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Impact of Talent Management Practices on Hospital Clinical, Financial, & Workforce Metrics

Healthcare Talent Management Survey 2015

Kevin S. Groves, Ph.D.
President, Groves Consulting Group
Associate Professor of Management, Pepperdine Graziadio Business School
6100 Center Drive, Los Angeles, CA 90045
(310) 568-5729 | kevin@grovesconsultinggroup.com

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Survey Purpose

The following report summarizes the key findings and resulting practical applications of *Healthcare Talent Management Survey 2014*, a semi-annual survey administered to a national sample of senior executives at hospitals and health systems. The survey assesses the impact of talent management and succession planning best practices, including utilization of *Talent Management Success Factors* and associated policies and practices, on numerous financial, workforce, and clinical performance metrics. Given the ongoing rollout of the Affordable Care Act and increasing pressure on hospital organizations to demonstrate the value of their services via clinical quality performance metrics, the survey also assesses the impact of talent management practices on the Value-Based Purchasing performance outcomes released by CMS in January, 2015. Overall, this report describes the primary survey findings and offers a series of practical recommendations for hospital organizations seeking to enhance talent management and succession planning capabilities.

Sample Background

Overall, 133 executives comprised of mostly Chief HR Officers (n = 39), Vice-Presidents of HR (n = 27), and Chief Administrative Officers (n = 21) participated in the survey. The 133 participating hospital organizations consisted of multi-hospital health systems (n = 43), independent or community medical centers (n = 52), and academic medical centers or health systems (n = 25). The majority of participating organizations were not-for-profit (non-governmental) (n = 85), reported a mean 2014 net patient revenue of $2.58B, owned or operated a mean of 10.35 hospitals, and employed a mean of 16,741 FTEs.

Survey Results

Utilization of Talent Management Success Factors: The executive respondents rated the degree to which their respective organization utilizes *Talent Management Success Factors*[i], which measure eight sets of talent management and succession planning best practices derived from prior research of exemplary hospital organizations. These practices include Top Management Team Support, Performance Appraisal Practices, Talent Assessment Practices, Incentive Pay Practices, Leadership Development Culture, Role-Based Development, Selection & Onboarding Practices, and Talent Management ROI. Across all survey respondents, Selection & Onboarding Practices and Top Management Team Support were the most frequently utilized *Success Factors*, while Role-Based Development, Leadership Development Culture, and Incentive Pay Practices were the least utilized best practices. Unexpectedly, 46% (n = 61) of executives reported that their respective organization 'rarely' or never utilize formal assessments to plot employees according to job performance and leadership potential, while most (84%, n = 82) stated that their managers do not receive 360-degree feedback that is development-based. Nearly half (44%, n = 59) of respondents reported that while their respective organization supports allowing high potential employees to seek developmental assignments across the organization, a strong majority (67%, n = 89) stated that their organizations rarely or never utilize job rotations for skill development. With respect to onboarding practices, just over half (52%, n = 69) require employees promoted into managerial positions to complete a formal onboarding program. Consistent with prior survey findings, 35% (n = 47) of executives reported that

their respective organization rarely or never utilizes metrics and ROI analyses to evaluation the efficacy of their talent management and succession planning practices.

Impact on Value-Based Purchasing Metrics: Overall, the *Success Factors* were strongly associated with the Values-Based Purchasing performance metrics reported by the Centers for Medicare and Medicaid Services (CMS) in January, 2015. Correlation and regression analyses demonstrate significant support for strong positive relationships between the *Success Factors* and each of the four performance domains, including Clinical Process of Care, Patient Experience of Care, Outcome, and Efficiency. Interestingly, the *Success Factors* demonstrated the strongest positive relationship with the Efficiency Domain, which assesses Medicare Spending per Beneficiary (MSPB-1). The most impactful drivers of the Total Performance Score, which comprises all four of the Value-Based Purchasing domain scores according to the FY 2015 weights assigned by CMS, were Talent Assessment Practices, Performance Appraisal Practices, and Selection & Onboarding Practices. Further analysis of the Patient Experience of Care domain, which captures HCAHPS scores, demonstrated that Talent Assessment Practices and Selection & Onboarding Practices were the strongest drivers of patient satisfaction.

Impact on Employee Performance, Leadership Development, & Leadership Diversity Metrics: Hospital organizations with high *Success Factors* scores demonstrated significantly lower annual turnover for executives (3.33%), managers (5.00%), and nurses (8.74%) compared to those organizations with low *Success Factors* scores (19.95%, 15.21%, and 13.61%, respectively). When considering the total costs associated with nursing turnover, including hiring costs, training costs, and lost productivity, the 4.87% reduction in annual nursing turnover represents a total annual cost savings of $5.13M per organization. Hospital organizations with high *Success Factors* scores reported a mean employee productivity metric (net patient revenue/FTEs) of $173,484 compared to $110,748 for organizations with low *Success Factors* scores, which represents a 56.6% increase that is associated with talent management best practices. Hospital systems with high *Success Factors* scores were far more likely to source executive talent internally (68% of open executive positions compared to 21% for hospital systems with low *Success Factors* scores) and also much more likely to report deep leader benchstrength of "at least one 'ready now' candidate for key leadership roles" (52% versus 7%). Regarding executive team diversity, high-performing hospital organizations reported significantly greater women (54%) and ethnic minorities (32%) across all executive positions (Vice-Presidents and above) compared to organizations with low *Success Factors* scores (43% and 17%, respectively). These differences were more pronounced for C-Suite positions, as organizations with high *Success Factors* scores reported far greater women (52%) and ethnic minorities (43%) in such roles compared to low-performing organizations (24% and 12%, respectively).

Recommendations

The survey results strongly support a range of practical recommendations for implementing talent management and succession planning best practices in hospital organizations. Beginning on page 60, the report concludes with a series of recommendations for crafting talent management strategy, prioritizing investments in talent management and succession planning practices for optimal impact on financial, clinical, and workforce outcomes, and implementing specific policies and practices associated with each of the *Talent Management Success Factors*.

Introduction

Business Case for Talent Management in Healthcare

As healthcare delivery organizations continue managing the difficult transition to delivering greater value to patients and populations in the midst of reimbursement degradation, legal and regulatory changes, industry consolidation, massive workforce demographic shifts, and other daunting challenges, the role and impact of talent management practices have come under greater scrutiny. Amongst other critical forces, the ongoing rollout of the Affordable Care Act and its incentive structure places hospitals and health systems under greater pressure to demonstrate the value of their services via clinical quality performance metrics. In order to proactively prepare for the unprecedented departure of managerial talent in the healthcare industry[ii], many hospital systems are investing in talent management practices to ensure a sustained pipeline of future organizational leaders[iii]. The talent management approach, defined as the integrated system of strategies, policies, and programs designed to identify, develop, deploy and retain leadership talent to achieve strategic objectives and meet future business needs[iv], ensures hospital systems of a sufficient supply of capable leaders to achieve strategic objectives.

For human resource professionals in hospital settings, establishing the business case for talent management and succession planning practices is critical, specifically the impact of these practices on clinical quality performance metrics, such as Value-Based Purchasing performance outcomes and HCAHPS survey scores, as well as traditional workforce performance and leadership development metrics such as annual turnover rates for key employee groups, employee productivity, leadership benchstrength, executive team diversity, and other important outcomes. Human resource leaders in hospital settings have long battled the view that human capital systems do not perform as critical drivers of strategy and business outcomes. In short, why should talent management practices be a priority for healthcare delivery organizations, particularly during this time of transition from focusing on value rather than volume of services? To what extent do talent management practices impact clinical quality performance metrics, as defined by the Value-Based Purchasing program? Prior research in other industries suggests that investments in talent management practices yield increases in numerous business metrics, including market value, return on capital, employee productivity, and employee turnover[v]. While these research findings are encouraging for healthcare HR professionals interested in establishing the business case for talent management to key stakeholders, including top management team members, board members, and clinical leaders, very few of these studies were conducted in hospital settings while no study to date has examined the impact of talent management practices on numerous hospital performance metrics and workforce outcomes.

The following report of findings from the *Healthcare Talent Management Survey 2014* provides HR professionals and senior management teams in healthcare delivery organizations with direct evidence of the role and impact of talent management practices on clinical, financial, and workforce performance outcomes.

Purpose of This Report

The purpose of this report is to summarize the key findings of the *Healthcare Talent Management Survey 2014*, a semi-annual survey administered to a national sample of chief HR officers and senior management team executives at health systems and medical centers. The survey is designed to assess how talent management and succession planning best practices, including utilization of *Talent Management Success Factors* and associated talent management policies and practices, are associated with the following categories of performance metrics:

1. **Value-Based Purchasing Metrics**: These metrics include the four domain scores (Clinical Process of Care, Patience Experience of Care, Outcome, and Efficiency) as reported by the Centers for Medicare and Medicaid Services (CMS); and HCAHPS scores, including analysis across the primary components of the patient satisfaction survey.
2. **Workforce Performance Metrics**: These metrics include employee engagement scores, employee productivity, and annual turnover rates across key employee groups such as executive staff, management staff, nursing staff, and high-potential employees.
3. **Leadership Development Metrics**: These metrics include leadership benchstrength, internal/external hiring ratio for executive positions, and annual executive searches and associated costs.
4. **Leadership Diversity Metrics**: These metrics include the percentage of executive and C-suite positions occupied by women and ethnic minorities.

The overall goals of the survey include (a) establishing a better understanding of the prevalence and types of talent management practices and policies in hospital systems; (b) assessing the impact of talent management practices and policies on critical hospital performance and HR metrics; and (c) developing actionable recommendations for creating and enhancing talent management practices in hospital systems. In addition to capturing the frequency and effectiveness of the *Talent Management Success Factors* across a national sample of medical centers and hospital systems, the survey includes questions pertaining to organizational practices and policies that impact the identification, development, and retention of leadership talent.

This report is written to be accessible to multiple audiences. While the survey was informed by prior research, specifically benchmarking studies in major hospital systems[vi], the purpose of the survey and this report is to offer the following critical stakeholder groups with the necessary data and empirical evidence to establish the business case for talent management in hospitals and health systems:

- Senior HR Professionals (Chief HR Officers, SVPs, VPs, OD Professionals)
- Senior Management Leaders (CEOs, Presidents, COOs)
- Board Members (HR Committee)

Survey Methodology

Survey Design

The *Healthcare Talent Management Survey 2014*, a semi-annual survey of talent management and succession planning practices at leading hospitals and health systems, is part of a multi-phased, longitudinal research project consisting of national benchmarking surveys, in-depth case studies, and comprehensive talent management assessments of client organizations. Summarized in a series of research articles[1] and industry reports[2], the key findings of this research project indicate that talent management and succession planning best practices in hospitals and health systems consist of eight *Success Factors*:

- ✓ ***Top Management Team Support*** (6 items)
- ✓ ***Talent Assessment Practices*** (5 items)
- ✓ ***Performance Appraisal Practices*** (5 items)
- ✓ ***Incentive Pay Practices*** (3 items)
- ✓ ***Leadership Development Culture*** (5 items)
- ✓ ***Role-Based Leadership Development*** (4 items)
- ✓ ***Selection and Onboarding Practices*** (4 items)
- ✓ ***Talent Management ROI*** (3 items)

The *Healthcare Talent Management Survey* was designed to measure the *Talent Management Success Factors*. Each success factor is measured by three to six survey items that ask respondents to rate how often or to what degree each talent management and succession planning practice occurs at their respective organization. The Likert-type scale consists of (1) "Not at All, (2), 'Rarely', (3) 'Sometimes', (4) 'Usually', and (5) 'Always'. The results of statistical tests for the reliability of each *Success Factor* (Cronbach alpha), the factor structure of the overall instrument (factor analysis), and the survey items are provided in the Appendix.

The *Survey* also measures specific succession planning policies, practices, and strategies. The executives were asked to describe their respective hospital or health system's approach to the following:

- Defining and nominating high potential leaders
- Measures or tools used to assess and designate high potential employees

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[1] Groves, K. (2013). Talent management success factors: Evidence-based strategies for driving hospital performance outcomes. *HR Pulse (American Society for Health Care Human Resources Administration),* Summer: 34-36.
Groves, K. (2011). Talent management best practices: How exemplary health care organizations create value in a down economy. *Health Care Management Review*, 36 (3): 227-240.
Groves, K. (2007). Integrating leadership development and succession planning best practices. *Journal of Management Development*, 26(3), 239-260.

[2] Groves, K. (2014). Identifying high-potential healthcare leaders: Key findings from a qualitative study of exemplary health systems. *Healthcare Workforce Advisor (HealthStream, Inc.),* Summer: 10-15.
Groves, K. (2012). Impact of talent management practices on hospital clinical, financial, & workforce metrics. *Healthcare Talent Management Survey 2012*. http://bschool.pepperdine.edu/newsroom/wp-content/uploads/2013/12/HealthcareTalentMgmtSurvey2012.Report.pdf

- Talent review session characteristics
- Communicating high potential status to employees
- Leadership development activities, including leadership academy characteristics
- Administrative fellowship program characteristics
- Succession planning practices
- Metrics for assessing talent management effectiveness

Performance Metrics

The final section of the *Survey* was designed to measure a series of hospital performance metrics and workforce outcomes. Survey respondents were asked to provide data across the Employee Performance, Leadership Development, and Leadership Diversity Metrics for Fiscal Year 2014, or the most recent year for which these data were available. The Value-Based Purchasing Performance outcomes were obtained directly from the Centers for Medicare and Medicaid Services (CMS) website[3] in January, 2015, which allowed for the inclusion of all four domain scores that comprise the Value-Based Purchasing program. Tables 1-4 illustrate the performance metrics and how they were calculated:

Table 1: Value-Based Purchasing Metrics

Metric	Calculation
Clinical Process of Care Domain Score	12 quality measures reported to Medicare via the Hospital Inpatient Quality Reporting (IQR) program, which represent the following give clinical areas and associated measures: 1. Acute Myocardial Infarction (AMI) ▪ AMI-7a: Heart attack patients given fibrinolytic medication within 30 minutes of arrival. ▪ AMI-8a: Heart attack patients given PCI within 90 minutes of arrival. 2. Heart Failure (HF) ▪ Heart failure patients given discharge instructions. 3. Pneumonia (PN) ▪ PN-3b: Pneumonia patients whose initial emergency room blood culture was performed prior to the administration of the first hospital dose of antibiotics. ▪ PN-6: Pneumonia patients given the most appropriate antibiotic(s). 4. Surgical Care Improvement Project (SCIP) ▪ SCIP-Card-2: Surgery patients who were taking heart drugs called beta blockers before coming to the hospital who were kept on the beta blockers during the period just before and after the surgery. ▪ SCIP-VTE-2: Patients who got treatment at the right time (within 24 hours before or after the surgery) to help prevent blood clots after certain types of surgery. 5. Healthcare Associated Infections (HAI) ▪ SCIP-Inf-1: Surgery patients who are given an antibiotic at the right time (one hour before surgery) to help prevent infection. ▪ SCIP-Inf-2: Surgery patients who are given the right kind of antibiotic to help prevent infection. ▪ SCIP-Inf-3: Surgery patients whose preventative antibiotics are stopped at the right

[3] https://data.medicare.gov/data/hospital-compare

	time (24 hours after surgery). ▪ SCIP-Inf-4: Heart surgery patients whose blood sugar (blood glucose) is kept under control in the days right after surgery. ▪ SCIP-Inf-9: Surgery patients whose urinary catheters were removed on the first or second day after surgery.
Patient Experience of Care Domain Score	Results of 2014 *Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Survey*, a national, standardized survey that includes scores on eight aspects of hospital quality: 1. *Communication with Nurses*: Percent of patients who reported that their nurses "Always" communicated well. 2. *Communication with Doctors*: Percent of patients who reported that their doctors "Always" communicated well. 3. *Responsiveness of Hospital Staff*: Percent of patients who reported that they "Always" received help as soon as they wanted. 4. *Pain Management*: Percent of patients who reported that their pain was "Always" well controlled. 5. *Communication about Medicines*: Percent of patients who reported that staff "Always" explained about medicines before giving it to them. 6. *Cleanliness and Quietness of Hospital Environment*: Percent of patients who reported that their room and bathroom were "Always" clean; Percent of patients who reported that the area around their room was "Always" quiet at night. 7. *Discharge Information*: Percent of patients who reported that "Yes", they were given information about what to do during their recovery at home; Percent of patients who reported that they understood their care when they left the hospital. 8. *Overall Rating of Hospital*: Percent of patients who gave their hospital a rating of 9 or 10 on a scale from 0 (lowest) to 10 (highest).
Outcome Domain Score	5 outcome measures reported to the Centers for Medicare & Medicaid (CMS) that assess the following metrics for survival, functional ability, and quality of life: 1. *Acute Myocardial Infarction (AMI) 30-day mortality rate*: The mortality rate indicates whether a patient with an AMI diagnosis died within 30 days of their hospitalization. 2. *Heart Failure (HF) 30 date mortality rate* 3. : The mortality rate indicates whether a patient with an HF diagnosis died within 30 days of their hospitalization. 4. *Pneumonia (PN) 30-day mortality rate*: The mortality rate indicates whether a patient with a PN diagnosis died within 30 days of their hospitalization. 5. *Central Line-Associated Bloodstream Infection (CLABSI):* This metric compares the actual number of CLABSIs with the predicted number of infections based on the baseline of U.S. experience. 6. *AHRQ (PSI-90) Patient Safety Indicators (composite):* The AHRQ PSI-90 is a composite of eight underlying indicators related to patient safety.
Efficiency Domain Score	The Centers for Medicare & Medicaid (CMS) measure of the cost of care via the following metric: 1. *Medicare Spending per Beneficiary (MSPB-1):* An assessment of payment for services provided to a beneficiary during a spending-per-beneficiary episode that spans from three days prior to an inpatient hospital admission through 30 days after discharge. The payments included in this measure are standardized and adjusted to account for variation in geographic costs and variation in patient health status.

Total Performance Score	Calculated by multiplying each domain score for FY 2015 (Clinical Process of Care, Patient Experience of Care, Outcome, and Efficiency) by a specified weight (percentage) and then adding together the weighted domain scores. The FY 2015 weights are the following: 1. Clinical Process of Care (20%) 2. Patient Experience of Care (30%) 3. Outcome (30%) 4. Efficiency (20%)

Table 2: Workforce Performance Metrics

Metric	Calculation
Employee Productivity	Net Patient Revenue/FTEs
Employee Engagement	Mean employee engagement score converted to standardized score (0.00 to 1.00)
Annual Executive Turnover	Annual turnover rate for executive staff (Vice Presidents and above)
Annual Management Turnover	Annual turnover rate for management staff
Annual Nursing Turnover	Annual turnover rate for nursing staff
Annual High Potential Turnover	Annual turnover rate for high potential staff

Table 3: Leadership Development Metrics

Metric	Calculation
Leader Benchstrength	Percentage of Key Leadership Roles with at least one ‘Ready Now’ Candidates
Internal/External Executive Placement Rate	Percentage of Open Executive Positions (Vice-Presidents and above) Filled by Internal Candidates
Annual Executive Searches	Total Number of Executive Searches per medical center
Annual Executive Search Costs	Total Estimated Fees for Executive Searches per medical center

Table 4: Leadership Diversity Metrics

Metric	Calculation
Executive Gender Diversity	Percentage of All Executive Positions (Vice-Presidents and above) Occupied by Women
C-Suite Gender Diversity	Percentage of C-Suite Positions Occupied by Women
Executive Ethnicity Diversity	Percentage of All Executive Positions (Vice-Presidents and above) Occupied by Ethnic Minorities
C-Suite Ethnicity Diversity	Percentage of C-Suite Positions Occupied by Ethnic Minorities

Sample Characteristics

The *Survey* sample consisted of senior HR professionals (Chief HR Officers, Senior Vice-Presidents, Vice-Presidents) at leading hospitals and hospital systems. The sample was specified according to *Modern Healthcare's* list of (a) the *200 Largest Healthcare Systems* by annual revenue, (b) the *Top 100 Integrated Health Networks*, and (c) the *100 Top Hospitals*. In partnership with Witt/Kieffer, the names and email addresses of the top HR officer at each organization were collected for the study. Due to invalid email addresses and outdated records (e.g., retirements), the final sample size for *Survey* administration was 376. During fall 2014, an email invitation with a link to the *Survey* was sent to the sample. To increase the overall response rate, several reminder emails were sent to those executives who did not respond to the initial request for participation. Overall, 133 executives completed the *Survey* on behalf of their respective organization for a response rate of 35.4%.

Hospitals and Health Systems: Table 5 and Figures 1-3 offer basic descriptive data on the participating hospitals and health systems for Fiscal Year 2014. The sample consisted of hospital organizations that were 64% (n = 85) not-for-profit, 20% (n = 27) for-profit/investor owned, and 16% (n = 21) public (federal, state, or local government agency). The mean number of employees across the sample organizations was 16,714 FTEs, while the average number of medical centers was 10.35. The mean net revenue for Fiscal Year 2014 was $2.58 Billion. Figure 1 illustrates the range of hospital organizations that participated in the survey. Community and independent medical centers (30%, n = 52) and multi-hospital health systems (32%, n = 43) represented the most common types of healthcare delivery organizations in the sample, while academic medical centers or health systems (19%, n = 25) and specialty hospitals (10%, n = 13) were also represented. The healthcare delivery model of the participating organizations was as follows: community or independent medical centers (45%, n = 73), academic hospitals (19%, n = 25), private health systems (16%, n = 21), faith-based health systems (9%, n = 12), and for-profit health systems (6%, n = 8).

Table 5: Background of Participating Hospitals & Health Systems

Variable	Mean
FTEs	16,741
Net Patient Revenue	$2.58B
Number of Medical Centers	10.35
Number of Licensed Beds	2410

Figure 1: Classification of Participating Hospitals & Health Systems

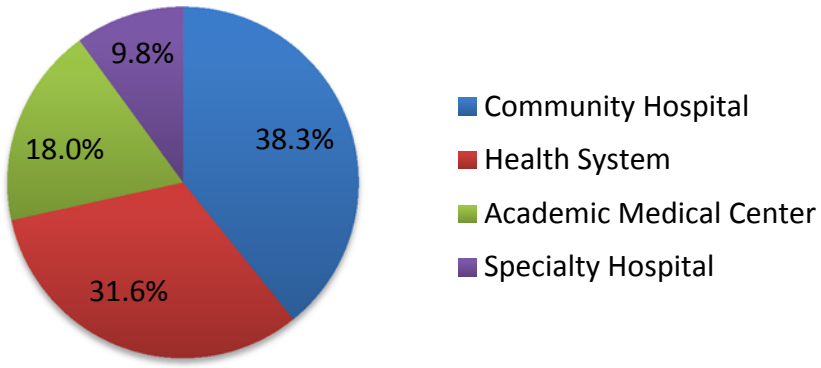


Figure 2: Ownership Status of Participating Hospitals & Health Systems

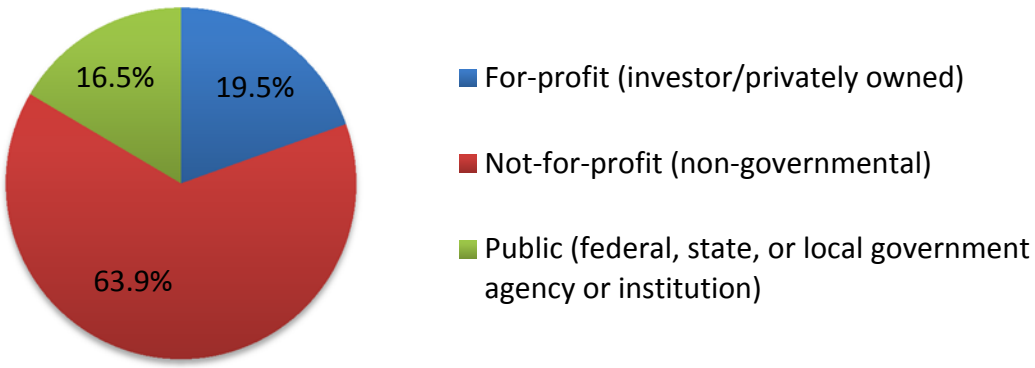
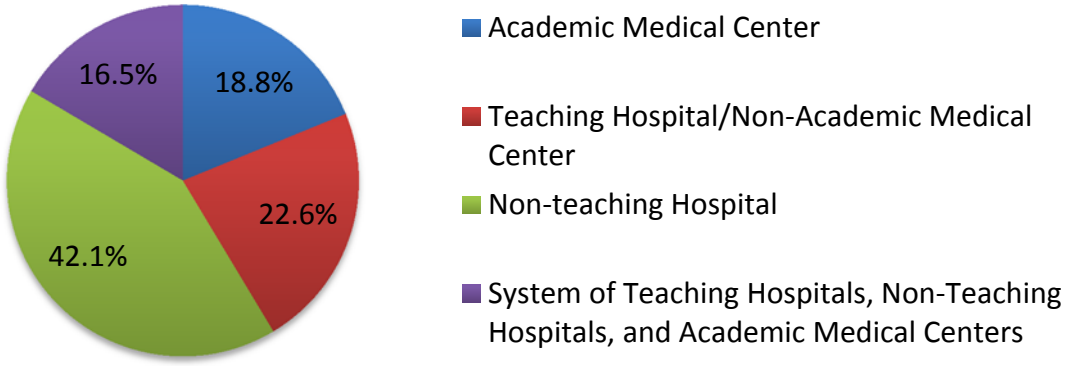
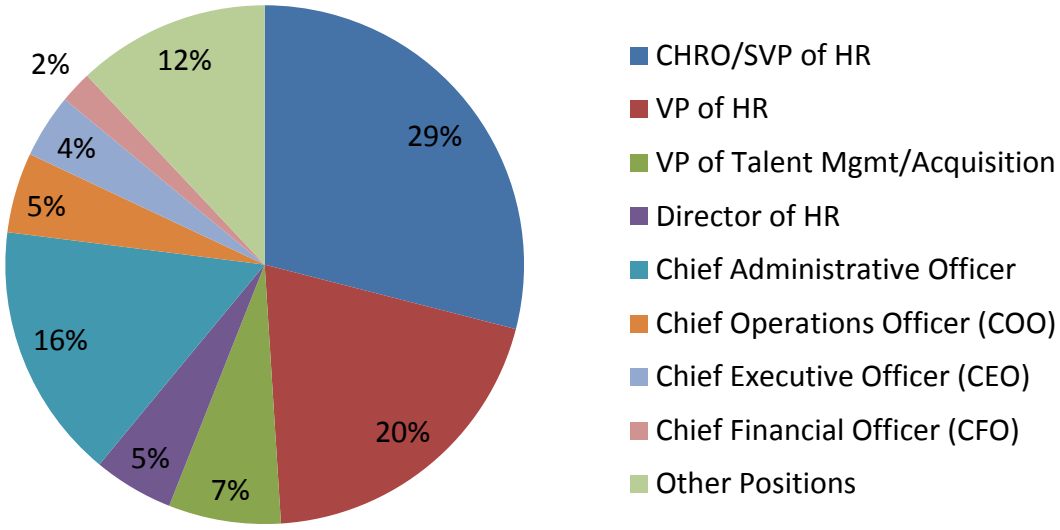


Figure 3: Teaching Status of Participating Hospitals & Health Systems



Executive Participants: As illustrated in Figure 4, the majority of survey respondents consisted of Chief HR Officers (29%, n = 39), Vice-Presidents of HR (20%, n = 27), and Chief Administrative Officers (16%, n = 21). Other C-suite executives were also represented in the sample, including Chief Executive Officers (4%, n = 5), Chief Operations Officers (5%, n = 7), and Chief Financial Officers (2%, n = 3). The participating executives reported a mean of 6.85 years at their current position and 10.20 years at their current organization.

