Leadership Lessons

CEO Mindset for the Future

Ralph Jacobson develops the organization capacity to adapt to change. He is founder of the Leader’s Toolbox, author of Leading for a Change: How to Master the Five Challenges Faced by Every Leader and Navigating Uncertainty: How to Use Paradox to Manage Risk, Innovation, and Uncertainty (Fall, 2013), and on the faculty for the Physician’s Leadership College.

“A third of hospitals now in existence in the United States will not cross the 2020 finish line as winners,” predicts futurist David Houle. He cites four reasons:

• There’s a need to bring down health care costs.
• Hospitals are the most dangerous places in America.
• Hospital care is abysmal.
• Electronic medical records will make it easy for patients and referring physicians to evaluate and compare the competencies of hospitals.

Whether these are the most critical factors affecting the future of hospital success remains open for discussion. What is not debatable is the fact that the train has left the station. Those who get on board could survive. Those who choose to wait for clearer weather are far more likely to become casualties in the competitive battles that lie ahead.

Health care leaders are caught within a classic double-bind. They must achieve the short-term financial and performance objectives. Yet, at the same time, health care CEOs must now prepare their organizations to succeed within a market that is in the midst of massive change and an uncertain future.

In short, health care CEOs must manage and lead. Some have described this challenge as driving on the freeway at 70 miles per hour and having to change a tire at the same time.

The ambidextrous mind

Clearly the leadership tactics that worked before will no longer be sufficient to address the challenges ahead. The preoccupation with short-term to medium-term results is a recipe for long-term disaster.

CEOs must also balance their organization’s tolerance for:

• Safety and risk.
• Centralized and decentralized control.
• Openness for change and the consistency of best practice.
• High tech and high touch.
• Volume vs. value.
• Cooperation and competition.
• Primary care and specialized medicine.
• Transparency and confidentiality.
• Meeting the needs of diverse stakeholder groups whose objectives often conflict.

Effectively navigating the future requires an ambidextrous mindset capable of managing the tensions presented by the need to balance these contradictory challenges.

The preparation to undertake this work is seldom found in experience or in the education of CEOs. Traditional top-down leadership styles that may have been necessary to address management issues are no longer sufficient given the range and depth of internal work that needs to be accomplished. Measuring accomplishment by the numbers will in itself not create the environment necessary to meet the challenges ahead.

Strategic execution requires CEOs to develop these five mental capabilities.

1. Seeing a whole new world

On the day the new world arrives, it will become apparent that the relationships between the players will have changed. Many traditional competitors will have become partners. The work of delivering service will have been doled out quite differently than what we imagined. Technology and data will have transformed the delivery of
care. In retrospect we will wonder why it took so long for the transition to have taken place. Seeing what can be rather than what has been is a unique mental function and a prerequisite for innovation. The beginning of a change process requires people to first image that which does not currently exist. Unfortunately within the framework of the schedules of health care CEOs and their direct reports, there is precious little time spent on these activities. Most of the day is filled with making less important decisions or focusing on problems that beg for immediate resolution.

Successful health care leaders need to concentrate on the short-term and the implementation of a long-term strategy that positions the organization for sustainability.

2. Letting go, taking risks

The change business doesn’t come with a guarantee. The natural tendency will be to focus on the short term to reduce the anxiety and to meet the expectations of the board and other shareholders. Yet to play it safe, to execute a previously successful strategy, often means mortgaging the future. Focusing on the future means that some short-term results may need to be sacrificed. Successful health care leaders need to concentrate on the short-term and the implementation of a long-term strategy that positions the organization for sustainability.

3. Intense involvement of stakeholders

Most of those involved in the movement toward health care reform
see the challenge as a power struggle between those with authority and those who don’t have the influence. Yet the effective implementation of change requires the buy-in of all the relevant stakeholders. The natural inclination of the CEO is to wield the power necessary to force change, particularly because the other players appear to be resistant to it. Yet to continue to wage the war solely from the top actually weakens the engagement of the critical stakeholders. CEOs therefore must work more effectively with those with diverse agendas and points of view. It will be necessary to bring together stakeholder groups who distrust one another for historical reasons and demonstrate to them that they, by working together, can forge a more successful future.

4. Making the space to do the work

Most health care professionals on the front and the administrative lines are pressured to achieve day-to-day results; they have little time to actually focus on the longer term. Unfortunately, when people are in survival mode, thinking about the future feels like a luxury they can ill afford. Strategic work is different than management work. Each has a different rhythm. Strategic work is slower, feels as if it can be put off to another day, and doesn’t provide an immediate sense of accomplishment. Strategic work doesn’t show up at the CEOs doorstep. By the time many leaders feel the need to do leadership work, it will be too late to act. It takes many years of preparation for an organization to learn to function strategically. CEOs have to create the strategic agenda long before the need becomes patently obvious.

