THE STAFF LEADERS SURPRISING IMPACT

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Corporations have extraordinary infrastructure invested in their staff. While the costs of these departments can be staggering, the pressure to be efficient is relentless. Staff overhead is the first-place consultants and new CEOs look for reductions. If you consider how much profit it takes to pay for a staff member, an incremental revenue analysis can be illuminating.

An organization with a healthy 40% contribution margin still must generate an additional $200,000 in revenue to break even on an $80,000 salaried employee – not including benefits.

A properly functioning staff can make the difference in getting products to market on-time, maintaining employee and patient safety, responding to regulatory mandates, improving patient satisfaction levels or driving sustainable performance improvement - a return on investment of these assets is

critical. While many executives equate the size of a staff to execution – that is, bigger staffs result in faster actions, better decisions and more capacity – the truth is, at least in this case, size doesn't (always) matter.

One of our most recent studies reviewed the best performing 15 hospitals, defined as those with the lowest amount of excess functional cost – a reasonable approximation for the most efficient and cost-effective staffs and the 15 worst hospitals – those with the most excessive functional cost. Our surprising conclusion – quality and patient outcomes had an inverse relationship. Those with the smallest and most cost-effective staffs outperformed those that were larger and likely less efficient. While this is just one data set and sample, it points out that the way a staff is led is potentially more important than its scope or scale.

Staff leadership is a significant graduation from the direct leadership most people grow up learning - where we can see and touch our results and those impacted every day - and even a departure from the indirect leadership - that is, the managing of other managers. **Staff leadership consists of two nuanced additional elements: first, getting things done through other senior people; and second, being able to exercise general management leadership that extends beyond one's specific area of functional expertise. For any organization to effectively scale, mastering these two areas becomes critical.**

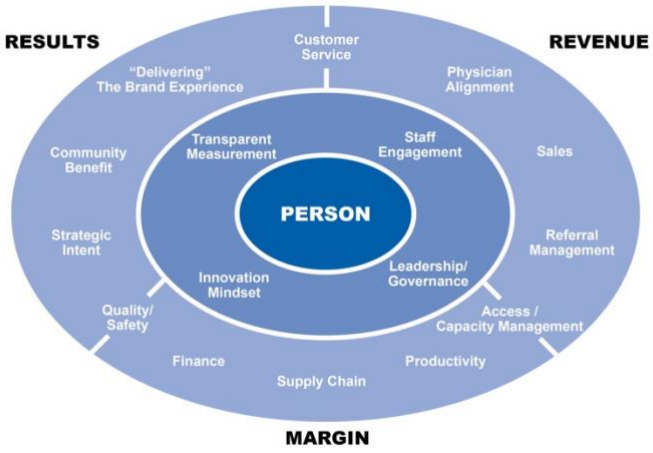
That said, only the most disciplined and profitable companies will commit the resources to purposely develop staff general managers. Most will choose to cultivate their leaders the hard way – over time, through trial and error with an expensive hit-or-miss approach that results in misallocated resources, excessive staff turnover, functional ignorance and poor decision making.

STAFF LEADERSHIP OF CORE COMPETENCIES

In more than 20 years of practice, Galloway has developed a methodology that articulates our perspective regarding the components of a successful healthcare business strategy. Our self-reinforcing "Results – Revenue – Margin" model articulates those core competencies that we know impact an organizations ability to drive results, revenue and margin both now and into the future.

Each element of a successful strategy…

…is supported by a set of Core Competencies



There are also four competencies that affect all others, shown graphically in the middle of the model's circle. They are:

- Leadership/Governance
- Transparent Measurement
- Innovation Mindset
- Staff Engagement

The **staff leader** - often the chief of staff or perhaps the COO in an organization - is uniquely positioned to directly impact all these central competencies. As a central part of the executive leadership team, the staff leader often has day-to-day visibility throughout the organization, impacts resource allocation and determines the measurements used to gauge performance.

The staff leader is continuously providing measurement of the financial, quality, safety, satisfaction, and growth outcomes in order to confront today's reality and strategize for the future. The staff leader drives the measurement systems and the performance improvement mindset in an organization. To a healthcare organization, an "innovation mindset" is its ability to consistently seek better performance across all dimensions of performance. At its most basic level, an innovation mindset implies seeking out high performing practices and applying them to the organization to improve performance; or in some cases, creating a new best practice to achieve its goals

Perhaps the most direct impact the staff leader can have is in staff engagement and the development of a line of sight alignment between staff level employees and the strategic agenda. The staff leader must expand this engagement to provide sincere collaboration and common purpose across the various enterprises in an organization. This involves understanding the macro priorities of an organization and how the pieces fit together to achieve them. Then, the staff leader must find a way to make the collaboration part of the organizational DNA and on-going dynamic.

Staff functions exist to enable other departments to succeed. Obvious and even positive tension exists sometime between those "in the trenches" and those in support; unchecked, it can be destructive but well managed, and it can become a positive rallying point. The key is to create an engaged environment that thrives on mutual respect, sideways and up and down.