Figure 4: Position Title of Participating Executives

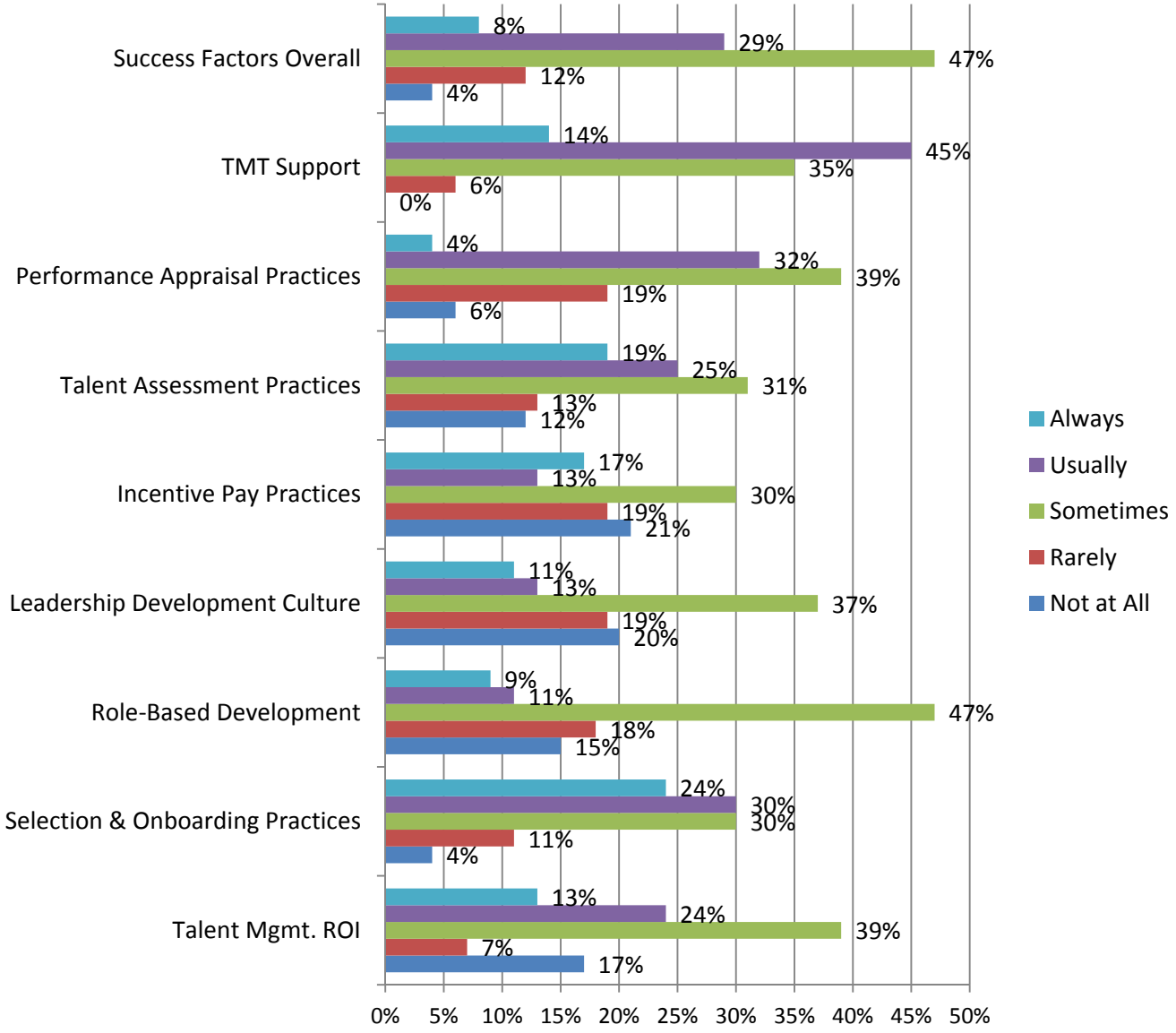


Utilization of Talent Management Success Factors

Overall Results

Survey respondents were asked to rate the frequency of the *Success Factors* at their respective hospital or healthcare system. Figure 5 illustrates the overall frequency of each *Success Factor* across the participating organizations. Overall, Top Management Team Support (59%, n = 78) and Selection and Onboarding (54%, n = 72) were the most frequently utilized *Success Factors* as measured by responses of either 'Always' or 'Usually'. The executives reported that Pay Practices (40%, n = 53), Leadership Development Culture (39%, n = 52), and Role-Based Development (33%, n = 44) were the least frequently utilized *Success Factors* as measured by responses of either 'Rarely' or 'Not at All'.

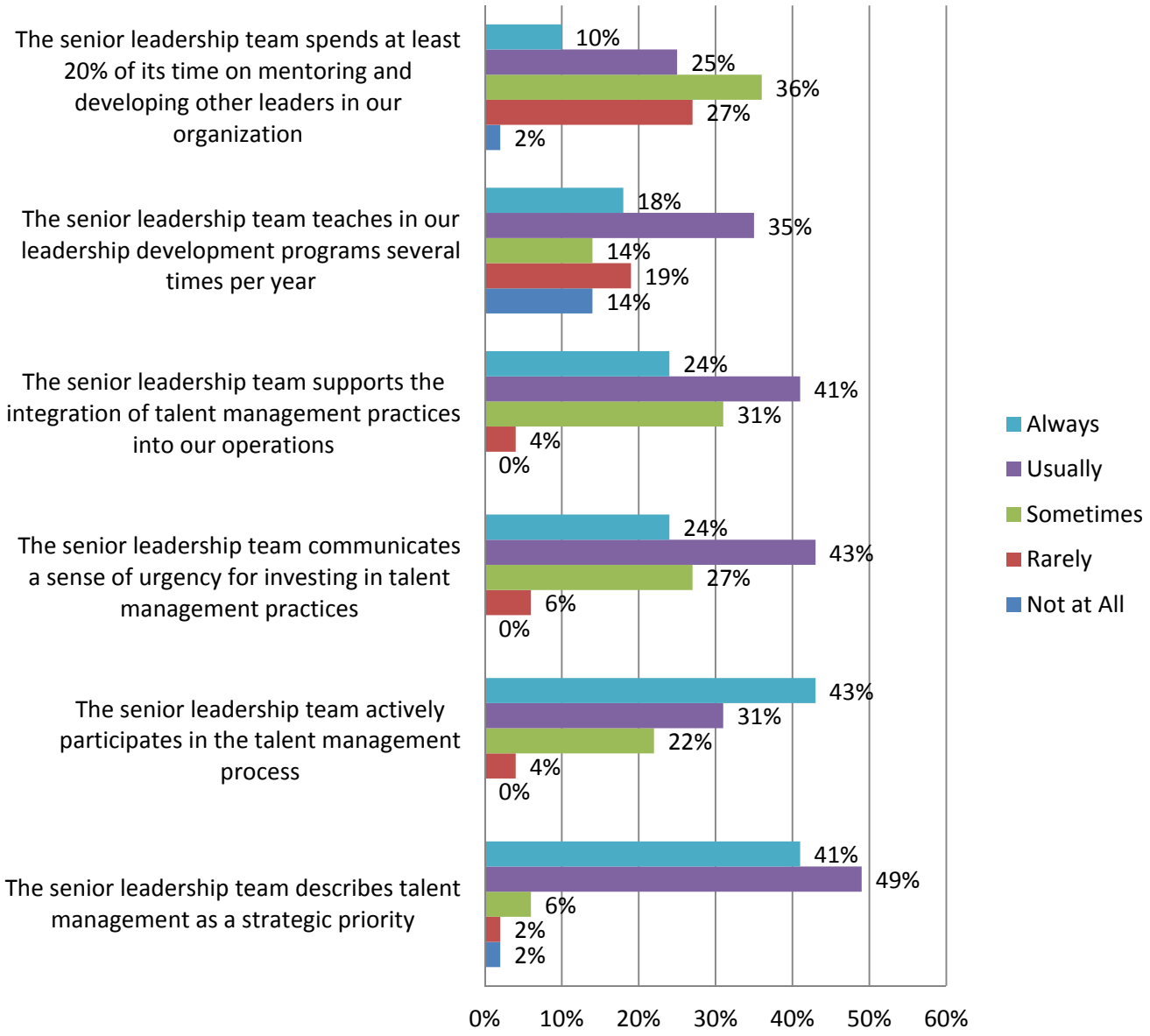
Figure 5: Talent Management Success Factor Utilization Overall



Top Management Team Support

Overall, the executives reported a high level of top management team support for talent management practices. As displayed in Figure 6, the vast majority of survey respondents (90%, n = 120) reported either 'Always' or 'Usually' to the item rating whether the senior leadership team describes talent management as a strategic priority for their respective organization. As measured by the greatest number of executives reporting 'Rarely' or 'Not at all', the least frequently implemented practices were "The senior leadership team teaches in our leadership development programs several times per year" (33%, n = 44) and "The senior leadership team spends at least 20% of its time on mentoring and development other leaders in our organization" (29%, n = 39).

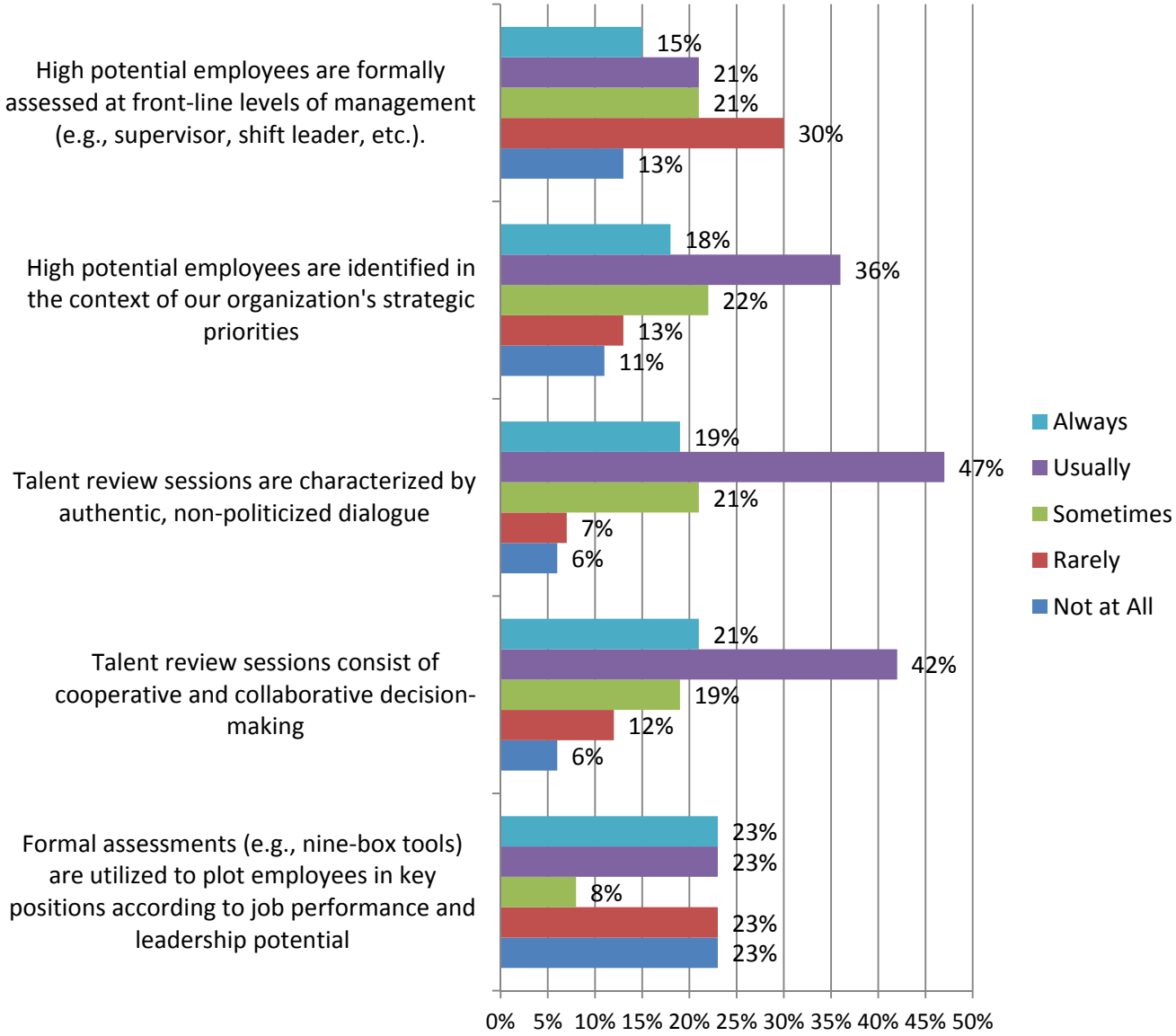
Figure 6: Top Management Team Support



Talent Assessment Practices

The utilization of *Talent Assessment Practices* was mixed across the sample of participating organizations (see Figure 7). The highest rated items, as measured by the 'Always' or 'Usually' responses, were those related to the nature of talent review sessions and cooperation amongst participants in this process. Most participants described talent review sessions as characterized by authentic, non-politicized dialogue (66%, n = 88) and as consisting of cooperative and collaborative decision-making (63%, n = 84). By a wide margin, the least utilized talent assessment practices were the utilization of formal assessments to plot employees according to job performance and leadership potential (46%, n = 61) and the formal assessment of high potential employees at front-line management levels (43%, n = 57), as participants rated these item as 'Rarely' or 'Not at All'.

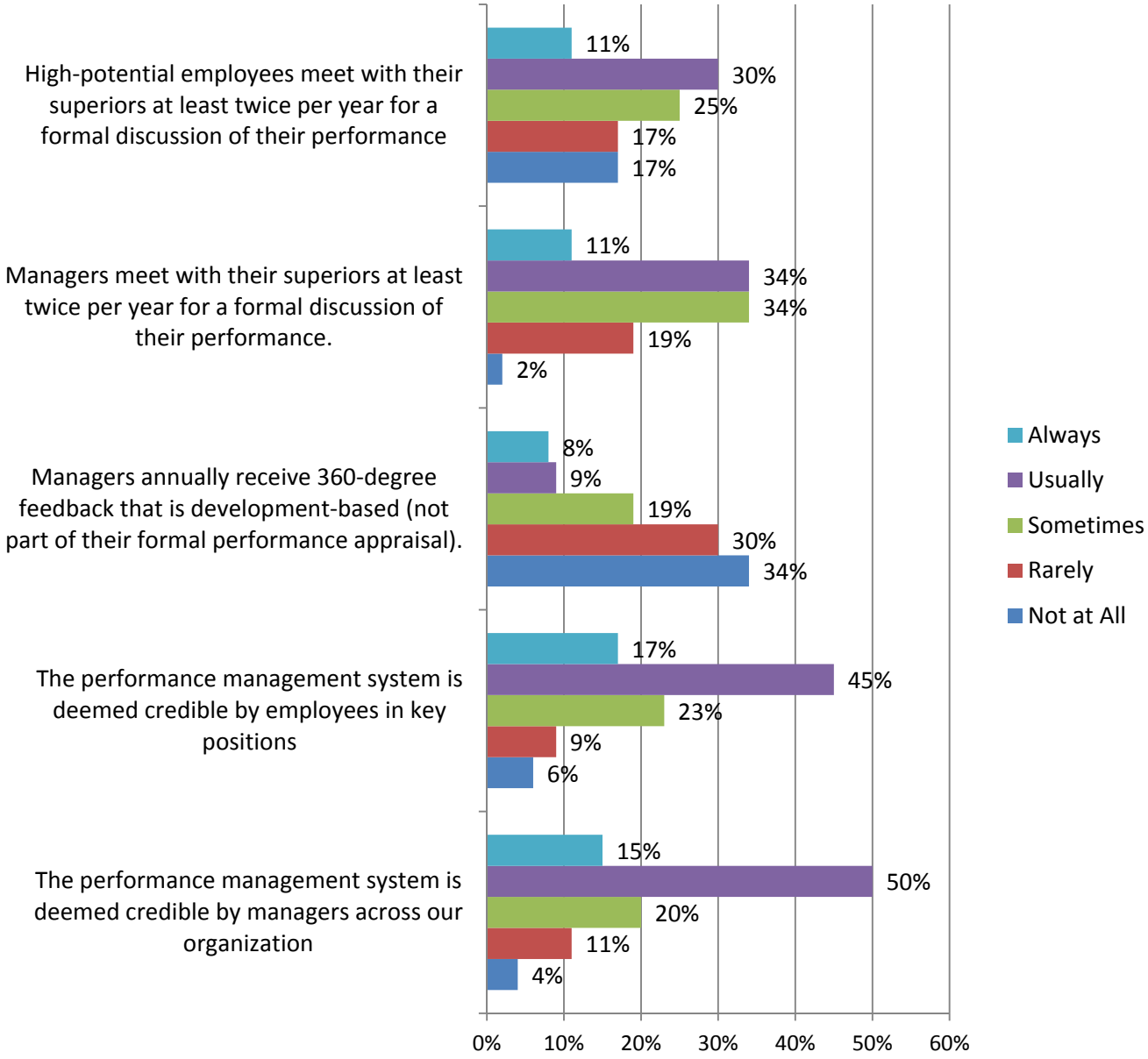
Figure 7: Talent Assessment Practices



Performance Appraisal Practices

Overall, executive respondents reported inconsistent utilization of Performance Appraisal Practices processes for managing leadership talent (see Figure 8). Most respondents reported 'Always' or 'Usually' to the items rating the perceived credibility of the performance management system by employees in key positions (62%, n = 82) and managers across the organization (65%, n = 86). However, 64% of respondents (n = 85) reported that their organization's managers do not receive 360-degree feedback that is development-based while 34% of respondents (n = 45) stated that their high potential employees do not regularly meet with their supervisors for a formal discussion of their performance.

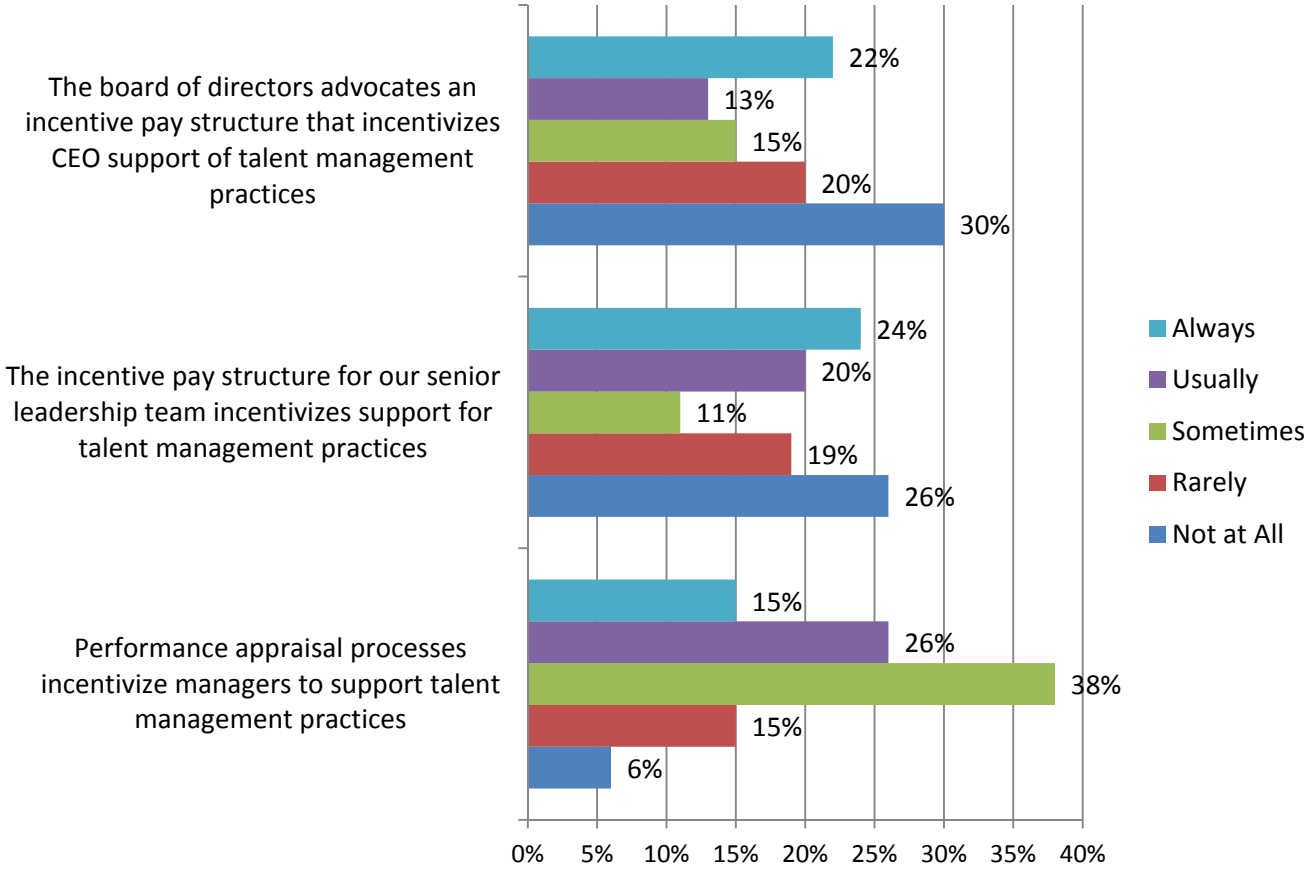
Figure 8: Performance Appraisal Practices



Incentive Pay Practices

The executives reported a relatively low degree of utilizing Incentive Pay Practices as a *Talent Management Success Factor* (see Figure 9). Close to one-third (30%, n = 40) of executives reported that their boards do not advocate an incentive pay structure that incentivizes CEO support of talent management practices, while 26% (n = 35) of executives stated that their senior leadership team's incentive pay structure does not incentivize support for talent management practices. As evidence for greater utilization of best practices, 41% (n = 55) of executives stated that their respective organization's performance appraisal processes for managers incentivize support for talent management practices.

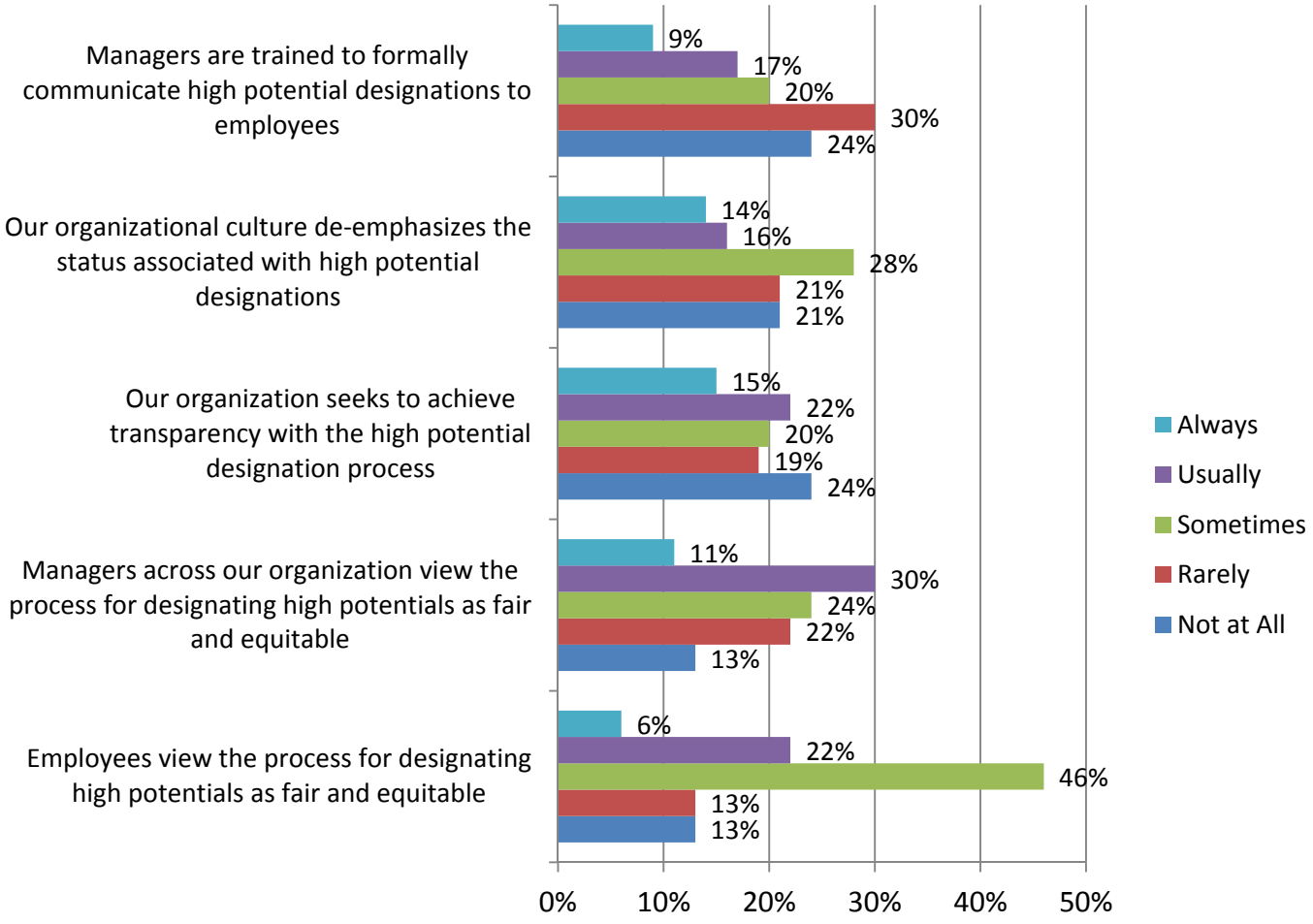
Figure 9: Incentive Pay Practices



Leadership Development Culture

Overall, respondents reported a relatively low degree of utilizing Leadership Development Culture practices (see Figure 10). Across all *Success Factors*, Leadership Development Culture was utilized the least frequently. Only 28% (n = 37) described their employees as viewing the process for designating high potentials as 'always' or 'usually' fair and equitable, while 43% (n = 57) of respondents reported 'Rarely' or 'Not at All' to their organization seeking to "…achieve transparency with the high potential designation process". Fifty-four percent (n = 72) of executives responded 'Rarely' or 'Not at All' to the practice of training managers to formally communicate high potential designations to their direct reports. A minority of executives (30%, n = 40) reported that their organization de-emphasizes the status associated with high potential designations; the most frequent response to this practice was 'Sometimes' (28%, n = 37).