5. Staying the course

Well-intentioned health care organization changes are littered with flavors of the month. Each comes with promises of a better future. New language and models are a necessary but insufficient pre-requisite for change. The reality is the organization improvement work is fraught with uncertainty, disappointments and very hard work. It is dangerous to stop midstream. It creates cynicism and despair. It reduces the credibility of leaders in the eyes of followers. CEOs must develop the mental stamina and discipline to continually press the organization forward.

Developing the mindset

As with any discipline, the new CEO mindset and leadership approach can be honed. Here are six thoughts for further developing those capabilities.

1. Learn the concept of paradox

Most of the issues that keep health care CEOs up at night are not problems to be solved, but paradoxes to be balanced. A problem can be solved. A paradox must be balanced. Applying problem-solving approaches to paradoxes is a recipe for strategic disaster. There are specific tools and language that can be used to help people at all organization levels work through the paradoxes. Learn them.

2. Set time aside on the calendar for the change work

Put the time on the calendar to do this work on a regular basis. Protect the time as a precious asset rather than allowing the creep of the day-to-day work to interfere with your intentions. This time should be devoted to thinking of new possibilities, focusing on the execution of the strategic work, and the creation of a powerful platform for change. Demand that your subordinates do the same.

3. Make resources available to devote to this activity

It is not enough to talk about it. The work requires dutiful action. It requires time, money, talent and constant vigilance. It cannot be put on the agenda as an afterthought. It cannot wait. Put money in the budget to do this work. Assign people the responsibility to help you. Ask them to take those activities of lesser importance off their plates. Hold people accountable for achieving the objectives along the way—even when unexpected crises may provide a reasonable excuse to thwart the exercise.

4. Build an internal advisory board

The process of leading change of this magnitude is new work for most leaders. Leadership is not a solo act. It is a team effort. Create a cadre of people who have been through this work and can provide advice and emotional support throughout the process. If the board can be useful here, fine. If not, create your own advisory board.

5. Improve your decision making apparatus

In my work with senior leaders, I often find them preferring to undertake issues that are of lesser importance or to focus on symptoms rather than systemic issues. This is the natural human inclination to focus on problems of lesser risk, to reduce the tension that can be caused by focusing on issues that appear as if their resolution is beyond our control, and to focus on the immediate rather than the longer term. The senior leader role is to make sure that the right questions are being asked, not to provide the solutions. When leaders ask the “big” and most important questions, it provides the space for the rest of the organization to take up the right kinds of challenges. It is a critical first set in a meaningful growth process.
6. Practice

The concept of natural born leaders is a myth. Leadership is not inherent in the human gene structure but a discipline that can be learned. It requires study, experimentation and lots of practice. Learn from mistakes, don’t be disheartened by them. Allow others to practice the discipline as well.

Resources

The work of senior leaders often requires new language, tools, and processes to force new possibilities to emerge and/or to have people collaborate more effectively. Here are several resources that may help you:

- **Book**: Leading for a Change: How to Master the Five Challenges Faced by Every Leader, by Ralph Jacobson. Describes the universal obstacles to effective change by providing a change map that describes the order in which issues must be addressed as well as tools and processes to address them.
- **Book**: Decide and Deliver: 5 Steps to Breakthrough Performance in Your Organization, Marcia Blenko. Describes the anatomy of decision-making and provides valuable information to improve the process.
- **Article**: “Problem Solving: Bad Medicine for Health care,” Physician Executive Journal, January/February 2008. Defines the difference between paradoxes to be balanced and problems to be solved and provides an overview to accomplish the former.
- **Article**: “The CEO’s Greatest Challenge: Managing Paradoxes for Sustained Competitive Advantage,” CEO Magazine, describes most commonly experienced strategic, role, organization paradoxes and provides some approaches to address them. http://www.chiefexecutive.net.
- **Book**: Navigating Uncertainty: Using Paradox to Manage Risk, Innovation, and Sustainability. (to be published 2013). Describes commonly experienced organization, role, leader and personal paradoxes, and provides specific tools to address them.
- **Book**: The Opposable Mind: Describes the tensions experienced when dealing with paradoxes.
- **Website**: theleaderstoolbox.com has a number of free tools to guide people at all levels who are embarking on a change process.

There is no silver bullet. There are no guarantees. There are both the financial and the psychological rewards for doing this well. Creating the right mindset is the first order of business to ensure that your organization successfully adapts to the uncharted waters ahead.