FIVE KEYS TO SUCCESS

Five key operating tenants can make achievement of the central competencies easier and a staff more effective:

- **Get in Rhythm.** Operating staffs run best when faced with an established rhythm for deliverables and outputs. Rhythm synchronizes the activities of everyone; this goes beyond having a regular staff meeting schedule – it is having a process that leads to an outcome with predictable gates along the way, tied to various levels of organizational decision making. Great organizations do the routine things - routinely. Rhythm provides the routine discipline to create capacity and space for dealing with the unpredictable that occurs in any business.
- **Instill Intent and Empowerment.** Successful general managers and staff leaders must become experts at operating within two broad constructs – first, being able to articulate the desired intent/end state of a vision or project and second, creating the empowered conditions that allow for it to happen. These two ideas mutually reinforce each other. A well-articulated intent establishes a direction and

conveys a clear image of the organization or project's purpose, key tasks, and the desired outcome. This helps employees gain insight into expectations, limits and, importantly, organizational risk tolerance. Intent and end state articulation will empower - provided a leader focuses on the precision of communication. Intent can be confusing if articulation is too fuzzy, but it can be a powerful enabler if clearly conversed as it improves the speed in decision making and the overall volume of work. Operating within intent creates the conditions for trust.

Gallowav INSIGHT

As Stephen Covey writes, "The first job of a leader—at work or at home—is to inspire trust. It's to bring out the best in people by entrusting them with meaningful stewardships, and to create an environment in which high-trust interaction inspires creativity and possibility."

- **Commit to Transparency.** Nothing will speed trust like transparency. While there are few shortcuts to gaining the trust of others, transparency – if genuine – can build it faster than almost anything. As Stephen Covey reminds us**, the primary job of a leader is to inspire trust.** Trust is gained or lost through everyday actions and leader follow-through more than ostentatious or occasional gestures. Transparency will create a shared confidence among leaders and improve common understanding. This concept, known as situational awareness – what E.C. Adams defined as "knowing what is going on so you can figure out what to do" – manifests itself when different staff understand those areas where there is mutual overlap and impact across functions. Think of the intersection of a three-circle Venn diagram as the sweet spot. The staff leader must break down barriers and achieve a shared understanding of where the organization is headed. To do this, open meetings beyond those invited, leverage communication platforms, and share metrics and results across your enterprise. Importantly, not only announce your decisions but explain why you took the path you chose.
- **Relentlessly Prioritize.** Particularly large staffs can run victim to initiative overload, leaving many things mostly done but nothing important finished. Organizational skepticism concerning key initiatives and ultimately the value of the staff can surface. Don't be afraid to change the priorities as the truth changes or facts shifts. Our work has found that those organizations that really move the needle and achieve substantial progress and transformation, are those that focus on two to three, but no more than four, true strategic initiatives. Staff naturally focus at a more granular level of initiative and action plans, but functional staff should also be able to find a clear connection between their action plans and the strategic focus of the organization.
- **Repeat the Message.** It is easy to believe that your message is getting out especially as you find yourself repeating the same priorities. One senior executive told me, "I've said this so much and for so long I think people are tired of hearing me," only to find that during visits to various non-corporate locations, the basic initiatives and priorities were unknown. You can be amazed at how your core messages and priorities are being miss-communicated, even in the best organizations. Even if you have a sophisticated social/electronic media operation, you should regularly practice "skip echelon" communication, where you are bypassing the normal chain of communication to take your message directly to the employees. Practice this two levels deep and as often as practical. Flat communication is empowering and if you have managers annoyed with this "direct" approach, you might have the wrong managers.

Likewise, there are several common and significant mistakes that not only take focus away from the most important areas but will retard any meaningful progress with staff efficiency and engagement. Two areas that frequently go wrong:

- **Follow the illusion that the solution lies in reorganization**. One of the most common mistakes made is that a reorganization of reporting relationships or how "the boxes" are drawn will be a solution. Organizational design and span of control do matter but even the most elegant

design cannot overcome a poor foundation. One organization we know consolidated functions into an Enterprise construct - meshing departments that had some natural alignment, such as facilities, safety and construction into distinct areas - thinking it would break the organization free from the established silos; what they did was create fatter silos that had less reason to communicate across boundaries

- **Hold discussion without accountability.** We see managers that often allow meetings to be a collection of reporting on activities rather than outcomes. Leaders must measure progress through achieved output, not input. Capture and publicly share those things that the organization is accountable to achieve; by allowing individuals to be accountable to their peers as well as their supervisors productivity will improve. Trust will build in an organization where very small commitments are made public and the company and the employee have mutual accountability to achieve them.

Staff leadership deserves a distinct focus and appreciation. The best organizations mentor and develop the proper skill set in its most talented managers and leverage this talent across their enterprise. Combined with developing rhythm, maintaining prioritization, operating with transparency, fostering a management style built on flexibility and intent, an organization will foster trust and develop those competencies most important to high performing organizations.

ABOUT OUR EXPERT

Boe Young is a Partner, Executive Vice President and Chief Operating Officer with Galloway Consulting. He has led new CEO/senior executive transitions at five private and public sector organizations. He has an MBA from Goizueta Business School at Emory University and has over 25 years of private sector, senior executive profit and loss experience. He is a retired major general in the US Army Reserves and leads the Army's largest organization responsible for assessing the effectiveness and efficiency of senior leaders and their management teams.

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