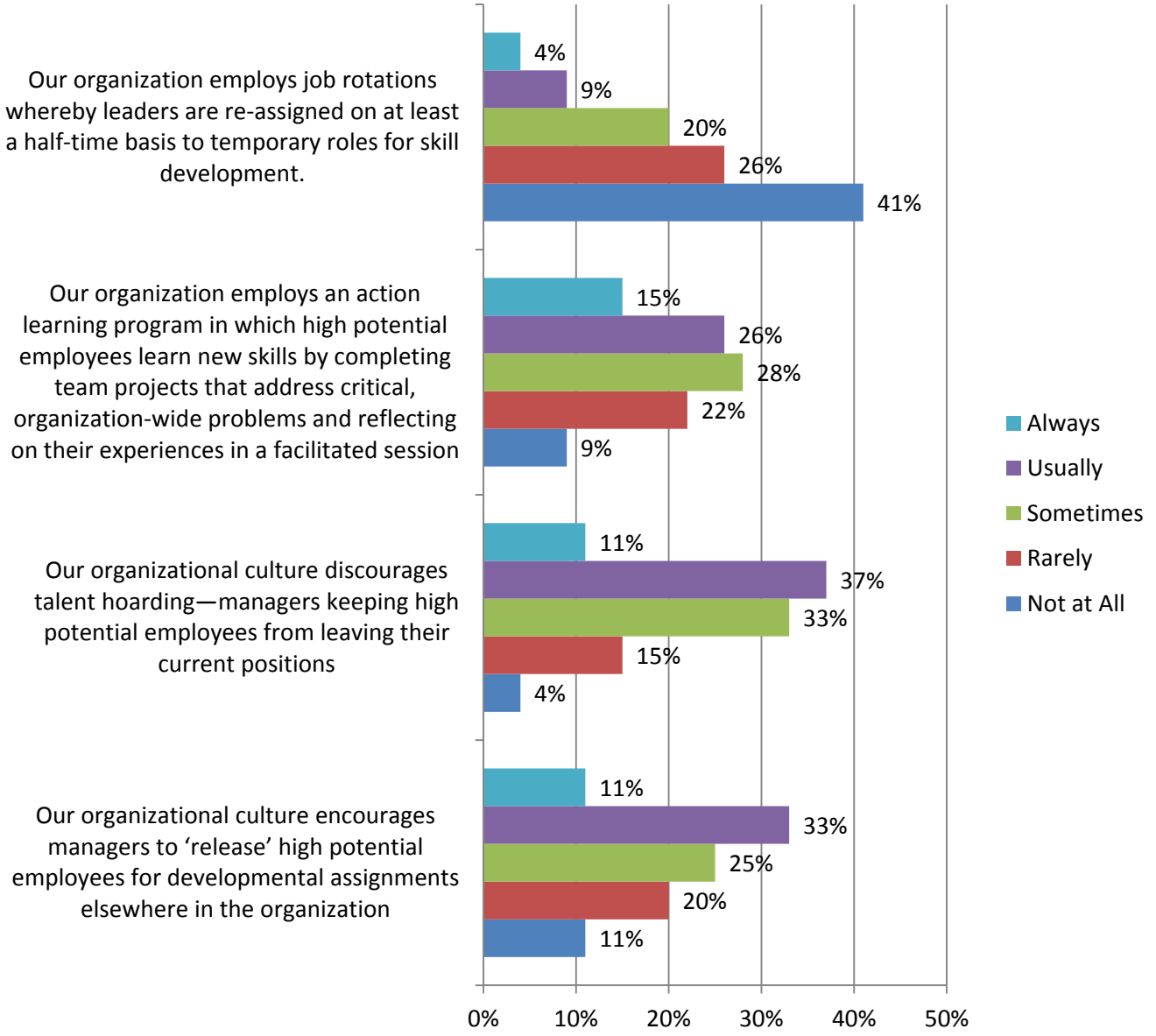
Figure 10: Leadership Development Culture



Role-Based Development Practices

Executives reported a mix of utilizing *Role-Based Development Practices* for high potential employees and other critical talent pools (see Figure 11). While 41% (n = 55) of respondents reported 'Always' or 'Usually' employing action learning programs for high potential employees, close to one-third (31%, n = 41) stated that their organizations 'Never' or 'Rarely' utilize such programs. While respondents described their organization's managers as generally supportive of allowing their high potential employees to seek developmental assignments elsewhere across the organization (44%, n = 59), a strong majority (67%, n = 89) reported that their organizations rarely or never use job rotations for skill development.

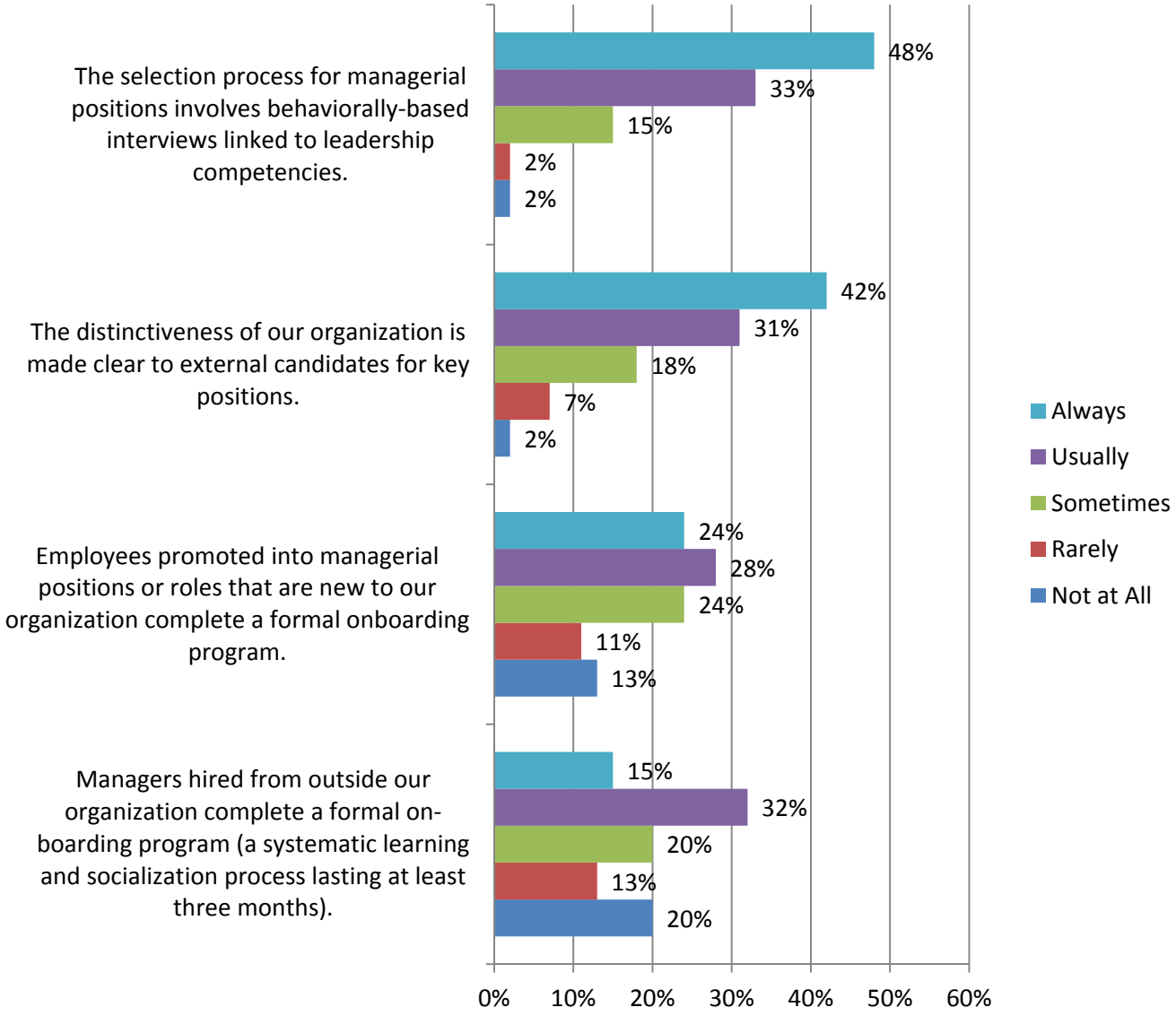
Figure 11: Role-Based Development



Selection & Onboarding Practices

The utilization of Selection and Onboarding Practices was mixed across the sample organizations (see Figure 12). Overall, 81% (n = 108) of respondents reported that the selection process for managerial positions 'Always' or 'Usually' involves behaviorally-based interviews linked to leadership competencies. Furthermore, 73% (n = 97) stated that the distinctiveness of their respective organization is made clear to external candidates for key positions. However, with respect to onboarding practices, 33% (n = 44) reported that their organization rarely or never require managers hired from outside the organization to complete a formal onboarding program while just over half (52%, n = 69) of organizations require employees promoted into managerial positions to complete a formal onboarding program.

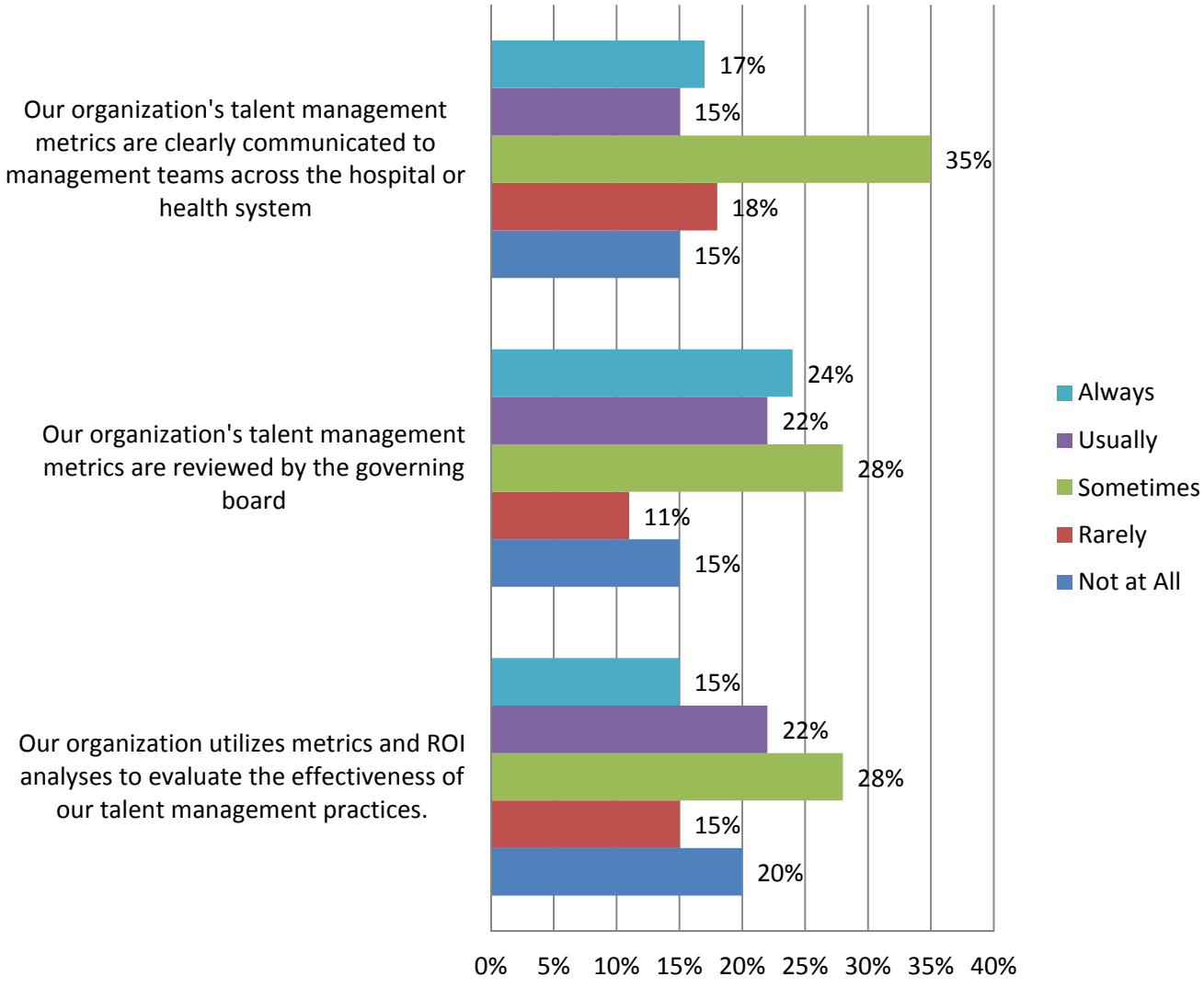
Figure 12: Selection & Onboarding Practices



Talent Management ROI

The calculation and communication of Talent Management ROI analyses and outcomes were also less frequently utilized best practices across the sample organizations (see Figure 13). Overall, 35% (n = 47) of respondents reported that their organization rarely or never utilize metrics and ROI analyses to evaluation the efficacy of their talent management practices. Furthermore, only 32% (n = 43) of organizations reported that they 'always' or 'usually' clearly communicate talent management metrics to management teams across the hospital or health system. The respondents reported that the governing board was the most frequently targeted stakeholder for talent management metrics, as 46% (n = 61) reported that their respective board 'always' or 'usually' reviewed these metrics.

Figure 13: Talent Management ROI



Impact of Success Factors on Employee Performance Metrics

Employee Performance Metrics

To assess the impact of the *Talent Management Success Factors* on performance metrics that are critical for hospitals and health systems competing in the current healthcare environment, the *Survey* respondents were asked to provide data across the following employee performance metrics:

1. Employee Engagement Score
2. Employee Productivity (Net Patient Revenue/FTEs)
3. Annual Turnover Rates for Executive staff (VPs and above), Management staff, Nursing staff, and High Potential staff.

Interpreting the Figures

The results of correlational and regression analyses demonstrated that the *Success Factors* are significantly associated with Employee Performance metrics. To illustrate these results, those organizations scoring at least one standard deviation below the mean for the *Success Factors* were coded as "Low" (plotted in blue) while those organizations scoring at least one standard deviation above the mean for the *Success Factors* were coded as "High" (plotted in red). These illustrations allow for a more direct comparison of the employee performance outcomes for those organizations with exemplary talent management practices versus those with less-developed practices.

Correlation Analysis of Success Factors and Employee Performance Metrics

Illustrated in Table 6, the *Success Factors* overall were strongly associated with annual employee turnover, employee productivity, and employee engagement. Results of correlation analyses demonstrate strong negative relationships between the *Success Factors* overall and Annual Executive Turnover (r = -.60, p < .001), Annual Management Turnover (r = -.52, p < .001), and Annual Nursing Turnover (r = -.36, p < .05). The strongest drivers of Annual Executive Turnover and Annual Management Turnover were Top Management Team Support, Performance Appraisal Practices, and Leadership Development Culture, while Annual Nursing Turnover was driven largely by Selection and Onboarding Practices and Incentive Pay Practices. The *Success Factors* overall were only marginally associated with Employee Productivity (r = .23, p < .05), although Incentive Pay Practices (r = -.33, p < .01) demonstrated a strong positive relationship. Finally, Employee Engagement scores were strongly associated with the *Success Factors* (r = .59, p < .001), driven largely by Talent Assessment Practices and Performance Appraisal Practices.

Table 6: Correlation Analysis Results for Success Factors & Employee Performance Metrics

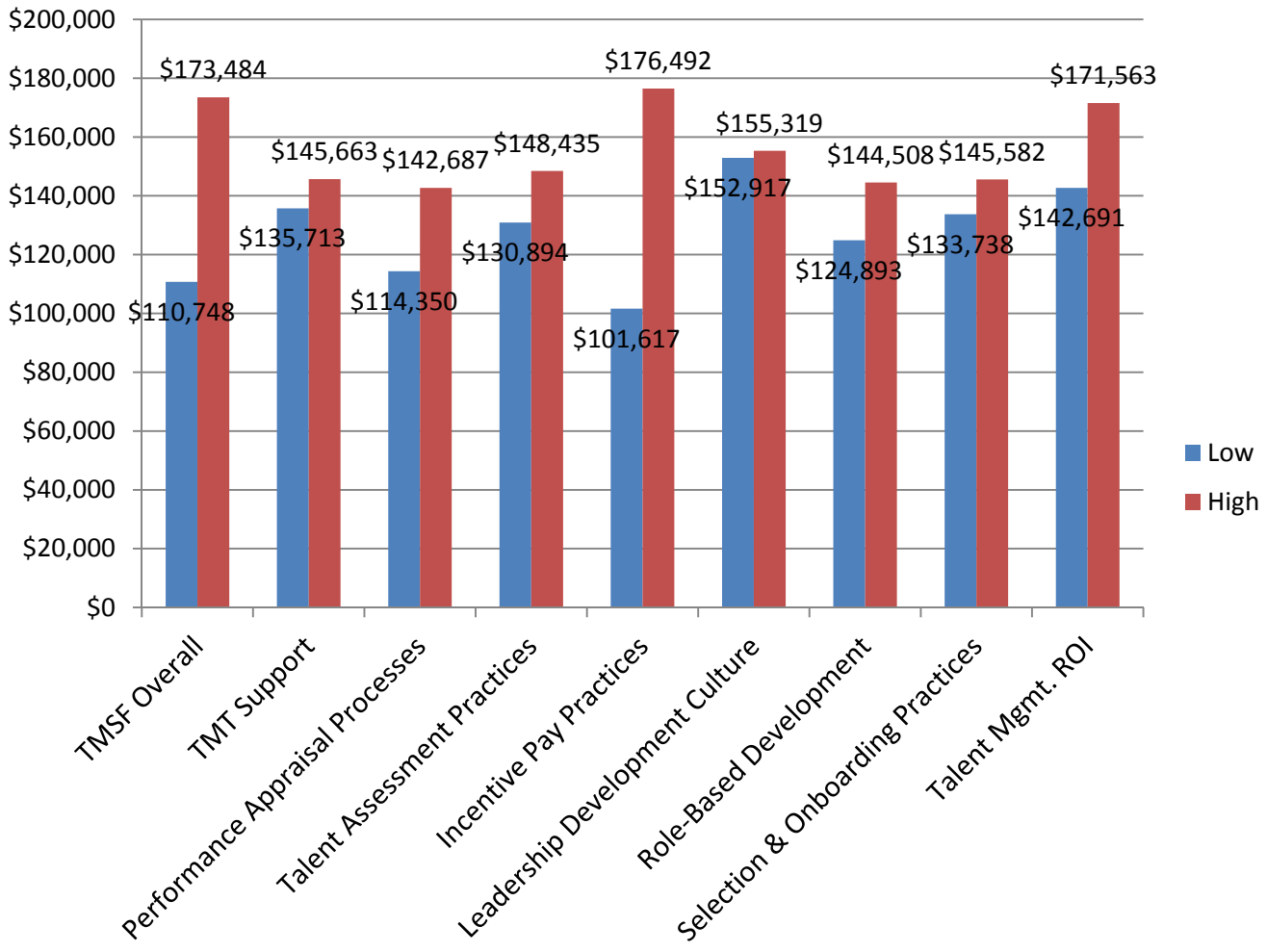
	Annual Turnover: Executives	Annual Turnover: Management	Annual Turnover: Nursing	Annual Turnover: Hi-Po's	Employee Productivity	Employee Engagement
Mean (s.d.)	**8.03% (9.87)**	**11.34% (7.75)**	**10.92% (4.72)**	**7.09% (6.03)**	**$139,879 ($65,920)**	**.77 (.07)**
Success Factors Overall	-.60***	-.52***	-.36*	-.87***	.23*	.59***
TMT Support	-.62***	-.59***	-.32*	-.69***	.20	.50***
Performance Appraisal Processes	-.57***	-.50***	-.35*	-.54***	.19	.61***
Talent Assessment Practices	-.48**	-.38*	-.24*	-.65***	.13	.72***
Incentive Pay Practices	-.36*	-.33*	-.41**	-.35*	.33*	.12
Leadership Development Culture	-.57***	-.51***	-.40**	-.75***	.03	.35*
Role-Based Development Practices	-.28*	-.21*	-.22*	-.41**	.16	.16
Selection & Onboarding Practices	-.47**	-.54***	-.42**	-.84***	.10	.37*
Talent Mgmt. ROI	-.39*	-.49**	.21*	-.83***	.10	.36*

Notes: N = 133; *p < .05, **p < .01, ***p < .001.

Employee Productivity

The *Success Factors* demonstrated a positive and statistically significant relationship with Employee Productivity. Across all *Success Factors*, the high-performing and low-performing hospital systems demonstrated mean Employee Productivity scores of $173,484 and $110,748, respectively (see Figure 14). The $62,736 difference in net patient revenue per FTE represents a 56.6% improvement in Employee Productivity that is associated with high performance across the *Success Factors*. Notably, this effect is most pronounced for Incentive Pay Practices, which demonstrated a $74,875 improvement (73.7%) in Employee Productivity for hospital systems with exemplary onboarding practices.

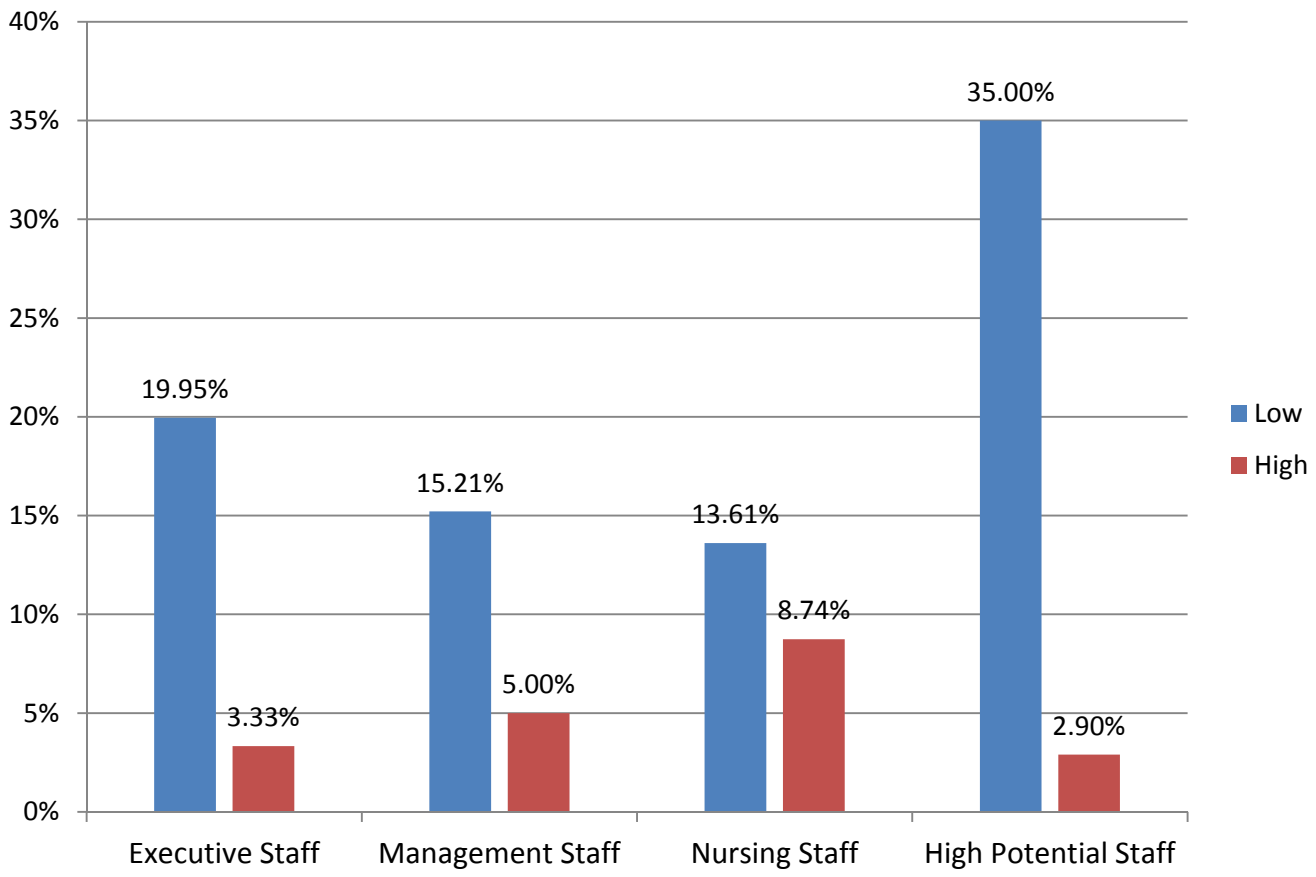
Figure 14: Success Factors & Employee Productivity



Annual Turnover Across Employee Groups

The *Success Factors* overall were significantly associated with Annual Turnover across the employee groups. Illustrated Figure 15, hospital organizations with high *Success Factors* scores reported 3.33% Annual Executive Turnover compared to low-scoring organizations reporting a 19.95% annual rate. Similarly, Annual Management Turnover was sharply higher for low-performing organizations (15.21%) compared to high-performing organizations (5.00%). For Annual Nursing Turnover, the overall difference between organizations with high Success Factors scores compared to those with low scores was notably smaller (8.74% compared to 13.61%, respectively). As expected, the largest difference between high- and low-performing organizations (2.90% vs. 35%, respectively) was for Annual High Potential Turnover.

