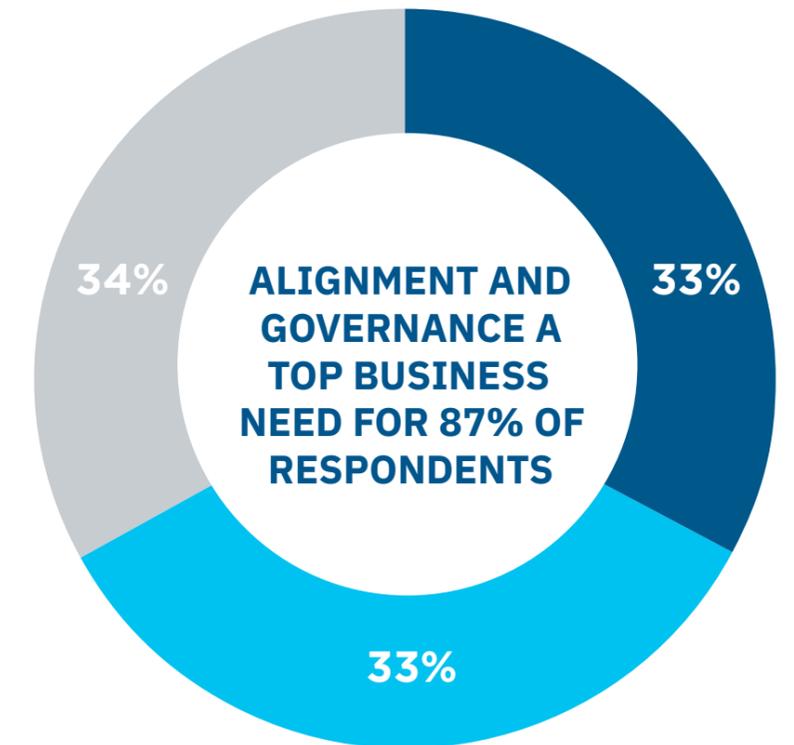
GOVERNANCE AND ALIGNMENT

Even with the best technology, the best people and the best ideas, healthcare organizations cannot be successful without the governance structures and leadership alignment needed to make the organization's vision a reality. Without them, the organization risks miscommunication, lack of accountability, ineffective allocation of resources and conflicting clinical priorities, all of which can have detrimental effects on the organization and on patient outcomes.

ALIGNMENT AND GOVERNANCE A TOP BUSINESS NEED FOR 87% OF RESPONDENTS

34% 33% 33%

Results by Function

- ■ Strategy
- ■ Clinical
- ■ Technology

One of healthcare's biggest challenges is change, both the unprecedented speed of it as well as the imperative to navigate it effectively. Leaders and their organizations are at a great disadvantage in navigating and adjusting to change without governance and alignment to keep the organization focused and on course.[4] Many healthcare organizations are reimagining governance, resulting in the emergence of new executive titles such as chief learning officer and chief transformation officer.

Healthcare professionals in many organizations express "change fatigue," or the type of burnout that occurs from perpetually responding to the "new" – new frameworks, new technology, new regulations and everything in between. Governance structures enable leaders to mitigate that fatigue by providing the "why" behind decisions and giving support to physicians and staff as they adjust to change, while alignment ensures change is implemented in the most effective way and that it sticks.

As the healthcare industry continues the shift to value-based care delivery, leaders will depend on governance and alignment to ensure adherence to the new processes and progress against new metrics that reflect a value-based system. Leaders and their teams should collaborate now to audit their current governance structures and make adjustments that not only serve the organization's goals but also anticipate and account for this major shift in care delivery.

4."3 Steps for Engaging Health Care Providers in Organizational Change." Brett, Joan F and Luciano, Margaret M. Harvard Business Review. October 18, 2018 https://hbr.org/2018/10/3-steps-for-engaging-health-care-providers-in-organizational-change

RECOMMENDED READING:

▶ Leveraging a Culture of Responsibility to Improve Patient Collections

▶ Making It Sustainable: Clinical Variation Management

FINAL THOUGHTS

With disrupters from multiple industries threatening market share, the rapidly changing needs and expectations of consumers, and rampant instability across the industry, healthcare leaders have a rocky road ahead of them. While data utilization, innovative thinking, organizational alignment and the retention of resilient, change-ready talent are healthcare leaders' most pressing business challenges, these four key areas are fortunately interconnected: improvements in one goes a long way in improving the others. By thinking holistically about leadership, healthcare leaders can transform their organizations into providers and employers of choice.

Key Takeaways

To effectively meet current leadership challenges and set their organizations up for future success, healthcare leaders must:

Think differently.
Take an inclusive and well-rounded approach to talent acquisition and employee development.