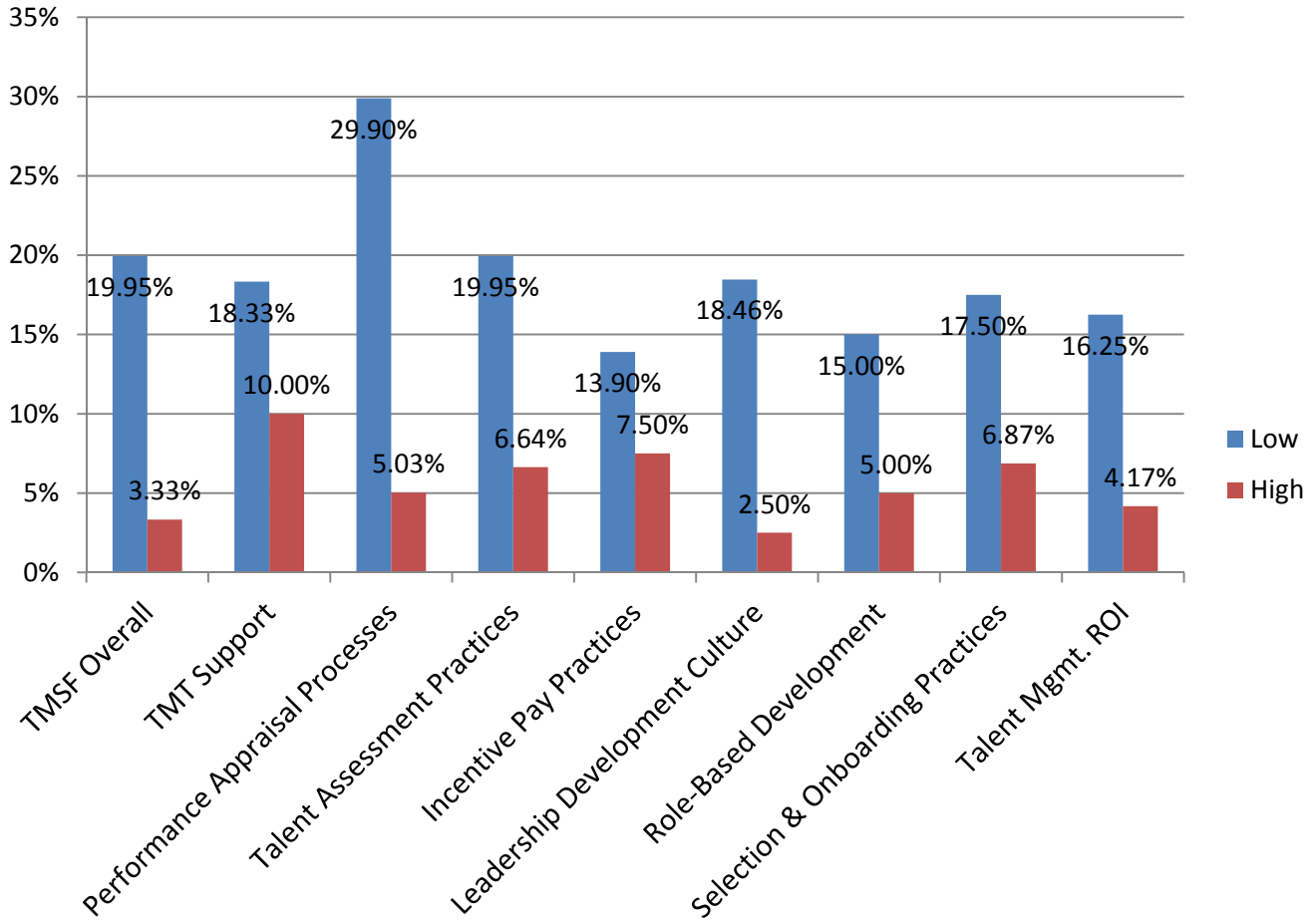
Figure 15: Overall Success Factors & Annual Turnover



Annual Executive Turnover

The *Success Factors* were significantly associated with Annual Executive Turnover. Illustrated Figure 16, hospital organizations with high *Success Factors* scores reported 3.33% Annual Executive Turnover compared to low-scoring organizations reporting a 19.95% annual rate. The *Success Factors* that demonstrated the greatest impact on Annual Executive Turnover included Performance Appraisal Practices (24.87% difference), Leadership Development Culture (15.96% difference), and Talent Assessment Practices (13.31% difference).

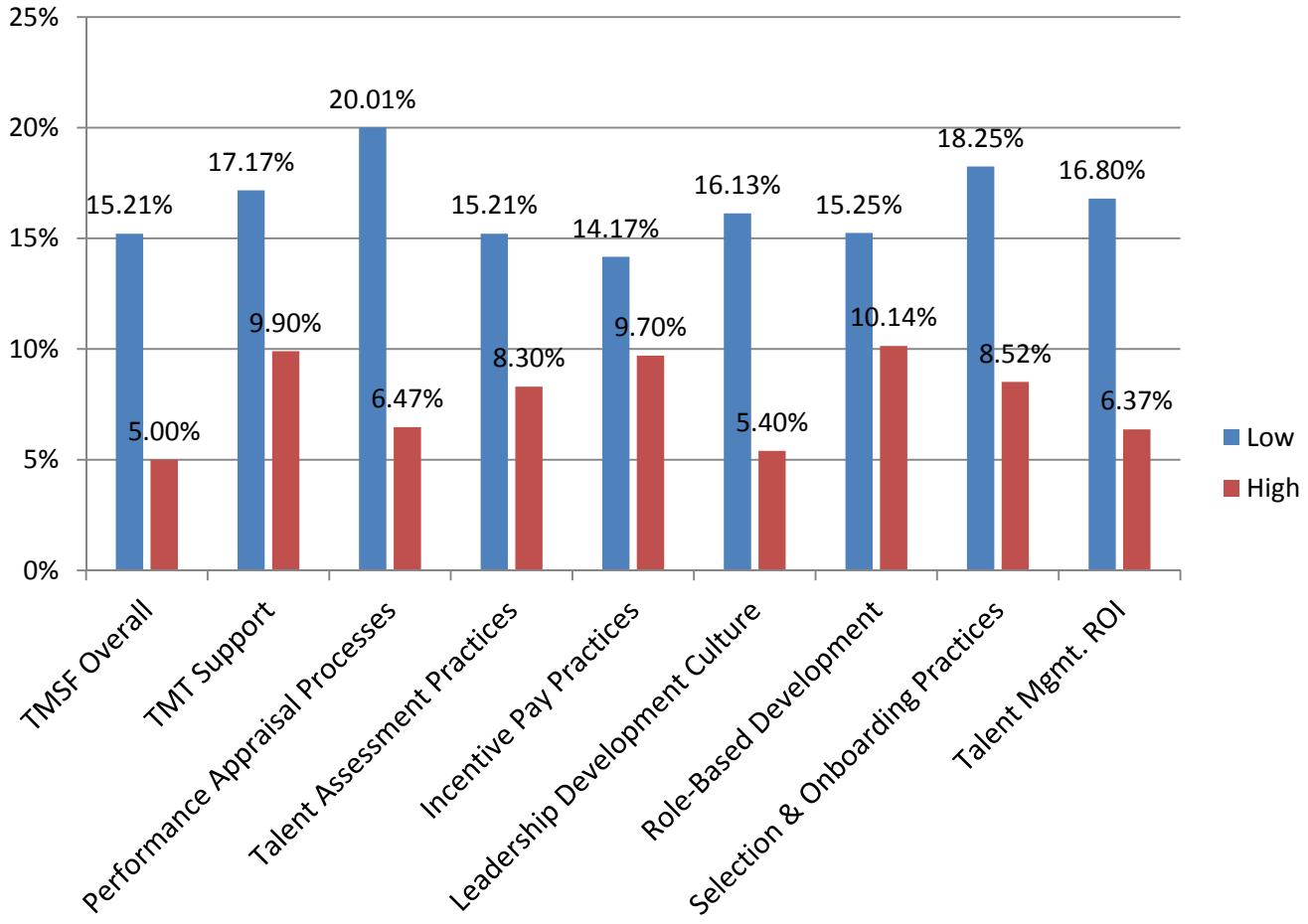
Figure 16: Success Factors & Annual Executive Turnover



Annual Management Turnover

The *Success Factors* were significantly associated with Annual Management Turnover. Illustrated Figure 17, hospital organizations with high *Success Factors* scores reported 5.00% Annual Management Turnover compared to low-scoring organizations reporting a 15.21% annual rate. The *Success Factors* that demonstrated the greatest impact on Annual Management Turnover included Performance Appraisal Practices (13.54% difference), Leadership Development Culture (10.73% difference), and Selection and Onboarding Practices (9.73% difference).

Figure 17: Success Factors & Annual Management Turnover

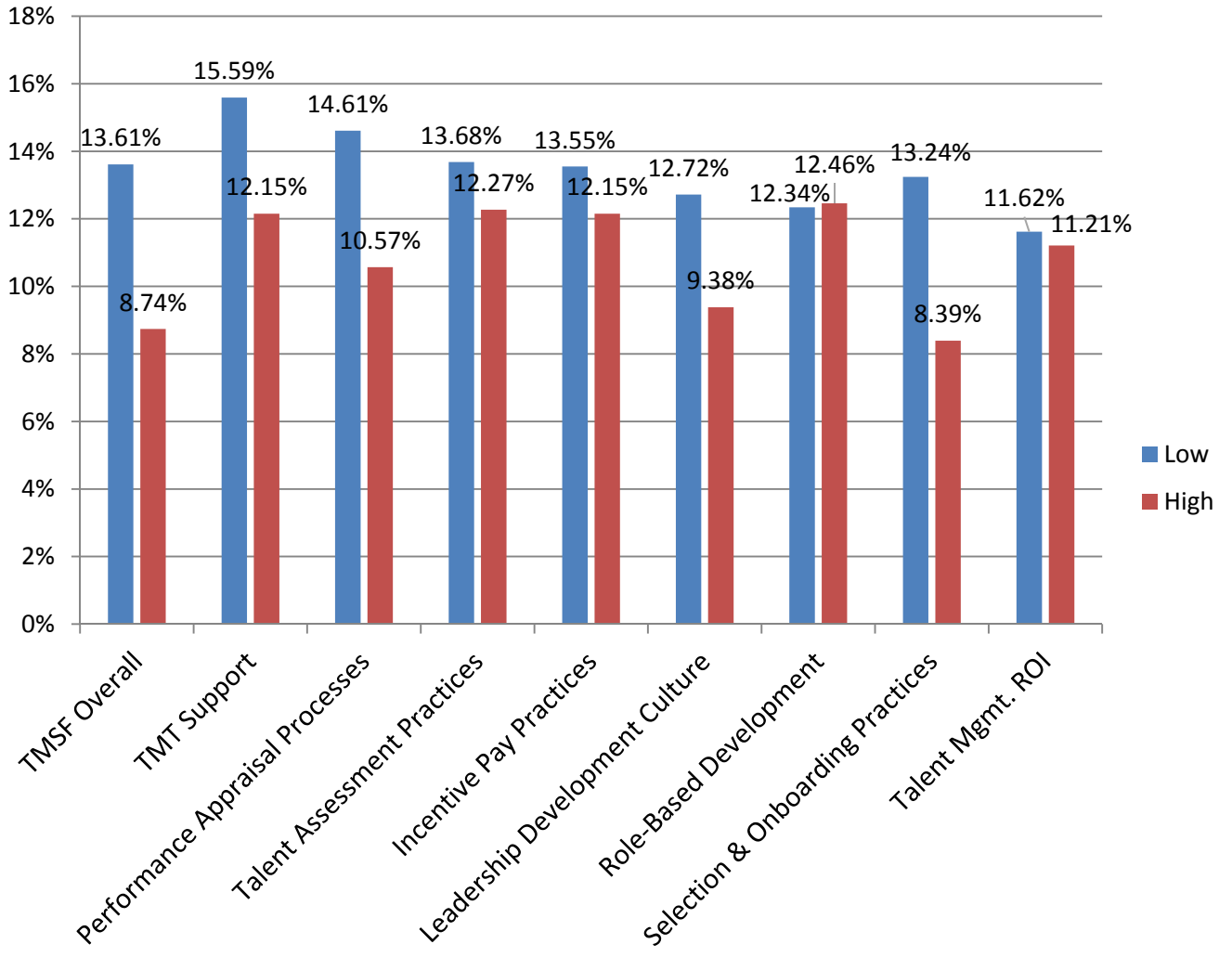


Annual Nursing Turnover

The *Success Factors* were significantly associated with Annual Nursing Turnover. Illustrated Figure 18, hospital organizations with high *Success Factors* scores reported 8.74% Annual Nursing Turnover compared to low-scoring organizations that reported a 13.61% annual rate. Overall, hospitals organizations with high *Success Factors* scores reported 4.87% lower annual turnover for nursing staff. The *Success Factors* that demonstrated the greatest impact on Annual Nursing Turnover included Selection and Onboarding Practices (4.85% difference) and Performance Appraisal Practices (4.04% difference).

Prior research[vii] indicates that the total cost of nursing turnover, including hiring costs, training costs, and lost productivity, is *conservatively* $31,486 per nurse. When applied to the current sample of hospital organizations (Mean FTEs = 16,741) and assuming that nurses comprise 20% of all employees, the 4.87% reduction in annual nursing turnover for high-performing hospital systems represents a total cost savings of $5.13M. The nursing turnover costs for high-performing hospital systems was $9.21M (293 new nurses) compared to $14.35M for low-performing organizations (456 new nurses).

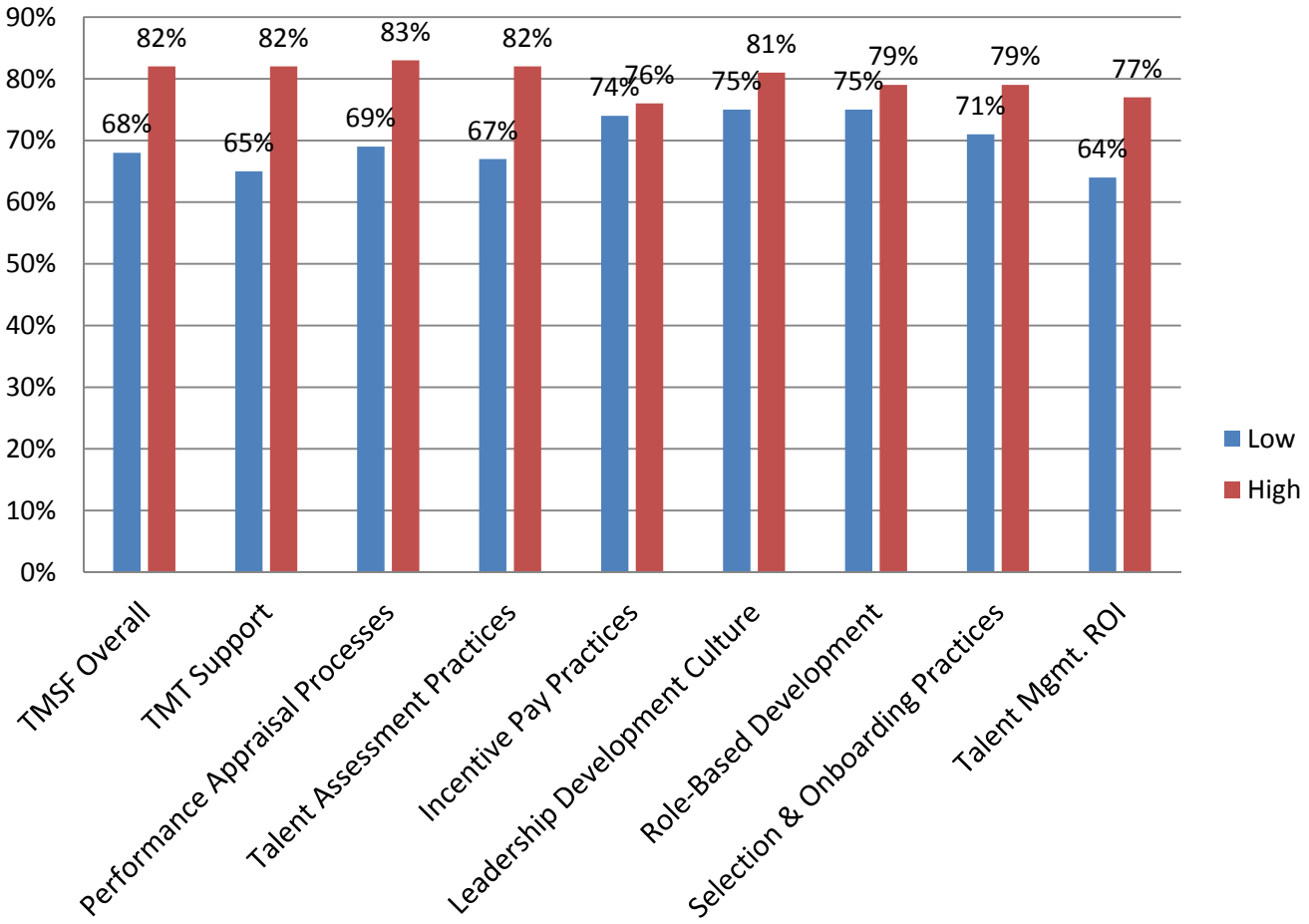
Figure 18: Success Factors & Annual Nursing Turnover



Employee Engagement

For Employee Engagement scores (see Figure 19), which were converted to standardized scores (0-1.00), the hospital organizations with high *Success Factors* scores reported a mean .82 Employee Engagement score compared to low-performing organizations that reported a mean Employee Engagement score of .68. The *Success Factors* will the greatest impact on Employee Engagement scores included Top Management Support (.17 difference), Talent Assessment Practices (.15 difference), and Performance Appraisal Practices (.14 difference). Overall, hospital organizations with high *Success Factors* scores reported 20.6% higher Employee Engagement metric compared to those organizations with low *Success Factors* scores.

Figure 19: Success Factors & Employee Engagement



Impact of Success Factors on Leadership Development Metrics

Leadership Development Metrics

To assess the impact of the *Talent Management Success Factors* on performance metrics that are critical for hospitals and health systems competing in the current healthcare environment, the *Survey* respondents were asked to provide data across the following leadership development metrics:

1. ***Leadership Benchstrength***: Percentage of key leadership roles with at least one 'ready now' internal candidate.
2. ***Internal Executive Talent Sourcing***: Internal/external hiring ratio for open executive (VP and above) positions.
3. ***Annual Executive Searches/Medical Center***: Number of executive searches per medical center.
4. ***Annual Executive Search Costs/Medical Center***: Total costs associated with annual executive searches per medical center.

Interpreting the Figures

The results of correlation and regression analyses demonstrated that the *Success Factors* are significantly associated with leadership development metrics. To illustrate these results, those organizations scoring at least one standard deviation below the mean for the *Success Factors* were coded as "Low" (plotted in blue) while those organizations scoring at least one standard deviation above the mean for the *Success Factors* were coded as "High" (plotted in red). These illustrations allow for a more direct comparison of the leadership development outcomes for those organizations with exemplary talent management practices versus those with less-developed practices.

Correlation Analysis of Success Factors and Leadership Development Metrics

Illustrated in Table 7, the *Success Factors* overall were strongly associated with Leadership Benchstrength, Internal Executive Talent Sourcing, and Annual Executive Searches and Costs. Results of correlation analyses demonstrate strong positive relationships between the *Success Factors* overall and Leadership Benchstrength ($r = .46$, $p < .001$) and Internal Executive Talent Sourcing ($r = .22$, $p < .05$), while the Success Factors were negatively associated with Annual Executive Searches/Medical Center ($r = -.29$, $p < .05$) and Annual Executive Search Cost/Medical Center ($r = -.40$, $p < .01$). The strongest driver of Leadership Benchstrength was Talent Assessment Practices ($r = .51$, $p < .001$) while Internal Executive Talent Sourcing was strongly driven by Selection and Onboarding Practices ($r = .54$, $p < .001$). For both Annual Executive Searches per Medical Center and the associated costs of such searches, the TMT Support, Performance Appraisal Practices, and Selection and Onboarding Practices were the most critical *Success Factors*.

Table 7: Correlation Analysis Results for Success Factors & Leadership Development

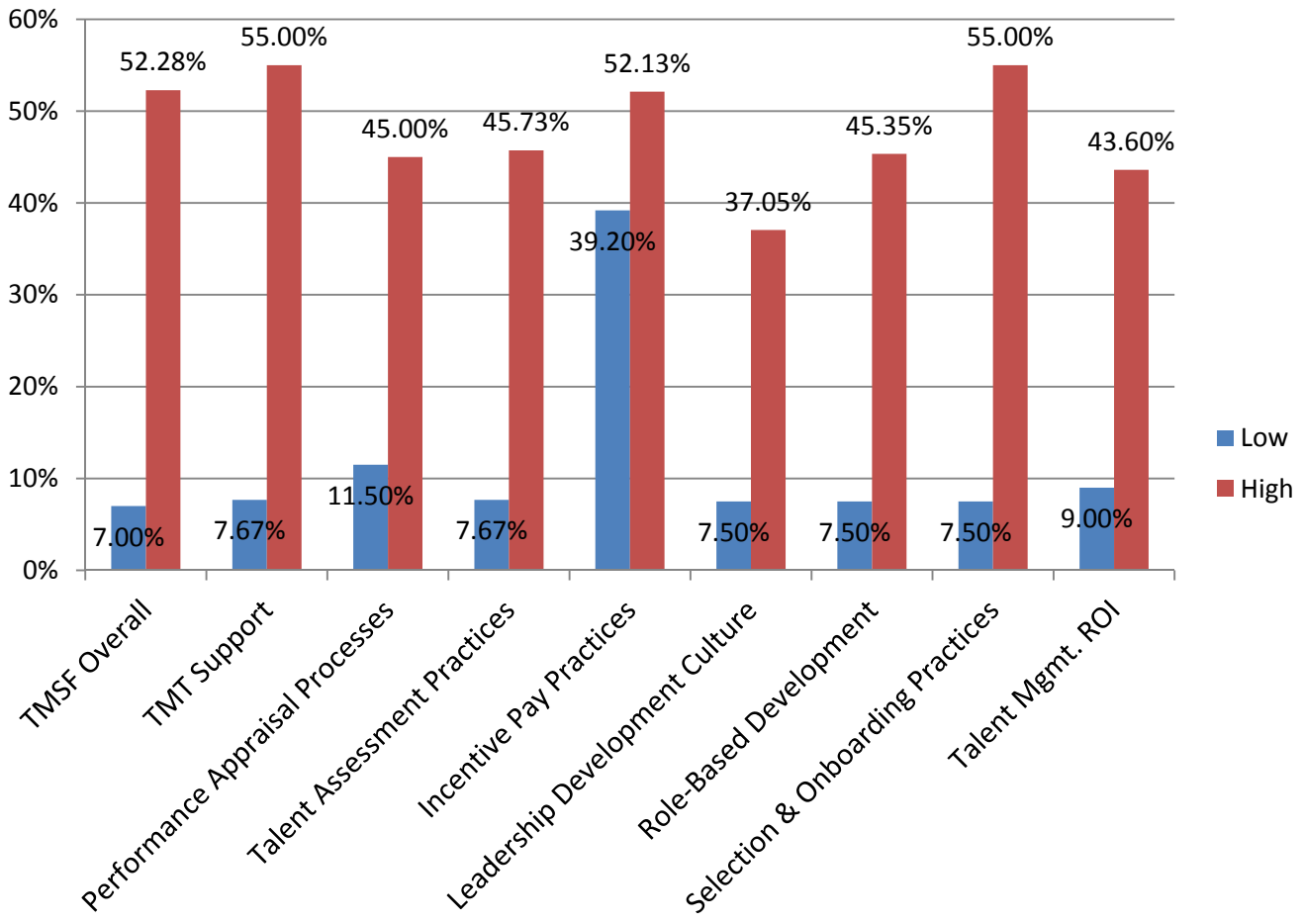
	Leadership Benchstrength	Internal Executive Talent Sourcing	Annual Executive Searches/Medical Center	Annual Executive Search Cost/Medical Center
Mean (s.d.)	**31.02% (27.76)**	**57.63% (22.84)**	**1.32 (1.36)**	**$72,524 ($9,813)**
Success Factors Overall	.46***	.22*	-.29*	-.40**
TMT Support	.42**	.22*	-.36*	-.34*
Performance Appraisal Processes	.40**	.25*	-.38**	-.44**
Talent Assessment Practices	.51***	-.28*	.15	-.21
Incentive Pay Practices	.26*	.34*	-.30*	-.30*
Leadership Development Culture	.29*	-.26*	-.22*	-.35*
Role-Based Development Practices	.26*	.11	-.18	-.12
Selection & Onboarding Practices	.39**	.54**	-.24*	-.37**
Talent Mgmt. ROI	.33*	.36*	-.18	-.32*

Notes: N = 133; *p < .05, **p < .01; ***p < .001.

Leadership Benchstrength

Hospital organizations with high *Success Factors* scores reported a mean Leadership Benchstrength metric of 52.28% compared to low-performing organizations that reported only 7% (see Figure 20), which represents a 45.28% difference. The *Success Factors* will the greatest influence on Leadership Benchstrength included Selection and Onboarding Practices (47.50% difference), Top Management Support (47.33% difference), Talent Assessment Practices (38.06% difference), and Role-Based Development 37.85% difference).

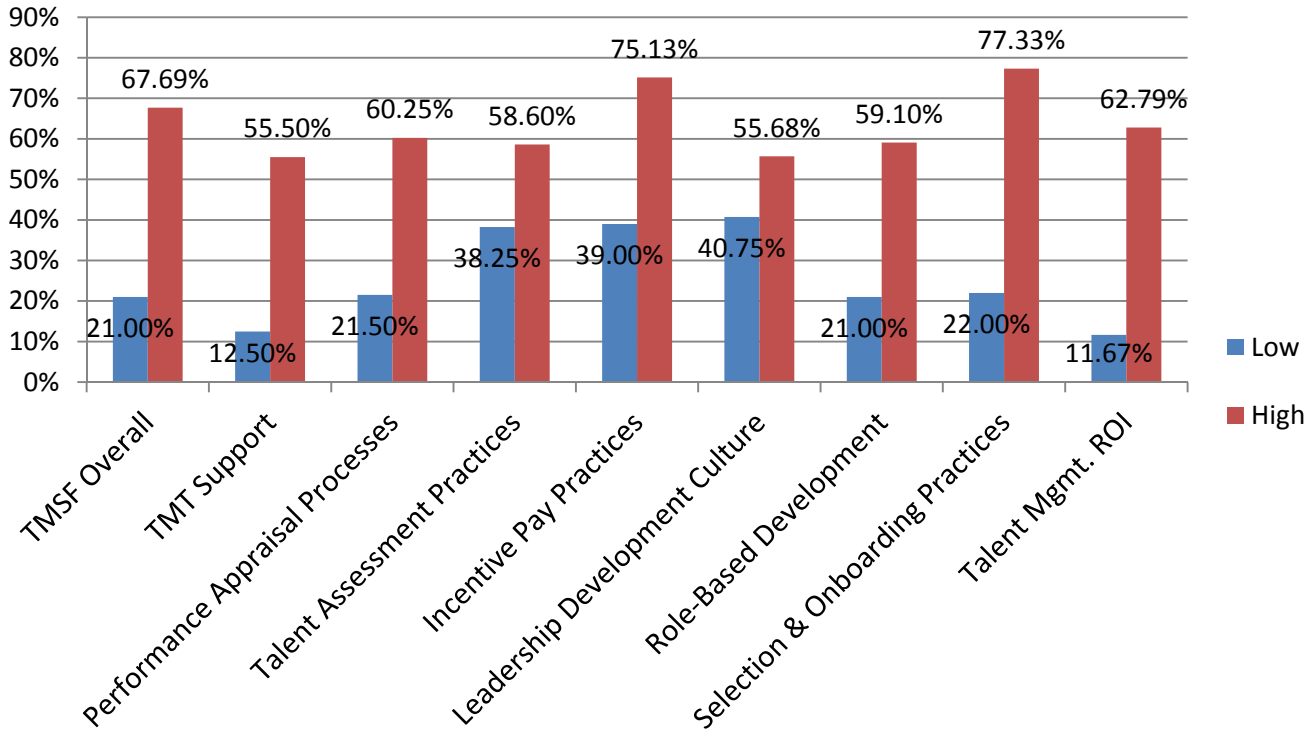
Figure 20: Leadership Benchstrength



Internal Executive Talent Sourcing

Hospital organizations with high *Success Factors* scores reported a mean Internal Executive Talent Sourcing metric of 67.69 compared to low-performing organizations that reported only 21% (see Figure 21), which represents a 46.69% difference. The *Success Factors* will the greatest influence on Internal Executive Talent Sourcing included Selection and Onboarding Practices (55.33% difference) and Talent Management ROI (51.12% difference).

Figure 21: Internal Executive Talent Sourcing



Annual Executive Searches and Costs per Medical Center

Hospital organizations with high *Success Factors* scores reported a mean of .51 Annual Executive Searches per Medical Center compared to a 1.87 rate for those organizations with low Success Factors scores (see Figure 22). Similarly, the Annual Executive Search Cost/Medical Center was significantly higher for low-performing organizations ($129,333) compared to organizations with high Success Factors scores ($13,696), a difference of $115,637 per medical center (see Figure 23). The *Success Factors* will the greatest influence on Annual Executive Searches per Medical Center included Selection and Onboarding Practices and Performance Appraisal Practices. When applied to the current sample (Mean Number of Medical Centers = 10.31), the cost savings in executive search activities for high- versus low-performing hospital organizations is $1.19M.

Figure 22: Annual Executive Searches per Medical Center

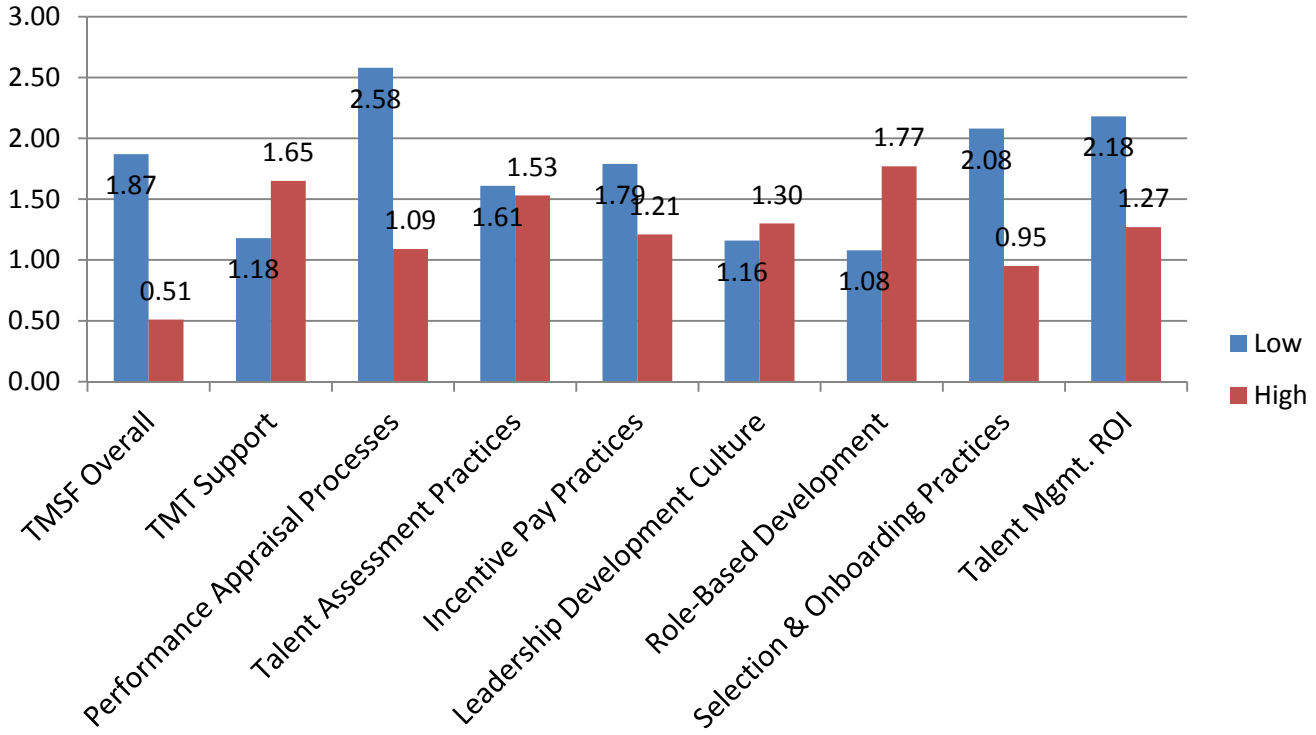
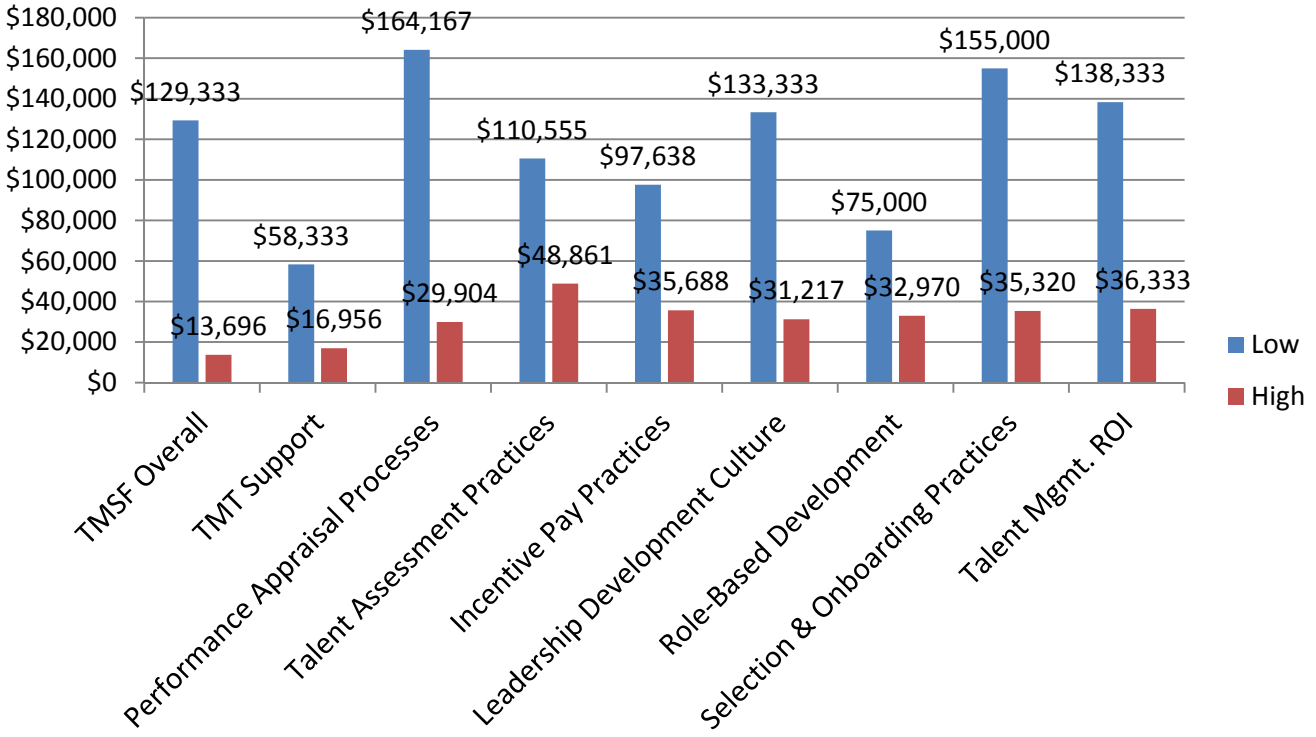


Figure 23: Annual Search Cost per Medical Center



Impact of Success Factors on Leadership Diversity Metrics

Leadership Diversity Metrics

To assess the impact of the *Talent Management Success Factors* on performance metrics that are critical for hospitals and health systems competing in the current healthcare environment, the *Survey* respondents were asked to provide data across the following leadership diversity metrics:

1. Percentage of Executive (VP level and above) Positions Occupied by Women.
2. Percentage of C-Suite Positions Occupied by Women.
3. Percentage of Executive (VP level and above) Positions Occupied by Ethnic Minorities.
4. Percentage of C-Suite Positions Occupied by Ethnic Minorities.

Interpreting the Figures

The results of correlational and regression analyses demonstrated that the *Success Factors* are significantly associated with leadership diversity metrics. To illustrate these results, those organizations scoring at least one standard deviation below the mean for the *Success Factors* were coded as "Low" (plotted in blue) while those organizations scoring at least one standard deviation above the mean for the *Success Factors* were coded as "High" (plotted in red). These illustrations allow for a more direct comparison of the leadership diversity performance outcomes for those organizations with exemplary talent management practices versus those with less-developed practices.

Correlation Analysis of Success Factors and Leadership Diversity Metrics

Illustrated in Table 8, the *Success Factors* overall were strongly associated with Executive Diversity metrics. Results of correlation analyses demonstrate strong positive relationships between the *Success Factors* overall and Percentage of Executive Positions (VP and above) Occupied by Women ($r = .42$, $p < .00$) and Ethnic Minorities ($r = .34$, $p < .05$), as well as Percentage of C-Suite Positions Occupied by Women ($r = .46$, $p < .001$) and Ethnic Minorities ($r = .52$, $p < .001$). The strongest drivers of both the leader gender and leader ethnicity metrics were Incentive Pay Practices, Performance Appraisal Practices, and Top Management Team Support. There were significant differences across the *Success Factors* in terms of impact on leader gender and ethnicity metrics. Selection and Onboarding Practices demonstrated much stronger relationships with the gender metrics while Role-Based Development was more impactful for diversity metrics. Interestingly, Talent Assessment Practices was a critical driver of C-Suite diversity for both gender and ethnicity but this *Success Factor* was not significantly associated with gender metrics at for all executive positions.

Table 8: Correlation Analysis Results for Success Factors & Executive Diversity Metrics

	Percentage of Executive Positions Occupied by Women	Percentage of C-Suite Positions Occupied by Women	Percentage of Executive Positions Occupied by Ethnic Minorities	Percentage of C-Suite Positions Occupied by Ethnic Minorities
Mean (s.d.)	**40.49% (20.67)**	**37.09% (18.44)**	**13.24% (13.79)**	**15.42% (15.21)**
Success Factors Overall	.42**	.46**	.34*	.52***
TMT Support	.45**	.39*	.51***	.60***
Performance Appraisal Processes	.45**	.52***	.35*	.60***
Talent Assessment Practices	.15	.27*	.04	.25*
Incentive Pay Practices	.51***	.54***	.47**	.56***
Leadership Development Culture	.24*	.21*	.22*	.36*
Role-Based Development Practices	.24*	.26*	.34*	.37**
Selection & Onboarding Practices	.26*	.44**	.19	.16
Talent Mgmt. ROI	.39**	.14	.31*	.39**

Notes: N = 133; *p < .05, **p < .01., ***p < .001.

Success Factors and Leadership Diversity Metrics

The *Success Factors* overall were significantly associated with multiple leadership diversity metrics. Illustrated Figure 24, hospital organizations with high *Success Factors* scores reported 54.33% for Executive Positions Occupied by Women compared to low-scoring organizations reporting 43.33%. For C-suite positions, high-performing organizations reported 52.40% compared to 23.68% for organization with low *Success Factors* scores (28.72% difference). Similarly, Executive Positions Occupied by Ethnic Minorities was higher for organizations with high Success Factors scores (31.53%) compared to low-performing organizations (16.72%). For C-suite positions, the difference between high-performing (42.50%) and low-performing (11.55%) organizations was much greater (30.95%). Overall, the Success Factors are strongly associated with greater gender and ethnic diversity in executive roles, particularly in the C-suite.

Figure 24: Overall Management Success Factors & Leadership Diversity Metrics

Executive and C-Suite Gender Diversity

The *Success Factors* will the greatest influence on gender diversity in Executive Positions (see Figure 25) was Top Management Team Support (26.78% difference), Talent Management ROI (24.46% difference), and Performance Appraisal Process (21.08% difference). For C-Suite positions (see Figure 26), the strongest drivers were Performance Appraisal Processes (37.58% difference), Selection and Onboarding Practices (27.07% difference).

Figure 25: Success Factors & Executive Positions Occupied by Women

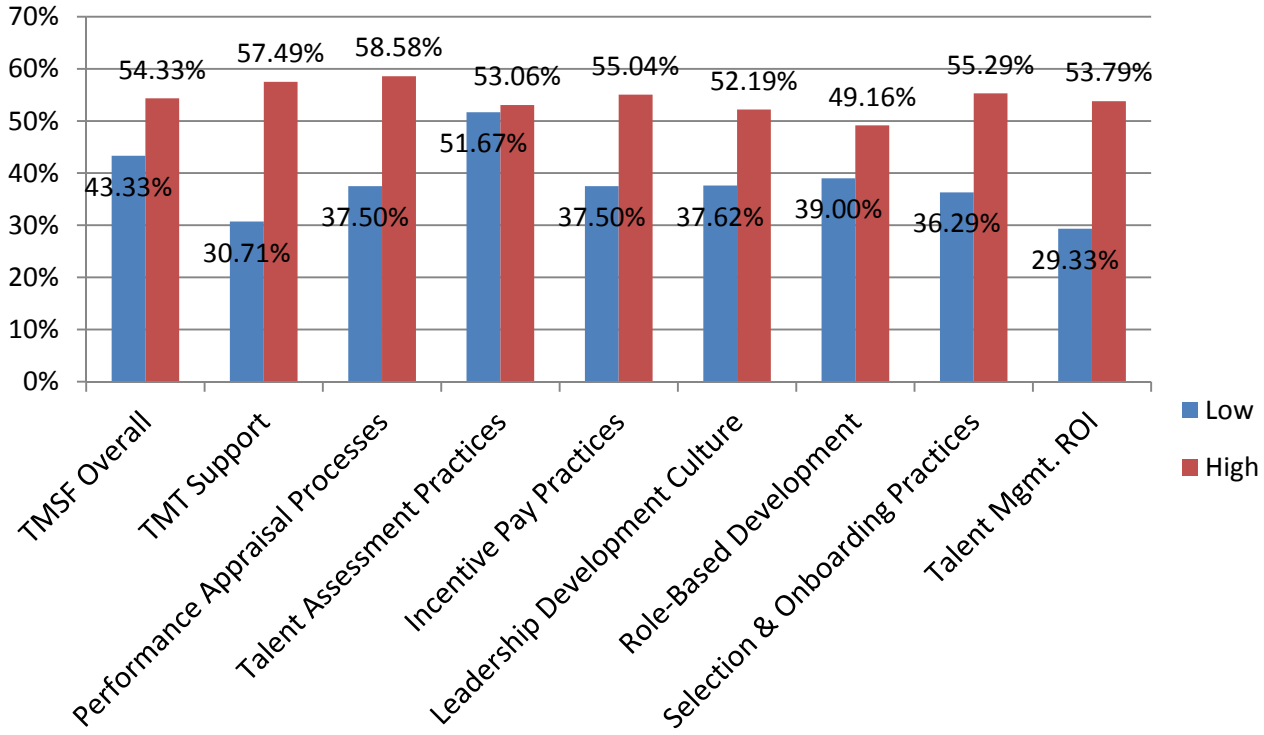
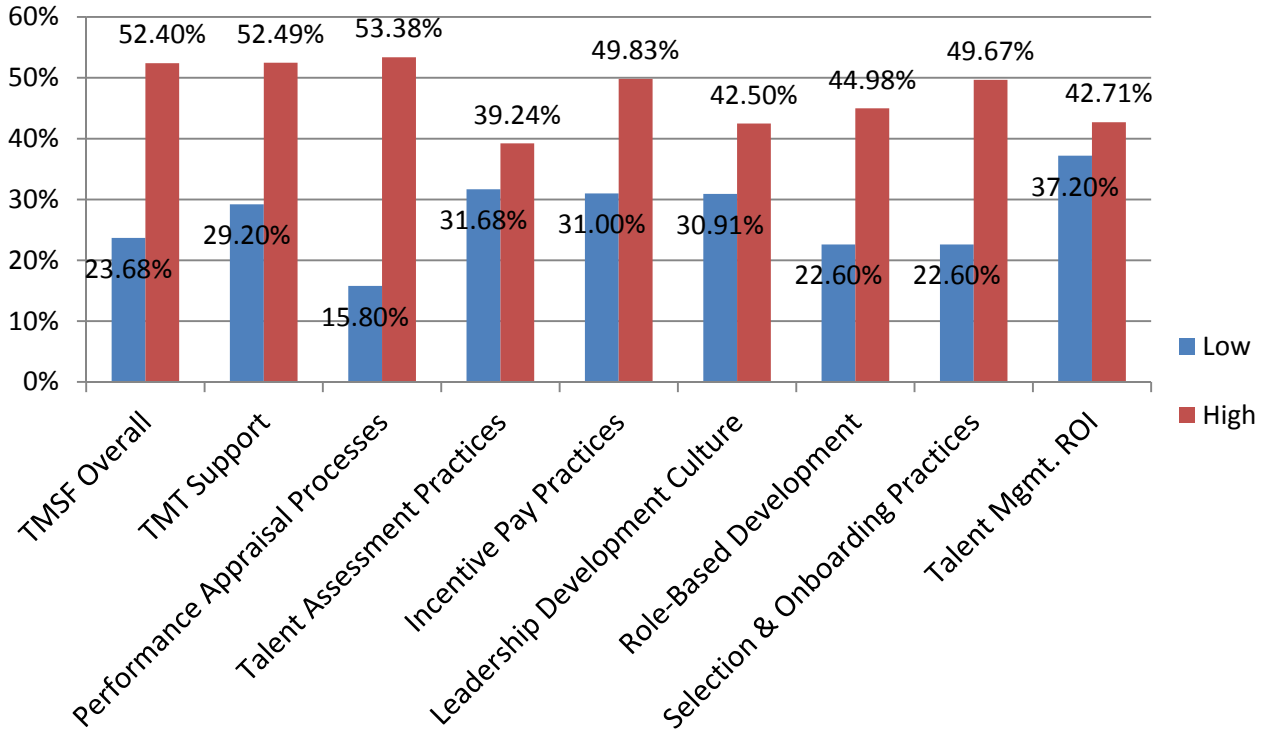


Figure 26: Success Factors & C-Suite Positions Occupied by Women



Executive and C-Suite Ethnicity Diversity

The *Success Factors* will the greatest influence on ethnicity diversity in Executive Positions (see Figure 27) was Top Management Team Support (27.57% difference) and Incentive Pay Practices (21.26% difference). For C-Suite positions (see Figure 28), the strongest drivers were Top Management Team Support (35.54% difference), Incentive Pay Practices (22.14% difference), and Performance Appraisal Processes (22.14% difference).

Figure 27: Success Factors & Executive Positions Occupied by Ethnic Minorities

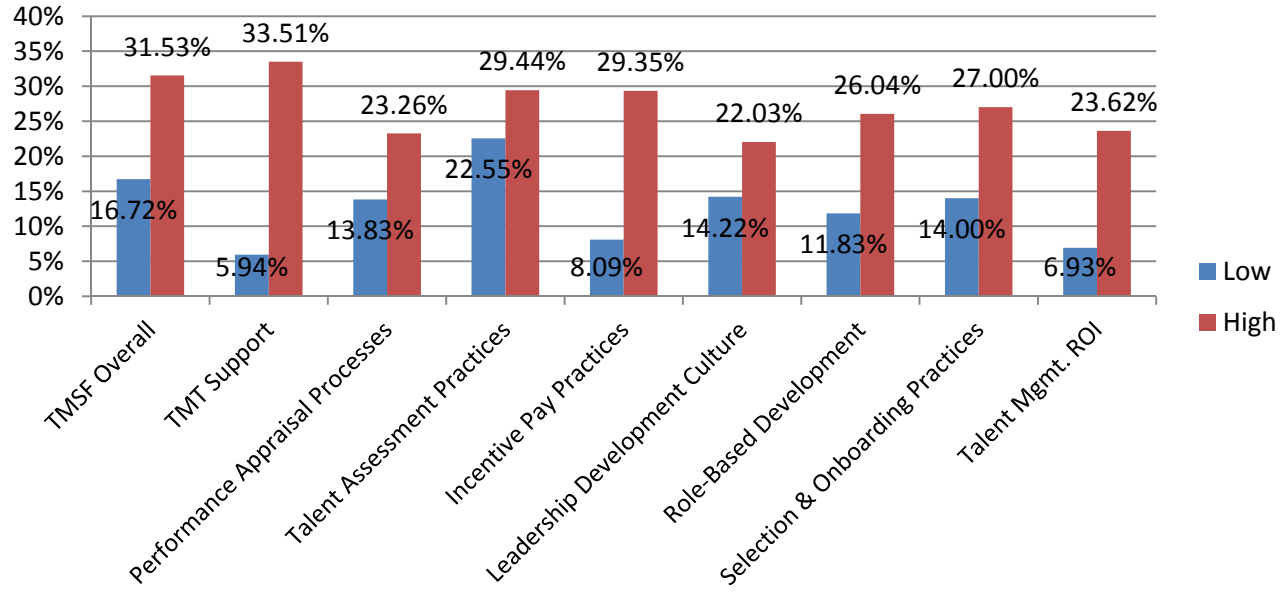
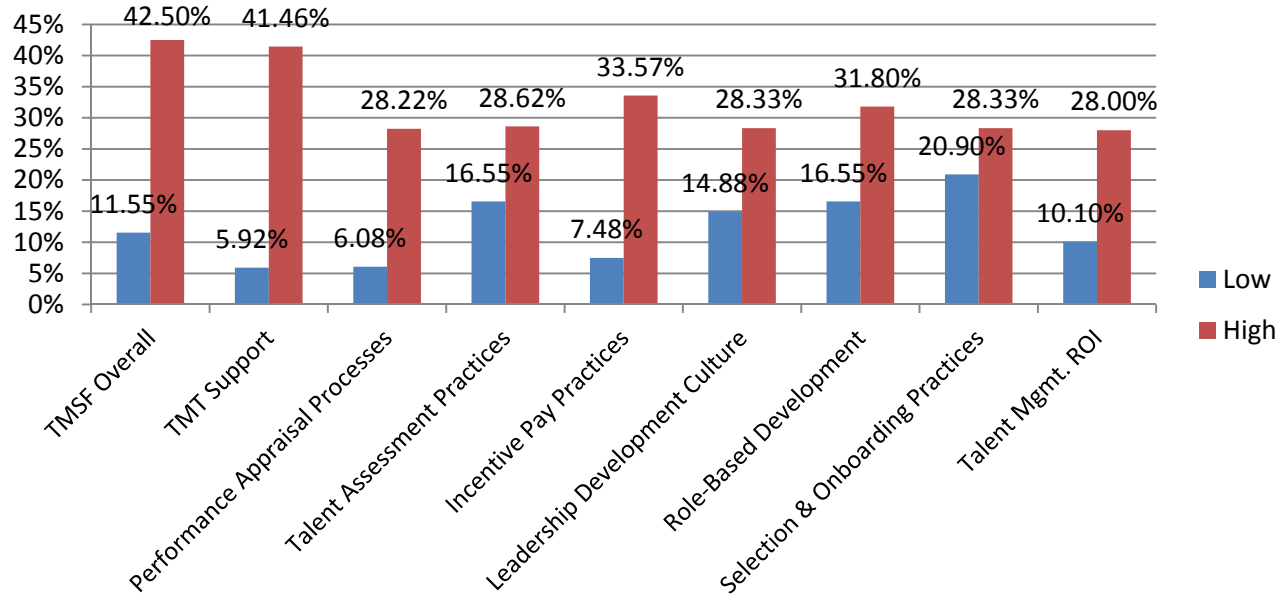


Figure 28: Success Factors & C-Suite Positions Occupied by Ethnic Minorities



Impact of Success Factors on Value-Based Purchasing Metrics

Value-Based Purchasing Metrics

In addition to collecting performance metrics from the *Survey* respondents, Value-Based Purchasing performance metrics were obtained from the Centers for Medicare and Medicaid Services (CMS) for each of the participating hospitals and health systems. These clinical performance metrics include the following:

1. Clinical Process of Care Domain Score
2. Patient Experience of Care Domain Score
3. Outcome Domain Score
4. Efficiency Domain Score
5. Total Performance Score
6. Medicare Spending Per Beneficiary (MSPB-1)
7. Medicare Spending Per Episode
8. HCAHPS Survey Score[4]

Interpreting the Figures

The results of correlational and regression analyses demonstrated that the *Success Factors* are significantly associated with Values-Based Purchasing metrics. To illustrate these results, those organizations scoring at least one standard deviation below the mean for the *Success Factors* were coded as "Low" (plotted in blue) while those organizations scoring at least one standard deviation above the mean for the *Success Factors* were coded as "High" (plotted in red). These illustrations allow for a more direct comparison of the Value-Based Purchasing performance outcomes for those organizations with exemplary talent management practices versus those with less-developed practices.