Plan differently.
Don't wait to innovate. Create governance structures today that enforce a greater sense of urgency for innovation.
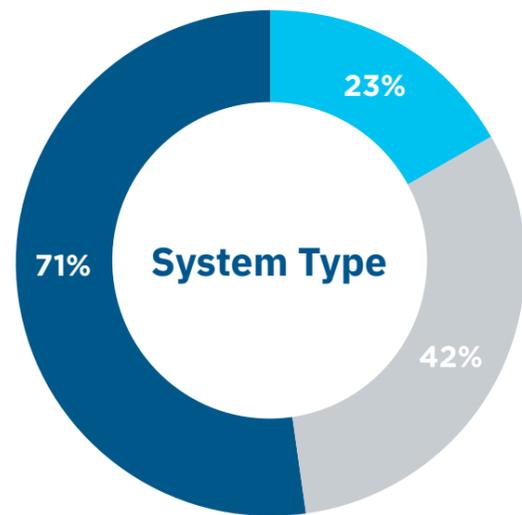
Act differently.
Leverage the insights of IT and technical experts to in developing data and analytics strategy.
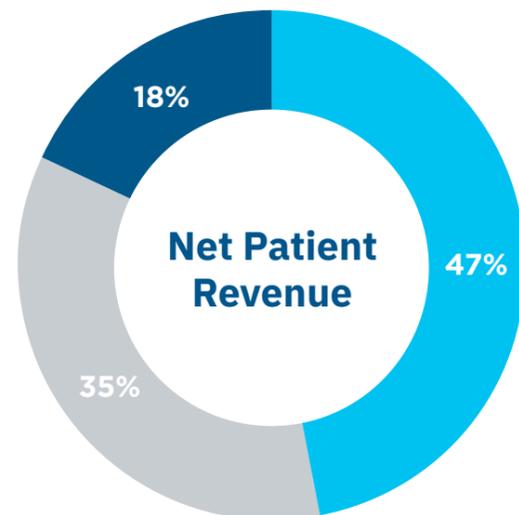
RESEARCH METHODOLOGY

Huron commissioned an online survey of 200 healthcare executives, directors and managers that was conducted over a ten-week period in 2019. The primary research objective was to understand the industry's leadership challenges, including which challenges leaders find most pressing today. The survey results are statistically significant with a confidence level of 95% and a margin of error of +/- 5.5% or less.
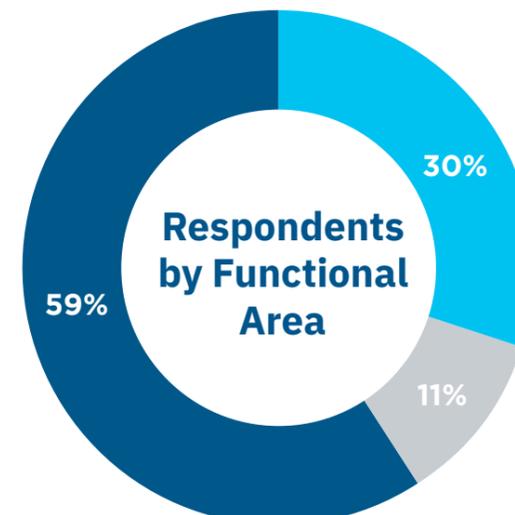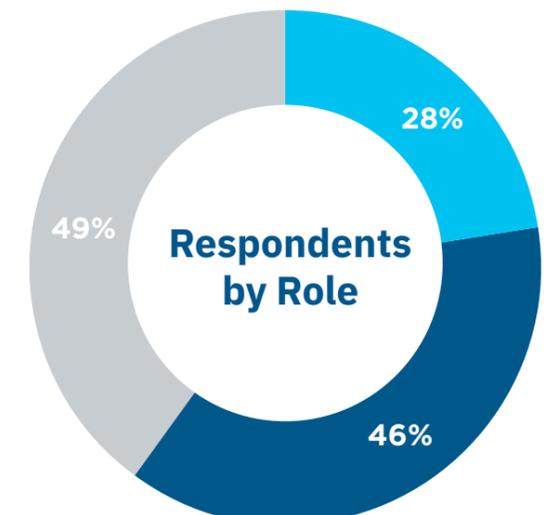
RESPONDENT DEMOGRAPHICS

System Type
- 23%
- 42%
- 71%

Legend:
- ■ National
- ■ Federal/Public
- ■ Regional

Net Patient Revenue
- 18%
- 47%
- 35%

Legend:
- ■ Over $800M
- ■ $300M-$449.9
- ■ $450M-$799.9M

Respondents by Functional Area
- 30%
- 11%
- 59%

Legend:
- ■ Strategy
- ■ Clinical
- ■ Technology

Respondents by Role
- 28%
- 46%
- 49%

Legend:
- ■ C-Level
- ■ Manager
- ■ VP/Director

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