Correlation Analysis of Success Factors and Value-Based Purchasing Metrics

Illustrated in Table 9, the *Success Factors* overall were strongly associated with the Values-Based Purchasing performance domains. Correlation analyses demonstrate strong support for the positive relationships between the *Success Factors* overall and all four performance domains, including Clinical Process of Care ($r = .22$, $p < .05$), Patient Experience of Care ($r = .25$, $p < .05$), Outcome ($r = .22$, $p < .05$), and Efficiency ($r = .30$, $p < .01$). Interestingly, the *Success Factors* demonstrated the strongest positive relationship with the Efficiency Domain, which assesses Medicare Spending per Beneficiary (MSPB-1). The *Success Factors* overall were also associated with the Total Performance Score ($r = .23$, $p < .05$), which captures the weighted averages of the four domain scores according to the FY 2015 weights set by CMS. Illustrated in Table 10, the *Success Factors* overall were strongly associated with several individual performance metrics that comprise several of the Values-Based Purchasing domain scores. Medicare Spending per Beneficiary ($r = -.35$, $p < .01$) and Mean Spending per Episode ($r = -.48$, $p < .01$) were both negatively associated with *Success Factors* overall.

[4] Measured as the percentage of patients reporting 'High Satisfaction' across the 10-item *Hospital Consumer Assessment of Healthcare Providers and Systems* survey.

Table 9: Correlation Analysis Results for Success Factors & Value-Based Purchasing Domain Scores

	Clinical Process of Care Domain	Patient Experience of Care Domain	Outcome Domain	Efficiency Domain	Total Performance Score
Mean (s.d.)	**11.17 (3.88)**	**12.05 (5.10)**	**13.18 (4.95)**	**4.41 (3.89)**	**39.82 (10.11)**
Success Factors Overall	.22*	.25*	.22*	.30**	.23*
TMT Support	.15	.19	.18	.25*	.14
Performance Appraisal Processes	.20*	.29**	.28*	.28*	.27*
Talent Assessment Practices	.23*	.27*	.31**	.20	.27*
Incentive Pay Practices	.13	.25*	.17	.28*	.19
Leadership Development Culture	.20*	.23*	.14	.36**	.21*
Role-Based Development Practices	.17	.26*	.11	.21*	.19
Selection & Onboarding Practices	.28*	.24*	.13	.17	.19
Talent Mgmt. ROI	.21	.22*	.18	.21*	.18

Notes: N = 133; *p < .05, **p < .01.

Table 10: Correlation Analysis Results for Success Factors & Value-Based Purchasing Performance Metrics

	Medicare Spending per Beneficiary[a]	Mean Spending per Episode[b]	Excess Readmission Ratio[c] (Overall)	30-Day Mortality Rate[d] (Overall)	Patient Safety Indicators[e]	Healthcare Associated Infections[f]
Mean (s.d.)	**.98 (.05)**	**$19,324 ($2,689)**	**.97 (.11)**	**.87 (.01)**	**.52 (.11)**	**.60 (.64)**
Success Factors Overall	-.35**	-.48**	-.06	-.04	-.09	-.06
TMT Support	-.22	-.37**	-.08	-.10	-.07	-.15
Performance Appraisal Processes	-.20	-.43**	-.01	-.09	-.01	-.11
Talent Assessment Practices	-.15	-.44**	-.12	-.01	-.19	-.02
Incentive Pay Practices	-.29*	-.31**	-.04	-.16	-.08	-.11
Leadership Development Culture	-.36**	-.48**	-.16	-.22*	-.07	-.09
Role-Based Development Practices	-.24*	-.33**	-.04	-.12	-.04	-.05
Selection & Onboarding Practices	-.07	-.32**	-.05	-.14	-.21*	-.02
Talent Mgmt. ROI	-.20*	.40**	-.10	-.30*	-.17	-.18

Notes: N = 133; *p < .05, **p < .01; [a] MSPB-1 Performance Rate; [b] Average Spending per Episode (Hospital); [c] Mean of READM-30-AMI-HRRP (Heart Attack), READM-30-COPD-HRRP (Chronis Obstructive Pulmonary Disease), READM-30-HF-HRRP (Heart Failure), READM-30-PN-HRRP (Pneumonia), and READM-30-HIP-KNEE-HRRP (Hip and Knee Replacement); [d] Mean of MORT-30-AMI (Heart Attack), MORT-30-HF (Heart Failure), and MORT-30-PN (Pneumonia) Performance Rates; [e] AHRQ (PSI-90) composite of eight patient safety indicators; [f] HAI-1 (Healthcare Associated Infections) Performance Rate.

Values-Based Purchasing Domains & Total Performance Scores

Figure 29 illustrates the comparative impact of the *Success Factors* overall across the four Values-Based Purchasing domain scores and the Total Performance Score. When comparing the high- (12.34) and low-performing (9.60) hospital organizations with respect to their overall *Success Factors* score, the Experience of Care domain demonstrated the greatest performance difference (4.58). The Total Performance Score for high-performance organizations (42.46) was also significantly greater than low-performance organizations (34.54) when examining the *Success Factors* overall. Presented in Figure 30, the most impactful drivers of the Total Performance Score were Talent Assessment Practices (9.55 score difference), Performance Appraisal Practices (8.93 score difference), and Selection and Onboarding Practices (8.70 score difference). For the Clinical Process of Care domain (see Figure 31), Talent Assessment Practices (3.25 score difference) and Selection and Onboarding Practices (2.88 score difference) were the mostly influential factors. Illustrated in Figure 32, the Experience of Care domain was largely driven by Talent Assessment Practices (5.61 score difference), Incentive Pay Practices (4.79 score difference), and Performance Appraisal Practices (4.76 score difference). For the Outcome domain (see Figure 33), Talent Assessment Practices (4.38 score difference) and Performance Appraisal Practices (4.06 score difference) were the most critical drivers. Finally, the Efficiency domain (see Figure 34) was driven by Leadership Development Culture (4.62 score difference).

Figure 29: Overall Talent Management Success Factors & Value-Based Purchasing Metrics

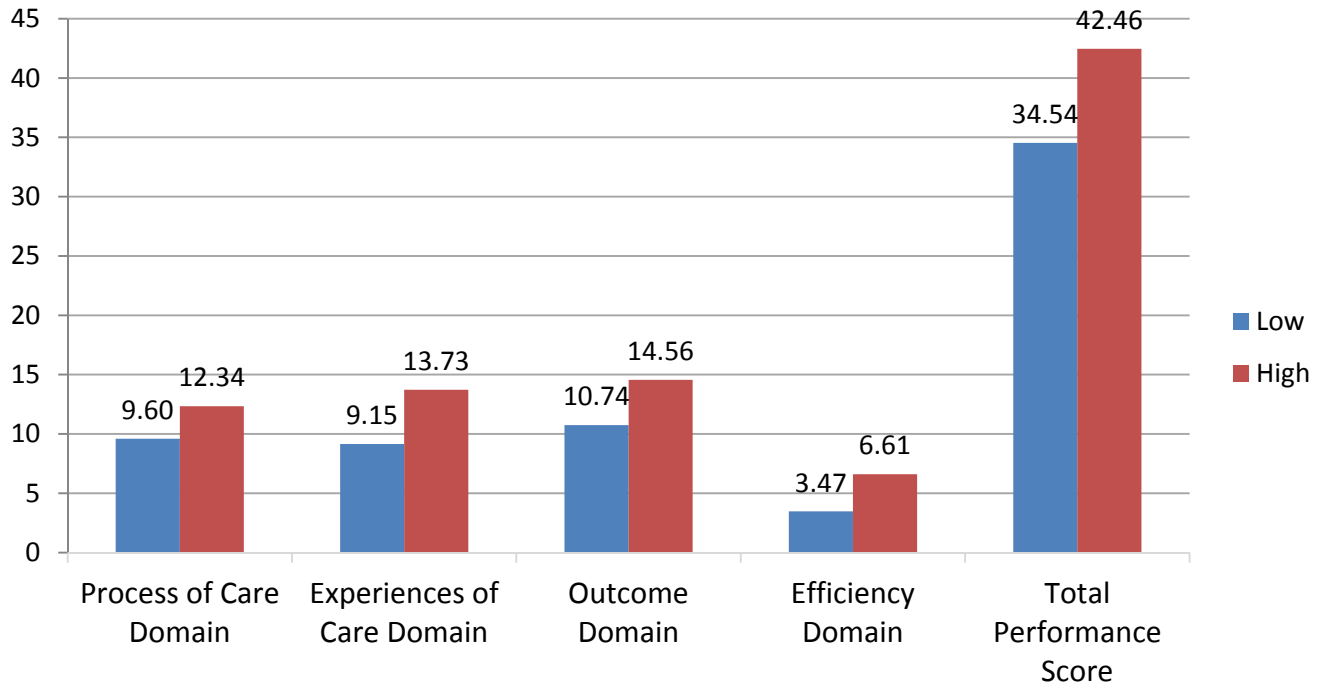


Figure 30: Success Factors & Total Performance Score

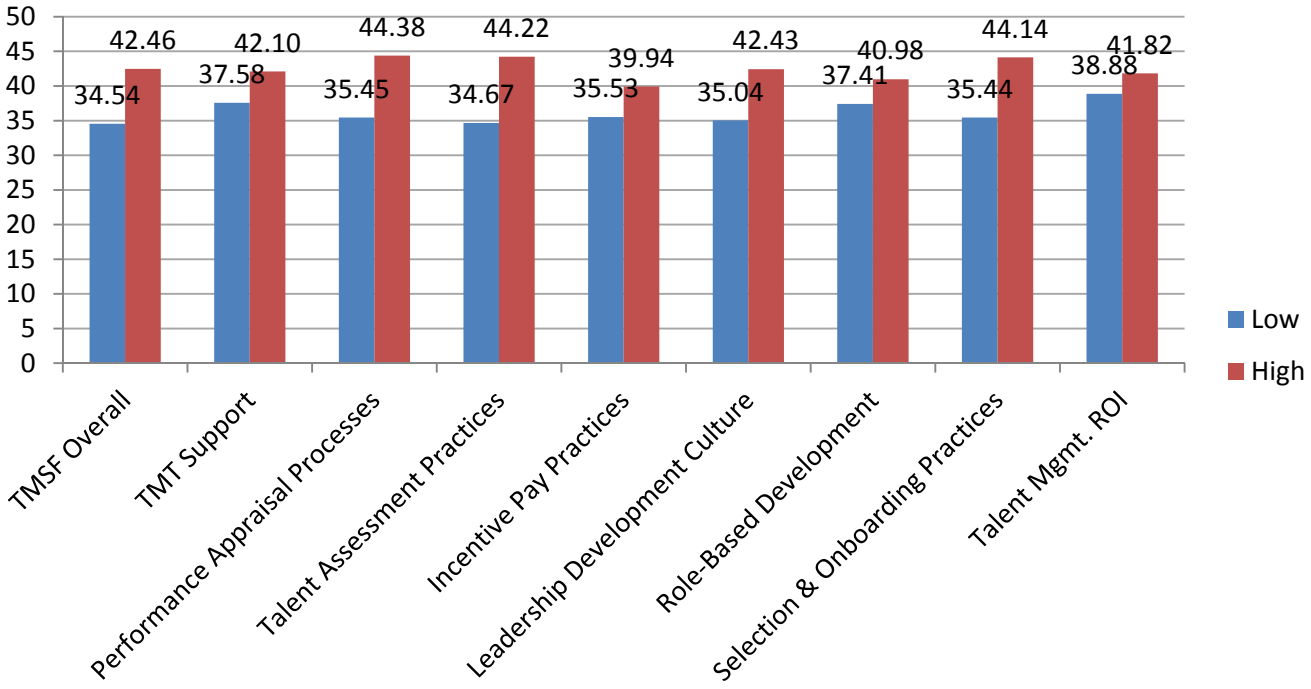


Figure 31: Success Factors & Process of Care Domain

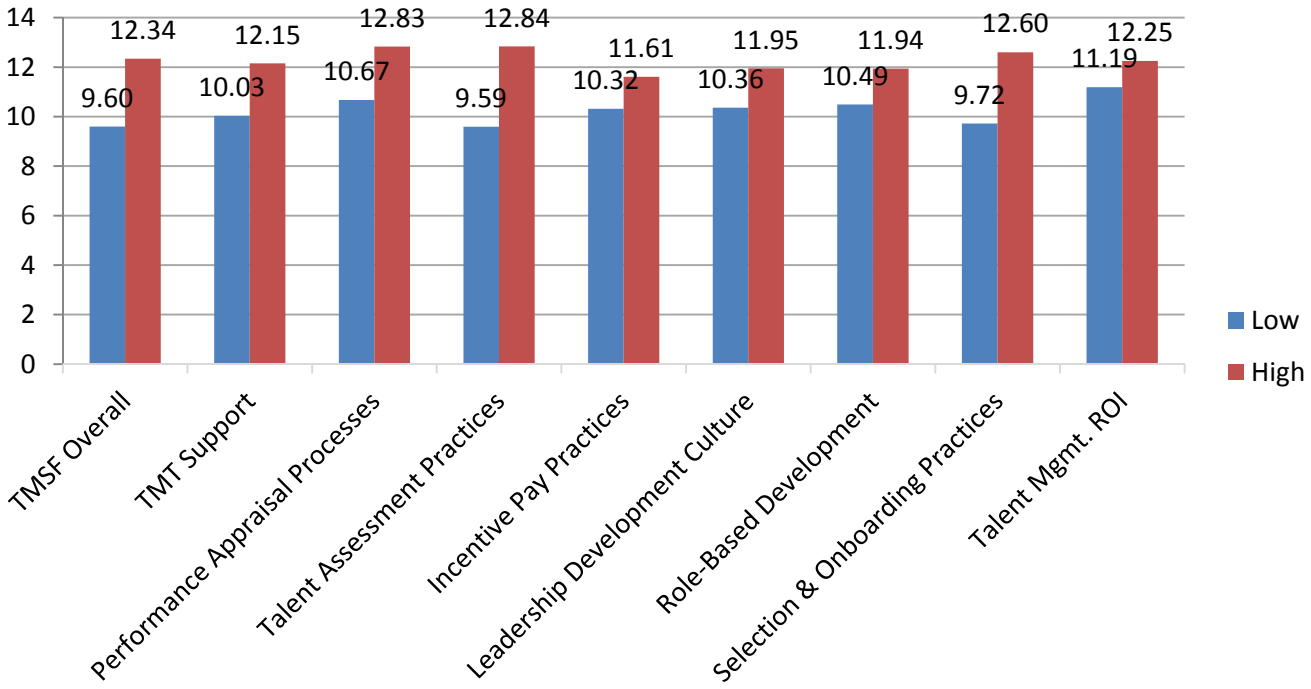


Figure 32: Success Factors & Experience of Care Domain

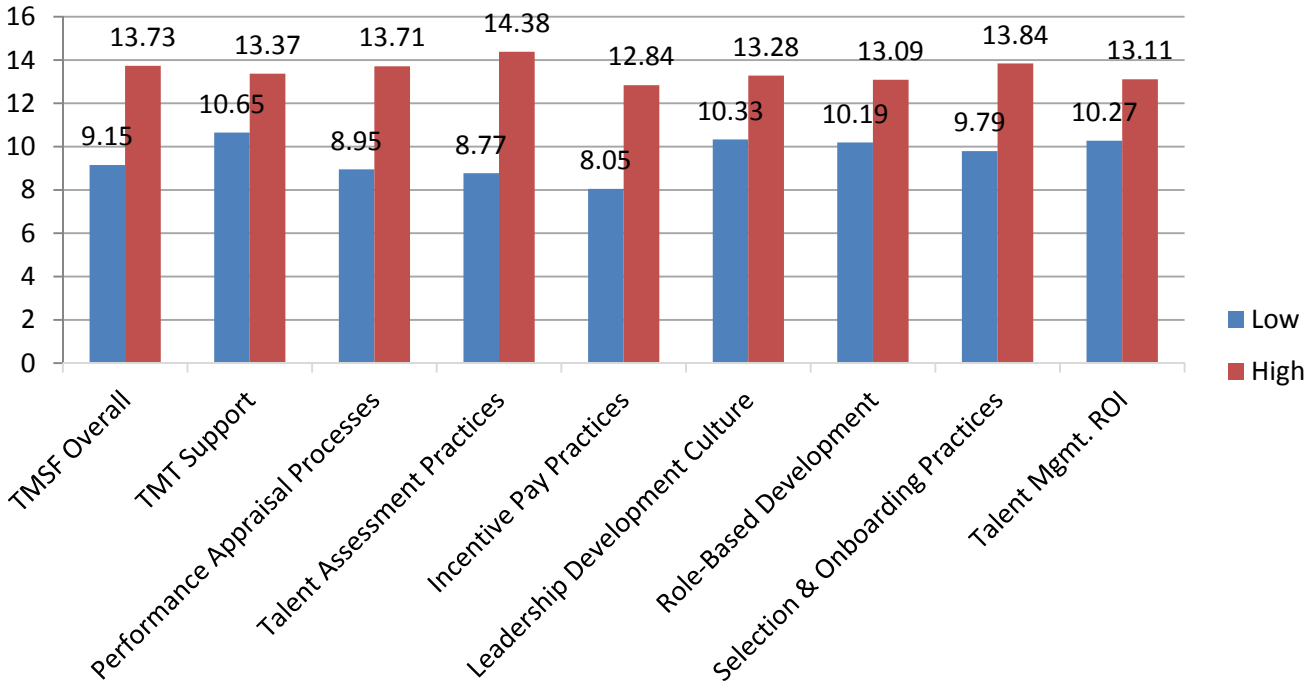


Figure 33: Success Factors & Outcome Domain

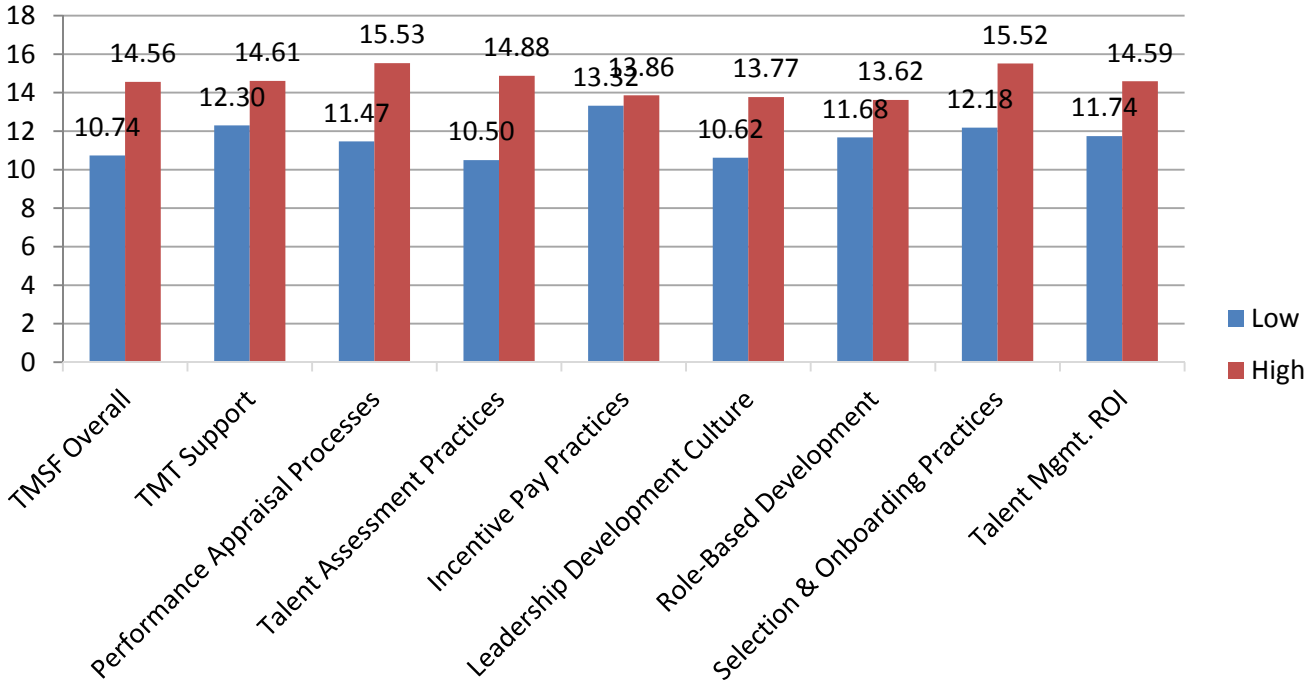
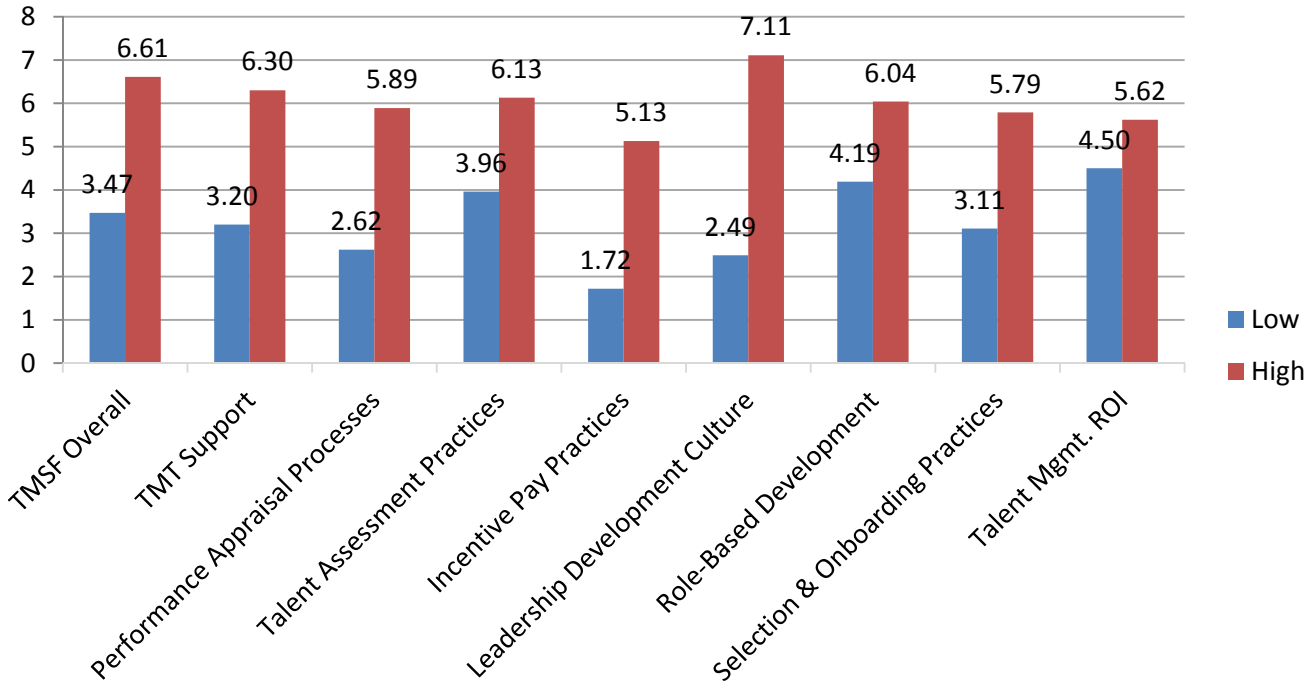


Figure 34: Success Factors & Efficiency Domain



Medicare Spending per Beneficiary and Episode

Further analysis of the specific performance metrics that comprise the Values-Based Purchasing domain scores reveals important findings regarding the *Success Factors* associated with high-performance hospital organizations. Medicare Spending per Beneficiary (MSPB-1) assesses payments for services provided to a beneficiary during a spending-per-beneficiary episode in which the payments are standardized and adjusted to account for variation in geographic costs and variation in patient health status. Higher scores on this standardized metric indicate greater Medicare spending per patient or beneficiary. Likewise, the Medicare Spending per Episode metric assesses the mean payment for services or claims during the hospital's Medicare Spending per Beneficiary (MSPB) episodes. These mean Medicare payment amounts have been price-standardized to remove the effect of geographic differences and add-on payments for indirect medical education (IME) and disproportionate share hospitals (DSH). Figure 35 illustrates that Incentive Pay Practices (.15 point difference) demonstrated the strongest impact on Mean Spending per Beneficiary (MSPB-1), while Leadership Development Culture, Performance Appraisal Practices, and Top Management Team Support were also important drivers. For Medicare Spending per Episode (see Figure 36), Leadership Development Culture ($3,408 difference) and Talent Assessment Practices ($3,163) were the most important *Success Factors* distinguishing high- and low-performing hospital organizations. Overall, hospital organizations with high *Success Factors* overall reported spent $17,493 per Medicare episode compared to $20,706 for those organizations with low *Success Factors* scores.

Figure 35: Success Factors & Mean Spending per Beneficiary (MSPB-1 Performance Rate)

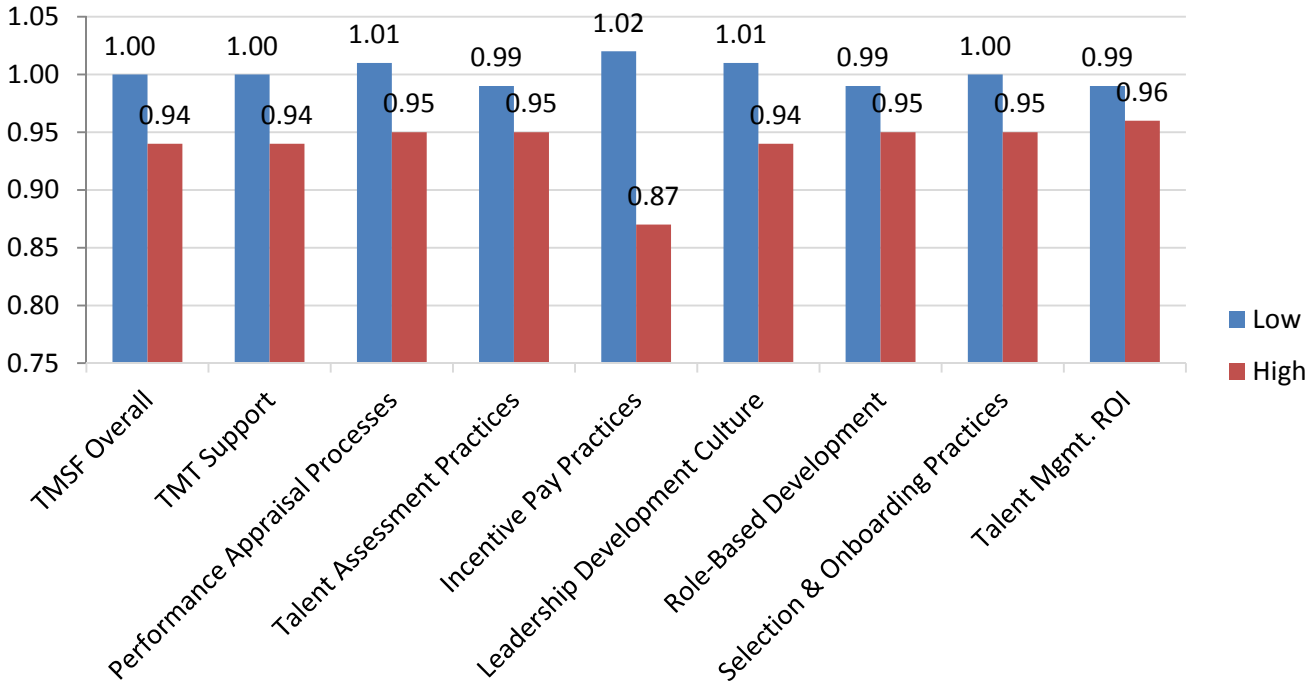
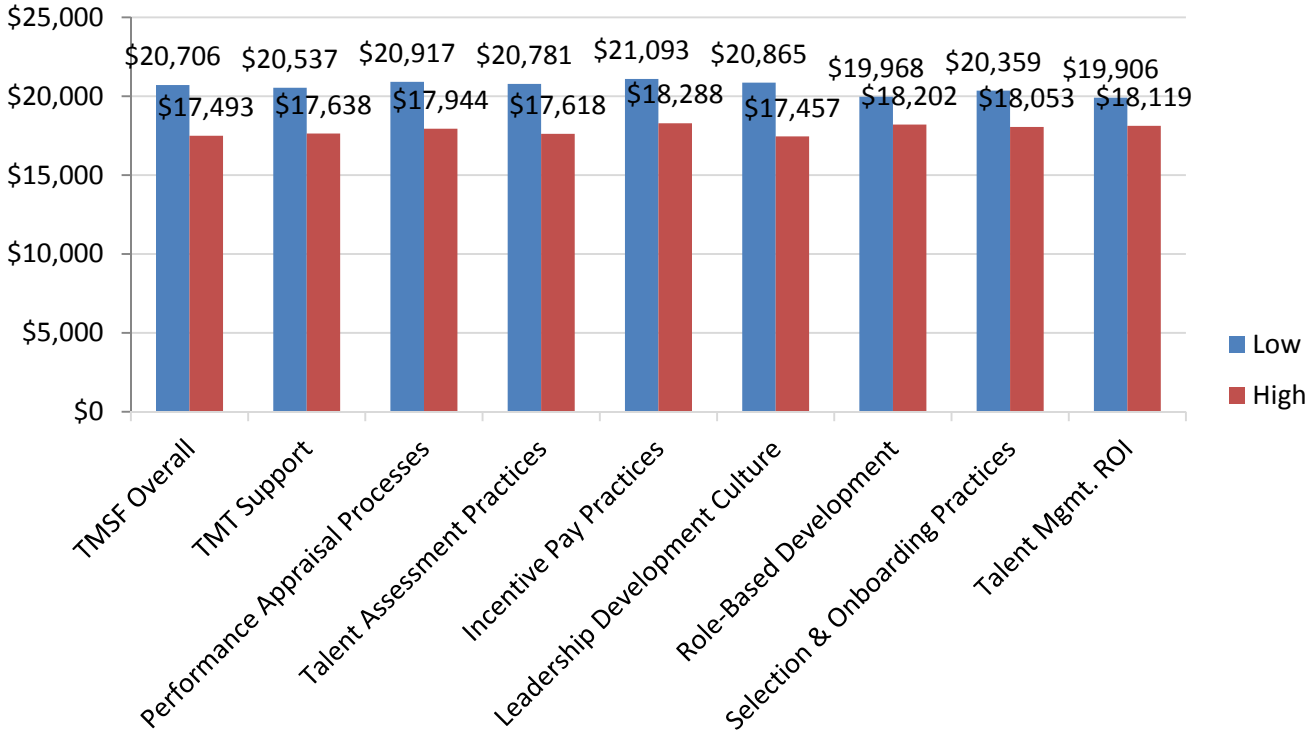


Figure 36: Success Factors & Mean Spending per Episode



HCAHPS Scores

Further analysis of the Experience of Care domain, and specifically scores on the HCAHPS survey, indicate that several *Success Factors* are critical for driving high ratings of patient satisfaction. Presented in Table 11, *Success Factors* overall was significantly associated with the overall HCAHPS score ($r = .25$, $p < .05$). To further examine the impact of talent management practices on patient satisfaction ratings, the HCAHPS scores were grouped according to five primary dimensions of the patient experience: Staff Communication, Staff Responsiveness, Clean & Quiet Environment, Discharge Information, and Overall Hospital Rating. Talent Assessment Practices, Selection & Onboarding Practices, and Top Management Team support demonstrated the greatest impact on satisfaction ratings across the HCAHPS dimensions.

Table 11: Correlation Analysis Results for Success Factors & HCAHPS Survey Scores

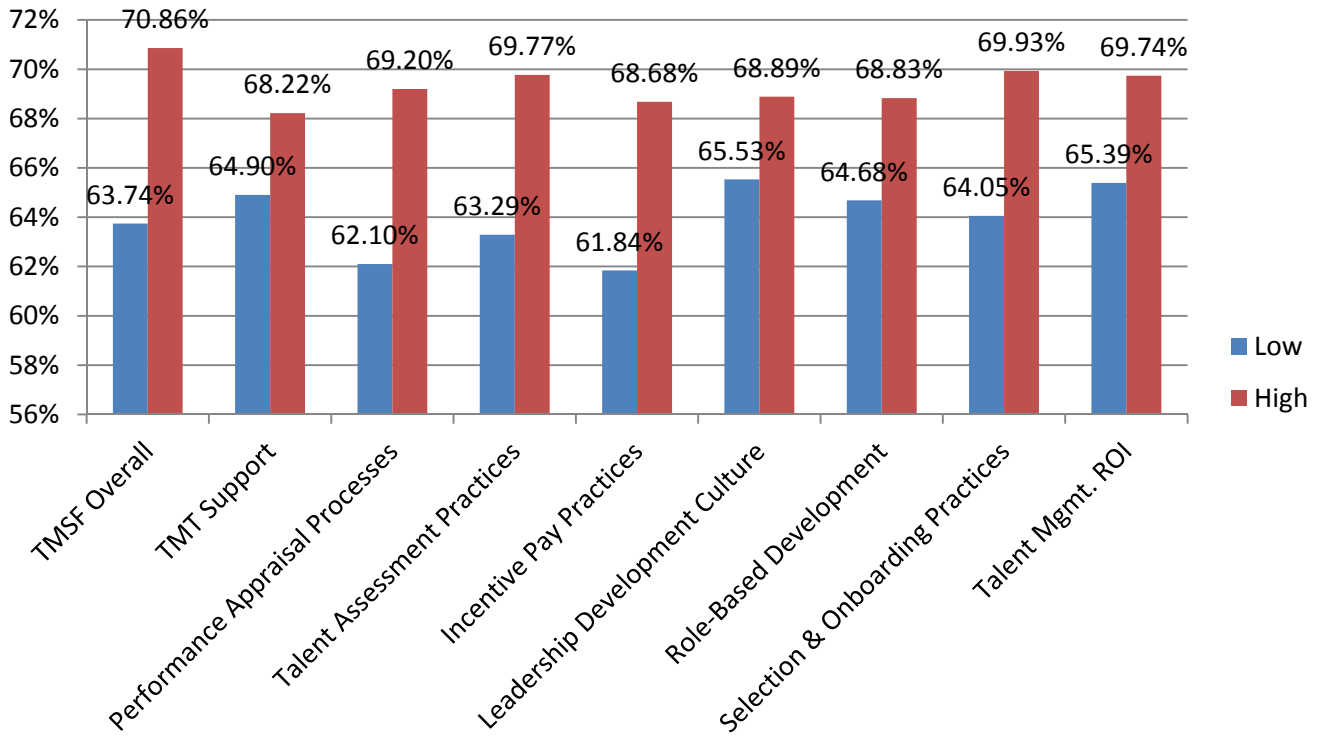
	HCAHPS Overall	Staff Communication[a]	Staff Responsiveness[b]	Clean & Quiet Environment[c]	Discharge Information[d]	Overall Hospital Rating[e]
Mean (s.d.)	**68.00% (6.88)**	**72.48% (6.23)**	**65.92% (7.30)**	**63.41% (9.25)**	**67.33% (5.29)**	**69.12% (11.28)**
Success Factors Overall	.25*	.28*	.27*	.29**	.12	.25*
TMT Support	.25*	.27*	.26*	.25*	.17	.25*
Performance Appraisal Processes	.24*	.26*	.25*	.29**	.10	.22*
Talent Assessment Practices	.27*	.30**	.30**	.29**	.10	.26*
Incentive Pay Practices	.24*	.24*	.23*	.31**	.12	.23*
Leadership Development Culture	.16	.18	.20	.22*	.05	.10
Role-Based Development Practices	.22*	.25*	.24*	.28**	.11	.21*

Selection & Onboarding Practices	.24*	.28**	.27*	.25*	.15	.26*
Talent Mgmt. ROI	.25*	.28**	.25*	.26*	.14	.24*

Notes: N = 133; *p < .05, **p < .01; [a] Items 1 (Patients who reported that their nurses "Always" communicated well), 2 (Patients who reported that their doctors "Always" communicated well), & 5 (Patients who reported that staff "Always" explained about medicines before giving it to them); [b] Items 3 (Patients who reported that they "Always" received help as soon as they wanted) & 4 (Patients who reported that their pain was "Always" well controlled); [c] Items 8 (Patients who reported that their room and bathroom were "Always" clean) & 10 (Patients who reported that the area around their room was "Always" quiet at night); [d] Items 6 (Patients who reported that YES, they were given information about what to do during their recovery at home) & 7 (Patients who "Strongly Agree" they understood their care when they left the hospital); [e] Item 9 (Patients who gave their hospital a rating of 9 or 10 on a scale from 0 (lowest) to 10 (highest).

Figure 37 illustrates the impact of each *Success Factor* on the Overall HCAHPS score. Hospital organizations with high *Success Factors* scores overall reported a 71% Overall HCAHPS score compared to 64% for those organizations with low *Success Factors* scores. Analysis of the comparative impact of each *Success Factor* on Overall HCAHPS scores revealed that Performance Appraisal Practices (7.10% difference), Talent Assessment Practices (6.48% difference), Incentive Pay Practices (6.84% difference), and Selection and Onboarding Practices (5.88% difference) were most important for distinguishing high- and low-performing hospital organizations.

Figure 37: Success Factors & Overall HCAHPS Score



Succession Planning Policies & Practices

Overall Results

The final section of the *Survey* asked respondents to describe their organization's specific policies and practices concerning succession planning activities. The executives were also asked to describe their respective organization's approach to the definition, nomination, assessment, and development of high potential employees. Table 12 presents basic descriptive statistics on the general high-potential policies and practices across the participating organizations. The mean size of the high potential pool, as a percentage of FTEs, was 12.95%. A strong majority of executives reported that their organizations do not allow employees to self-nominate as high potential (78%, n = 104). The sample was split regarding the communication of high-potential status to employees, as 49% of the organizations (n = 65) explicitly inform employees of their high-potential status. Most of the participating organizations (71%, n = 109) offer their high-potential employees with exclusive training and development opportunities, while just over half (53%, n = 70) utilize nine-box tools or similar assessments to plot their employees according to leadership potential and job performance.

Table 12: High Potential Policies & Practices

High Potential Policies & Practices	Results
What is the target size of the high potential pool as a percentage of overall FTEs?	Mean = 12.95%
Are employees allowed to self-nominate?	22% Yes (n = 29) 78% No (n = 104)
Are individual employees explicitly told of their status as a high potential?	49% Yes = (n = 65) 51% No = (n = 68)
Which stakeholders are responsible for communicating high-potential status to employees?	39% Employees not told of high-potential status (n = 52) 33% Immediate supervisor (n = 44) 21% Senior mgmt. team member (n = 28) 7% Advanced development plan in lieu of communication (n = 8)
Are high-potential employees offered exclusive training and development opportunities?	71% Yes = (n = 109) 29% No = (n = 33)
Are nine-box tools (or similar assessments) utilized to plot employees according to leadership potential and job performance?	53% Yes = (n = 70) 47% No = (n = 63)

High Potential Definition, Nomination, & Designation

Figures 38-40 present summary data describing the high potential definition, nomination, and designation practices at the sample organizations. Illustrated in Figure 38, most executives reported that their hospital organizations define high potential employees, those formally designated as having high potential for future senior leadership positions, according to Leadership Capability (47%, n = 63), "the capability to take on broader scope and a leadership role to develop long-term potential". Presented in Figure 39, the parties most responsible for nominating high-potential employees included Senior Organizational Leaders/Officers (39%, n = 52) and General Managers/Business Unit Heads (25%, n = 33). When asked to list which factors are most important for assessing and designating an employee as high potential (see Figure 40), the executives reported Leadership Competencies (46%, n = 61), Job Performance Record (46%, n = 60), and Specific Work Experiences (43%, n = 57). Figures 38-40 provide complete descriptive data for hospital system practices pertaining to high potential definition, nomination, and designation factors.

Figure 38: High Potential Definition

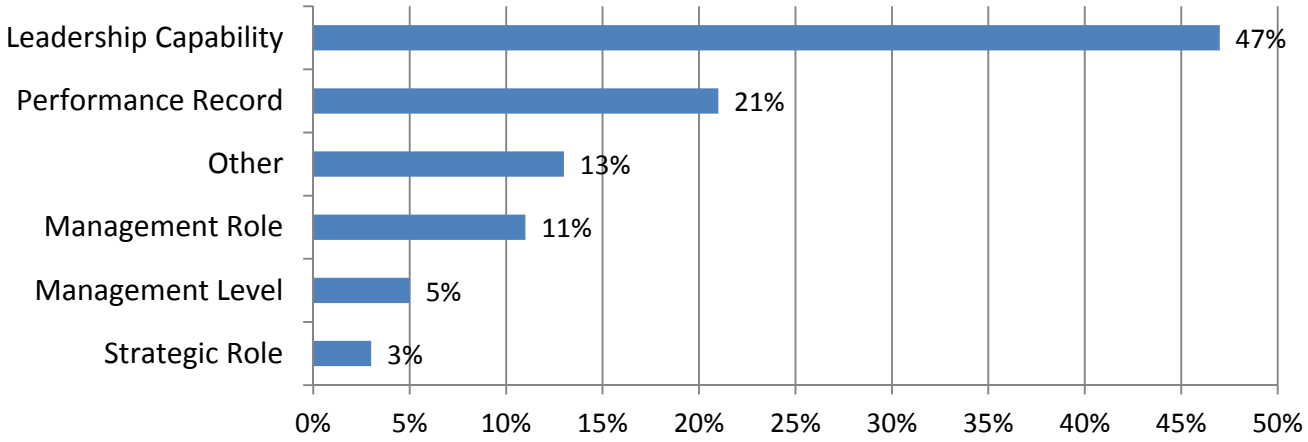


Figure 39: High Potential Nomination

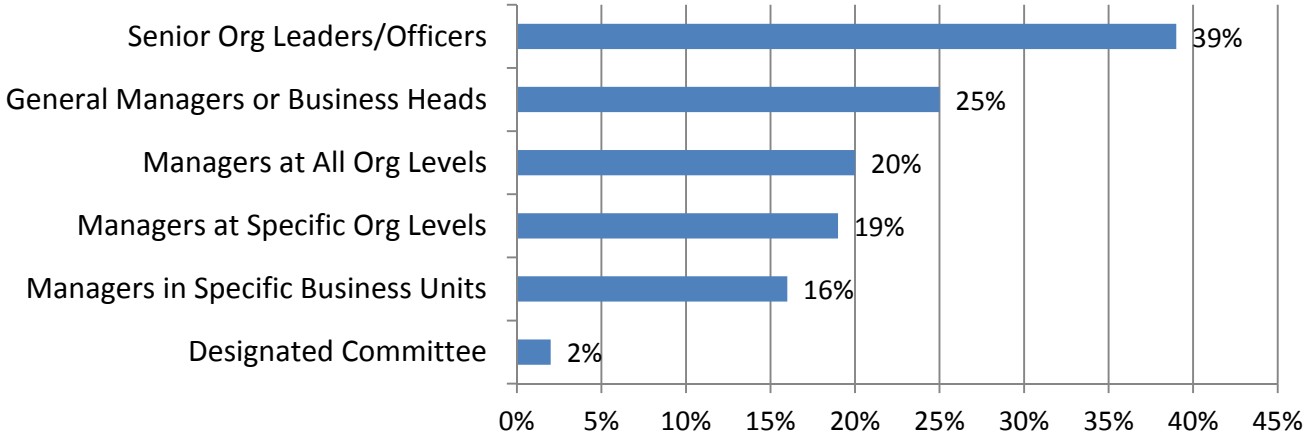
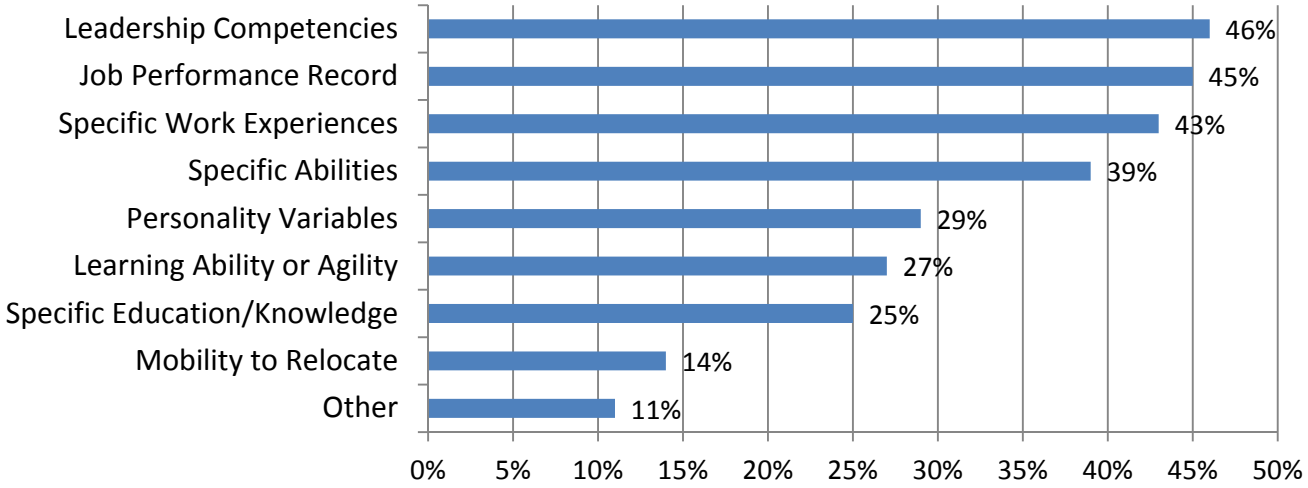


Figure 40: High Potential Designation Factors



Talent Review Meetings

Figures 41-43 present summary data describing talent review meetings for those hospital organizations that conduct such activities as part of Talent Assessment Practices. Presented in Figure 41, executives reported that their hospital organizations conduct talent review meetings at the business unit level (30%, n = 40) and at the senior management team or C-suite level (27%, n = 36). Regarding the talent pools that are targeted for discussion at talent review meetings (see Figure 42), the executives reported that their organizations assessment management staff (36%, n = 48), nurse leaders (30%, n = 40), and senior management team or c-suite leaders (29%, n = 39). High potential employees (23%, n = 27) and physician leaders (21%, n = 28) were talent pools significantly less likely to be assessed during talent review meetings by the sample organizations. Finally, executives reported that the timing of talent review meetings (see Figure 43) relative to the completion of performance appraisals varied across the hospital organizations. One-third of the organizations conduct talent reviews weeks or months after the completion of performance appraisals (n = 44), while 29% (n = 39) report that talent reviews are conducted at about the same time as performance appraisals.

Figure 41: Talent Review Meeting Management Levels

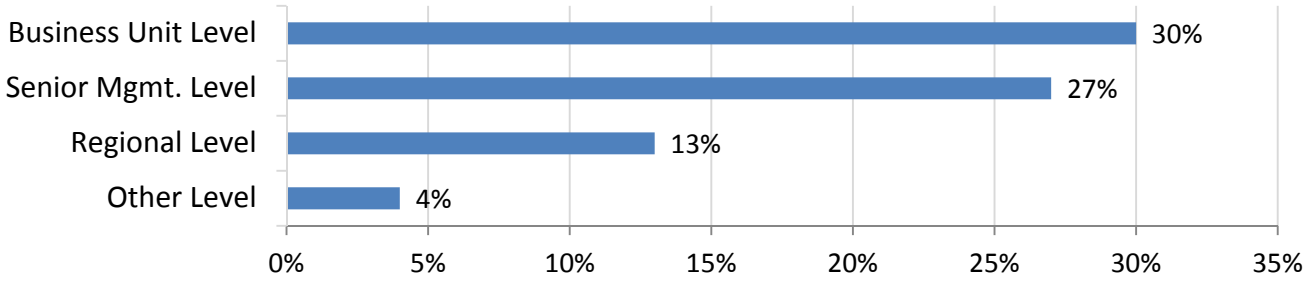


Figure 42: Targeted Talent Pools for Review Meetings

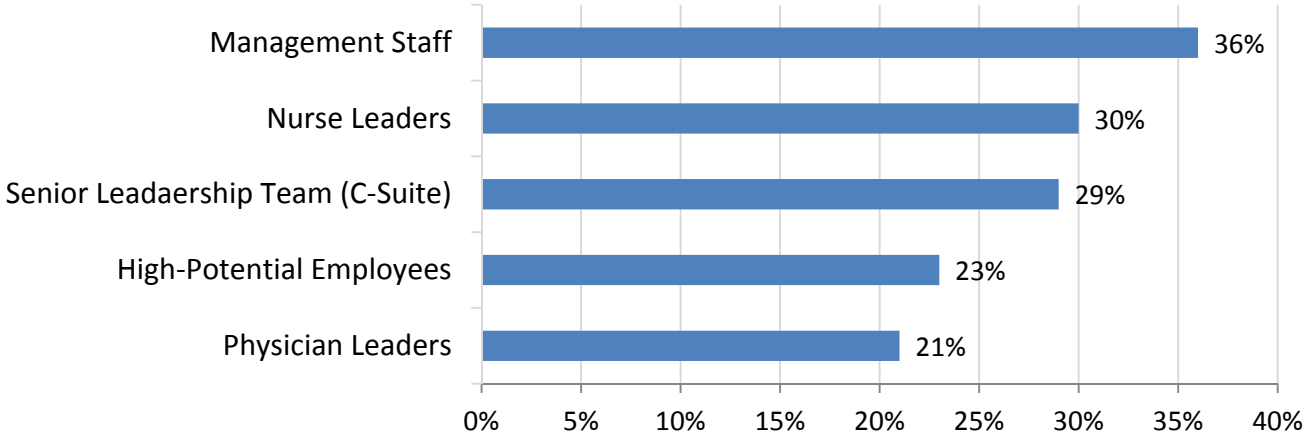
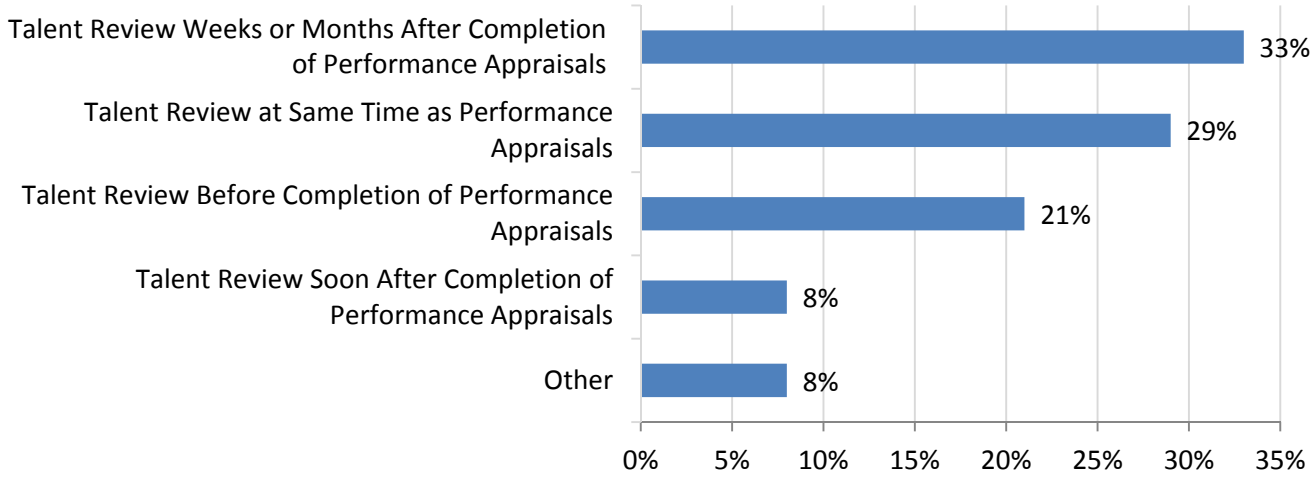


Figure 43: Timing of Talent Review Meetings



Leadership Development & Succession Planning Practices

Executives reported a mix of practices geared toward developing the leadership capabilities of high potential employees (see Figure 44). The three most commonly cited practices were Internal Development Program (36%, n = 48), Special Projects (34%, n = 45), and Executive Coaches (30%, n = 40). Informal Mentoring (29%, n = 39) and Action Learning Projects (27%, n = 36), frequently utilized as part of internal leadership development programs, were also highly utilized by the hospital organizations. With respect to succession plans across various levels of management (see Figure 45), only 16% (n = 21) of executives reported that their respective organizations had formal succession plans at most or all levels of leadership while 14% (n = 19) stated that they had such plans for Senior Leadership Team and Mid-level Leadership (VPs) or Senior Leadership Team only. Overall, the development of formal succession plans across levels of management was one of the least utilized best practices of those examined in the survey.

Figure 44: High Potential Development Practices

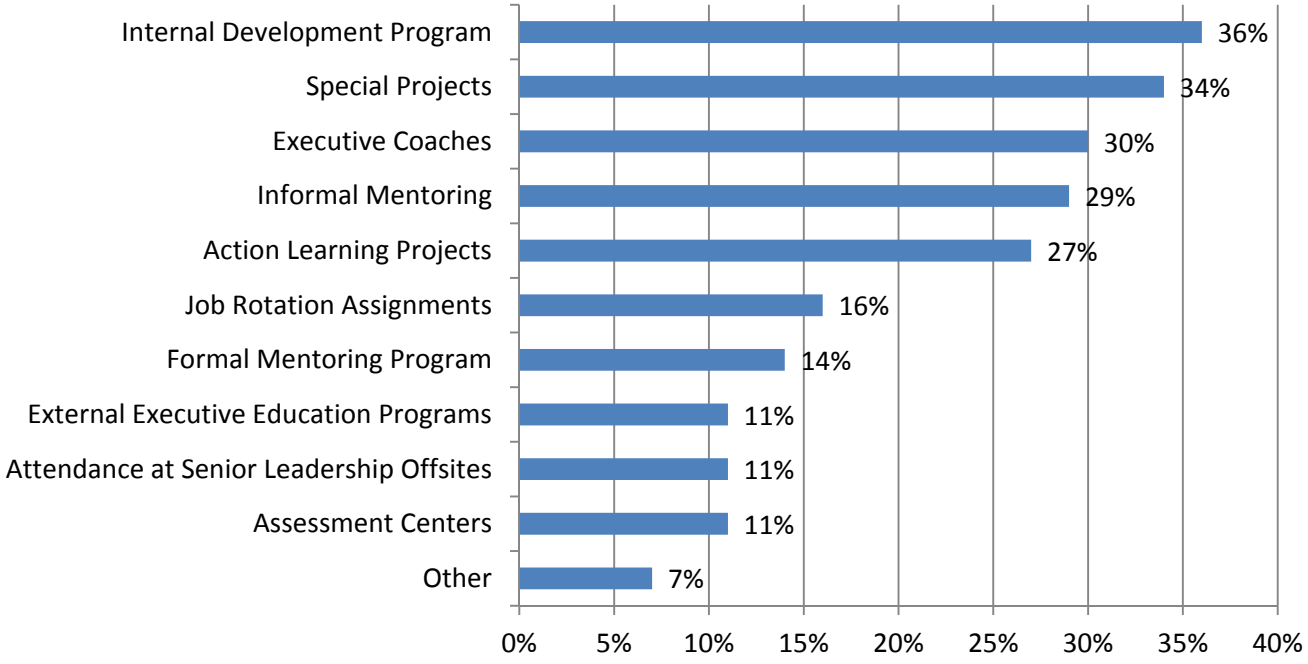
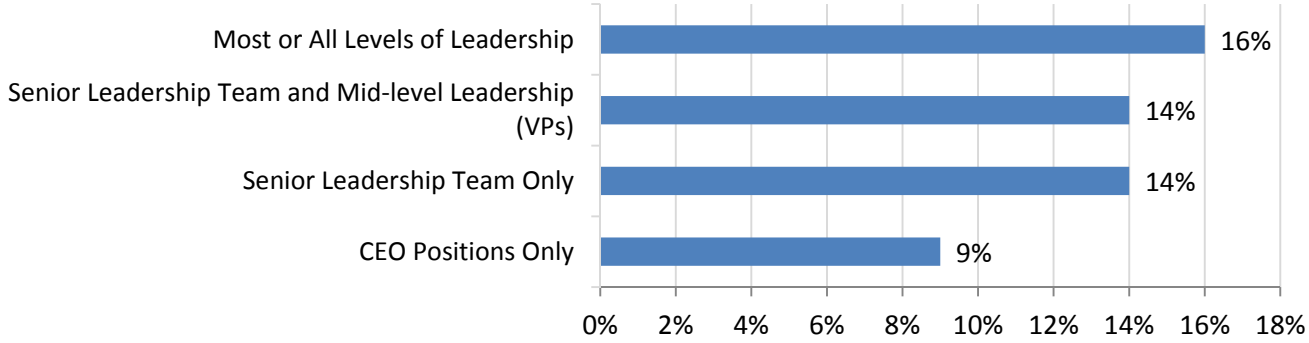


Figure 45: Succession Planning Management Levels



Talent Management Evaluation Metrics

The final set of *Survey* questions asked executives to report the metrics that are tracked to measure their respective organization's talent management practices and the media used to communicate these metrics to key stakeholders. Illustrated in Figure 46, executives reported that the two most common metrics included the Number of High Potential Promotions (25%, n = 33) and High-Potential Turnover (21%, n = 29). Surprisingly, one of the most popular talent management metrics across industries, the Ratio of Internal/External Hires for Leadership Roles, was only utilized at 13% (n = 17) hospital organizations. The executives also reported the most common approaches for communication talent management metrics to key stakeholders (see Figure 47), which included an Annual Presentation to the Governing Board (36%, n =

48), Presentation to Hospital Management Teams (16%, n = 21), and Annual Reports Submitted to Hospital Management Teams (16%, n = 21). Overall, the reporting of key talent management metrics to key organizational stakeholders was an under-utilized best practice across the participating hospital organizations.

Figure 46: Evaluation Metrics

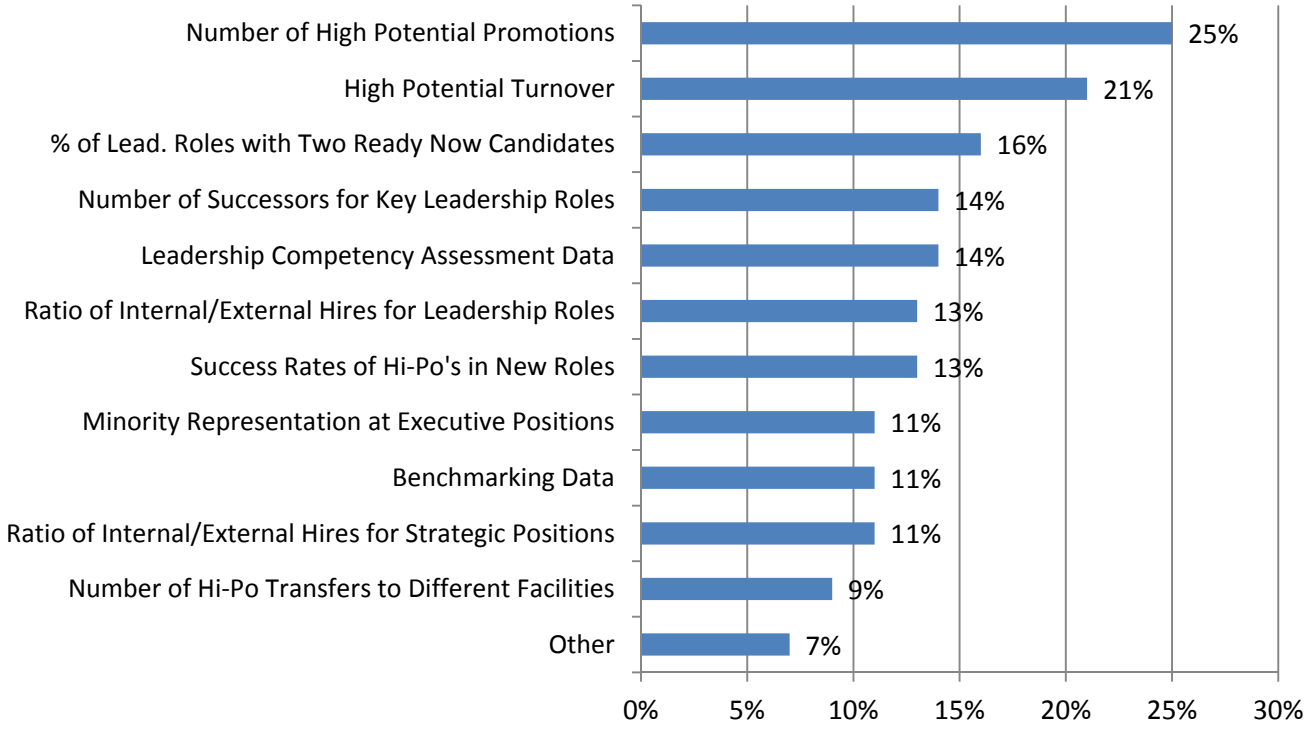
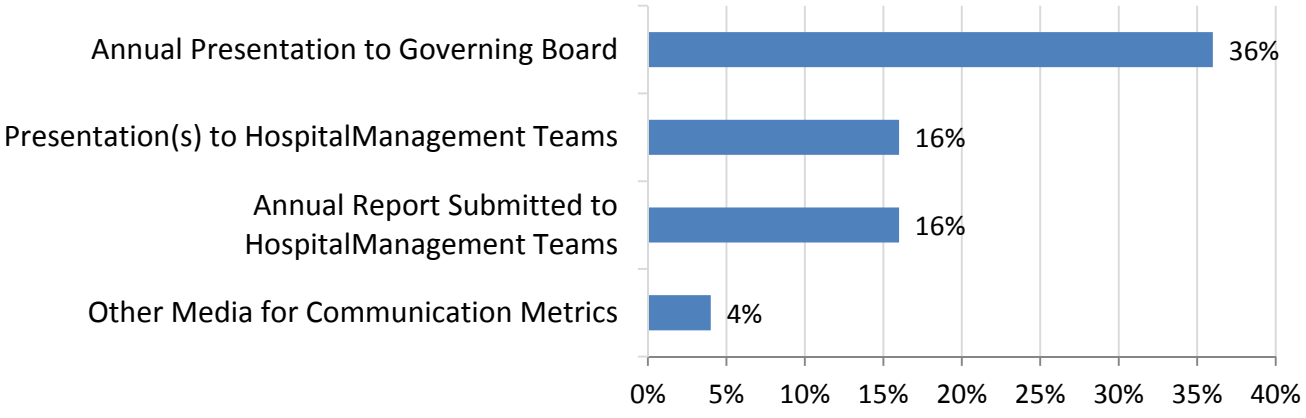


Figure 47: Communication of Talent Management Metrics



Recommendations for Practice

The results of *Healthcare Talent Management Survey 2014* offer a range of practical recommendations for implementing talent management and succession planning best practices in hospital organizations, particularly for hospitals and health systems seeking to enhance clinical quality outcomes associated with the Affordable Care Act and CMS's Value-Based Purchasing program for FY 2015. Based on the survey results and analyses summarized in this report, the following includes recommendations for crafting talent management strategy, prioritizing investment in talent management and succession planning practices for optimal impact on financial, clinical, and workforce outcomes, and implementing specific policies and practices associated with each of the *Talent Management Success Factors*:

1. Audit Your Organization's Talent Management System

- Assess the degree to which the *Talent Management Success Factors* are executed across your organization's talent management strategies, policies, and practices; identify those *Success Factors* or specific talent management and succession planning policies or programs that are practiced sparingly or inconsistently across divisions, departments, and/or medical centers.
- Conduct an in-depth qualitative study of your organization's talent management practices by interviewing senior management teams across facilities and functional business units to assess the quality and consistency of talent management practices.

2. Sharpen the Business Case for Talent Management

- Create greater urgency amongst senior management team and board members for elevating its strategic priority by highlighting the demonstrated impact of talent management and succession planning best practices on clinical quality outcomes as assessed through CMS's Value-Based Purchasing program.
- Conduct analyses comparing the anticipated retirements with the leadership benchstrength metric (at least one 'ready now' candidate) across executive positions and other key leadership roles.
- Engage your top management team in a discussion of your organization's *Talent Management Scorecard* results, including scores across the *Success Factors* and performance metrics, compared to the Group Score that provides a benchmark for those hospitals or health systems that are most similar to yours in size and type of healthcare delivery model.

3. Further Engage Senior Leadership Teams in Mentoring and Development Programs

- Create a formal mentoring program for senior leadership teams across medical centers and functional business units, and integrate mentoring programs with high potential employees identified through talent review sessions.
- Develop opportunities for senior leadership team members to teach courses as part of leadership development programs, stand-alone learning sessions, and/or sharing of best practices across facilities or functional business units.

- Mandate the annual reporting of talent management performance metrics and related succession planning outcomes to (a) the governing board and (b) senior management teams across the hospital or health system.

4. Enhance Talent Assessment Practices

- Adopt or develop a standardized assessment tool for evaluating high potential leadership competencies, and utilize the assessment results as part of annual talent review sessions.
- Utilize nine-box tools (or equivalent) that plot employees in key positions or business units according to job performance and leadership potential.
- Push the assessment of high potential leadership competencies to front-line levels of management, including supervisors, shift leaders, and managers.

5. Assess the Composition, Format, and Frequency of Talent Review Sessions

- Conduct annual talent review sessions that target multiple talent pools, including senior leadership teams, management staff, nurse leaders, physician leaders, and high potential employees.
- Conduct annual talent review sessions at least two months following the completion of the performance appraisal process.
- Staff annual talent review sessions with experienced HR facilitators who will enforce process guidelines associated with collaborative, non-politicized dialogue.
- Ensure that talent review sessions consist of meaningful discussion of leadership development opportunities for high potentials that are aligned with strategic initiatives, such as LEAN project experiences or quality initiatives.

6. Implement Consistent, Multi-Rater Performance Feedback Processes

- Offer employees in managerial roles with standardized, confidential feedback on their leadership competencies via 360-degree, multi-source feedback processes.
- Establish formal intervals (at least twice per year) in which high potential employees meet with their supervisors for a formal discussion of their performance; and formally track these discussions.
- Examine managerial performance appraisal practices and policies for opportunities to incentivize support for talent management practices, such as goal-setting practices that specifically target the development of high potential leaders within one's team or business unit.

7. Enhance Workforce Diversity Initiatives

- Accelerate your hospital organization's workforce diversity initiative by seeking transparency with the high potential designation process and outcomes associated with talent review sessions.
- Formally train managers to clearly communicate high potential status to employees, such as skills training in 'crucial conversations'.

- Establish a culture in which executives and managers across hospitals and business units 'release' their high potential employees to other units across the hospital system; identify management incentives that actively promote a culture of adopting an enterprise-view of talent across the hospital or health system.
- De-emphasize the status associated with formal 'high potential' designations by giving exclusive learning and development opportunities to promising employees as a means of conveying high-potential status; avoid emphasis on formalizing the status of high potential designations.

8. Develop Onboarding Programs for Managerial Promotions and External Hires

- Design and deploy formal onboarding programs for employees promoted into management positions or new roles, as well as executives hired from outside of the organization.
- Design formal onboarding programs to include employee orientations, new leader assimilation activities, 90-day performance reviews, and stakeholder interviews.
- Develop a leader assimilation program that facilitates a new manager's integration with his or her direct reports, peers, and other key organizational stakeholders.
- Utilize behaviorally-based interviews that assess leadership competencies as part of the selection process for managerial positions.

9. Develop High Potential Employees

- Selectively place high potential employees into experiential development opportunities that are directly tied to strategic, system-wide initiatives, including special projects (e.g., cross-divisional and cross-facility assignments) and internal leadership development programs that include action-learning projects.
- Engage senior management team members in the design and sponsorship of action-learning projects; integrate senior management team members at multiple points in the team projects, including kickoff, key milestones, and final presentation of team findings.
- Utilize job rotations for high potential leaders whereby such leaders are re-assigned on a least a half-time basis to temporary roles in other functional units or facilities for skill development.

10. Evaluate and Reinforce the Talent Management System

- Develop a *Talent Management Scorecard* for your organization that comprises those metrics that the senior leadership team supports as most critical for monitoring and reporting to the governing board.
- Engage management teams across the hospital or health system in a discussion of the merits of a balanced scorecard approach that includes employee performance, leadership development, and leadership diversity metrics.
- Formally report your organization's *Talent Management Scorecard* results to multiple stakeholders, including the governing board and management teams across the hospital or health system.

Appendix

The *Healthcare Talent Management Survey* includes a series of measurement scales that assess talent management best practices: *Talent Management Success Factors*. Each success factor is assessed with a multiple item scale that asks survey respondents to rate the extent to which the practice reflects their respective organization's talent management practices. To assess the reliability and validity of the success factors, a series of statistical analyses were conducted. The following summary includes results from Cronbach reliability analysis, factor analysis, and cross-factor correlational analysis.

Reliability Analyses

The eight *Talent Management Success Factors* demonstrated strong internal reliability. Cronbach alpha statistics were calculated to assess the degree of internal reliability for each factor. This statistic measures the degree to which the items represented in a given factor are measuring the same best practice. In short, this statistic measures whether the items within a given factor are measuring the same practice (e.g., how much the items co-vary with one another). The acceptable level for Cronbach alpha is at least .70 for determining strong internal reliability. Overall, the eight-factor, 35-item assessment instrument achieved an alpha of .94. Table 13 includes Cronbach reliability statistics for each Success Factor:

Table 13: Reliability Analysis Results for Talent Management Success Factors

Success Factor	Number of Items	Sample Item	Cronbach Alpha
Top Management Team Support (TMT)	6	The senior leadership team actively participates in the talent review process.	.78
Performance Appraisal Processes (PAP)	5	High-potential employees meet with their superiors at least twice per year for a formal discussion of their performance.	.82
Talent Assessment Practices (TAP)	5	Formal assessments (e.g., nine-box tools) are utilized to plot employees in key positions according to job performance and leadership potential.	.90
Incentive Pay Practices (IPP)	3	The incentive pay structure for our senior leadership team incentivizes support for talent management practices.	.82
Leadership Development Culture (LDC)	5	Managers are trained to formally communicate high potential designations to employees.	.89
Role-Based Development Practices (RBD)	4	Our organizational culture encourages managers to 'release' high potential employees for developmental assignments elsewhere in the hospital or across our health system.	.80
Selection & Onboarding Practices (SOP)	4	Managers hired from outside our organization complete a formal on-boarding program (a systematic learning and socialization process lasting at least three months).	.77
Talent Management ROI (ROI)	3	Our organization utilizes metrics and ROI analyses to evaluate the effectiveness of our talent management practices.	.84

Factor Analyses

Factor analyses were conducted to determine the degree to which the six *Talent Management Success Factors* demonstrated independence as unique elements of a hospital or healthcare system's talent management strategy. Exploratory factor analysis using Varimax rotation and extraction of factors with an Eigenvalue of two or greater was conducted. The results demonstrated that an eight-factor solution provided a very strong fit to the data, as it explained 80.09% of variance with all items loading onto their respective factor with no cross-loadings greater than .30. Factor solutions that explain at least 60% of variance are considered adequate for determining the independent factors of a survey. Table 14 includes the factor analysis results, including item loadings, cross-loadings, and the eigenvalue and percentage of explained variance for each factor.

Table 14: Factor Analysis Results for Talent Management Success Factors

Success Factor Items	TMT Support (TMT)	Performance Appraisal Processes (PAP)	Talent Assess. Practices (TAP)	Incentive Pay Practices (IPP)	Leadership Development Culture (LDC)	Role-Based Development Practices (RBD)	Selection & Onboarding Practices (SOP)	Talent Mgmt. ROI (ROI)
TMT1	***.757***	.237	.084	.214	.121	.050	.015	.291
TMT2	***.413***	.394	.378	.012	.069	.065	.252	.091
TMT3	***.6.29***	.109	.278	.305	.293	.053	.069	.006
TMT4	***.685***	.225	.238	.342	.229	.024	.042	.022
TMT5	***.497***	.299	.034	.269	.177	.247	.029	.216
TMT6	***.721***	.260	.261	.093	.127	.100	.029	.057
PAP1	.239	***.643***	.110	.138	.296	.194	.130	.191
PAP2	.243	***.588***	.104	.209	.363	.046	.162	.100
PAP3	.271	***.568***	.302	.157	.092	.205	.099	.043
PAP4	.103	***.671***	.026	.091	.269	.207	.122	.210
PAP5	.258	***.641***	.329	.151	.084	.014	.031	.113
TAP1	.237	.011	***.745***	.142	.125	.121	.097	.196
TAP2	.058	.050	***.852***	.027	.227	.086	.255	.193
TAP3	.070	.113	***.857***	.062	.191	.122	.011	.174
TAP4	.265	.042	***.732***	.172	.080	.229	.070	.119

TAP5	.275	.212	***.707***	.239	.088	.306	.175	.142
IPP1	.016	.085	.287	***.554***	.091	.286	.029	.257
IPP2	.078	.042	.245	***.703***	.297	.314	.013	.029
IPP3	.026	.008	.282	***.780***	.102	.202	.094	.010
LDC1	.263	.232	.167	.110	***.742***	.001	.005	.154
LDC2	.249	.031	.211	.006	***.733***	.115	.092	.128
LDC3	.297	.094	.205	.083	***.625***	.178	.002	.252
LDC4	.298	.007	.063	.083	***.827***	.081	.042	.227
LDC5	.221	.261	.211	.180	***.583***	.155	.079	.273
RBD1	.210	.215	.275	.034	.025	***.551***	.289	.140
RBD2	.234	.137	.244	.011	.182	***.544***	.038	.295
RBD3	.239	.299	.122	.216	.174	***.621***	.321	.041
RBD4	.106	.188	.005	.053	.294	***.673***	.282	.186
SOP1	.140	.004	.153	.236	.049	.328	***.635***	.015
SOP2	.254	.263	.232	.269	.163	.182	***.507***	.233
SOP3	.010	.006	.182	.121	.300	.122	***.630***	.152
SOP4	.152	.106	.057	.115	.047	.044	***.813***	.154
ROI1	.167	.222	.122	.137	.177	.181	.096	***.772***
ROI2	.170	.057	.211	.226	.116	.114	.217	***.785***
ROI3	.041	.251	.242	.196	.090	.117	.186	***.692***
Eigenvalue	6.39	4.24	4.15	3.71	2.85	2.41	2.30	1.99
% of Explained Variance	18.25	12.11	11.85	10.60	8.15	6.90	6.57	5.68

Correlation Analyses: Success Factors

Correlation analyses were conducted to demonstrate the relationships amongst the six *Success Factors*. The data in Table 15 illustrate the means, standard deviations, and correlations among the six *Success Factors*. Correlational analyses demonstrate that the six factors are significantly and positively associated with one another. The cross-factor relationships range from .27 to .42, and all such relationships were statistically significant. These moderately strong linear relationships indicate that each factor represents an important and independent dimension of talent management best practices. Overall, top management team support was rated highest (mean = 4.12) while Pay Practices was rated lowest (mean = 2.92) in terms of frequency of such practices across the sample.

Table 15: Correlation Analysis Results for Talent Management Success Factors

Success Factor[a]	Mean (s.d.)	1	2	3	4	5	6	7	8
1. TMT Support (TMT)	3.75 (.69)	--							
2. Performance Appraisal Processes (PAP)	3.15 (.83)	.42**	--						
3. Talent Assessment Practices (TAP)	3.30 (1.05)	.33**	.43**	--					
4. Incentive Pay Practices (IPP)	3.00 (1.20)	.34**	.39**	.27*	--				
5. Leadership Development Culture (LDC)	2.86 (1.06)	.40**	.34**	.40**	.25*	--			
6. Role-Based Development Practices (RBD)	2.93 (.89)	.36**	.30**	.35**	.34*	.43**	--		
7. Selection & Onboarding Practices (SOP)	3.70 (.91)	.20*	.24*	.26*	.25*	.22*	.33**	--	
8. Talent Mgmt. ROI (ROI)	3.09 (1.16)	.26*	.30**	.24*	.31**	.22*	.26*	.30**	--

Notes: N = 133; *p < .05, **p < .01. [a]Likert-scale consisting of (1)'Not at All', (2) 'Rarely', (3) 'Sometimes', (4) 'Usually', and (5) 'Always'.

Author Biography

Dr. Kevin S. Groves is an Associate Professor of management and the Denney Professorship Chair at Pepperdine University's Graziadio School of Business and Management; and President of Groves Consulting Group, a consultancy that helps organizations develop talent through leadership assessment, development, and succession planning systems.

Groves Consulting Group assists businesses, non-profit organizations, and government agencies with designing customized solutions for identifying and developing high potential employees, enhancing leadership benchstrength, reducing high potential turnover, and creating viable succession plans. Healthcare clients include the Mayo Clinic, Kaiser Permanente, Sutter Health, Cleveland Clinic, Hospital Corporation of America (HCA), St. Jude Medical Center, St. Joseph Health System, and Witt/Kieffer, among others.

Dr. Groves teaches a range courses at the Graziadio School, including leadership competency development, organization design, and organization development and change. He primarily teaches in the Graziadio School's full-time and part-time MBA programs at the Malibu and West Los Angeles campuses. His prior experiences in academia include a stint as Director of the PepsiCo Leadership Center at California State University, Los Angeles, where he managed a $1.45 million PepsiCo Foundation grant for the purposes of developing the leadership competencies of students, community members, and local business leaders.

An active leadership scholar, Dr. Groves currently holds the Denney Professorship Chair at the Graziadio School, an endowed fellowship which supports his research on succession planning and talent management practices in healthcare organizations. He is widely published in business management journals, including the *Journal of Management*, *Journal of Business Ethics*, *Academy of Management Learning & Education*, *Leadership and Organization Development Journal*, *Human Resource Development Quarterly*, and *Journal of Management Development*. Dr. Groves is currently working on a multi-phase project that examines the clinical, financial, and workforce performance outcomes of talent management and succession planning practices in healthcare systems. This project will be published in an upcoming book on healthcare talent management and succession planning best practices.

Dr. Groves received a Ph.D. in Organizational Behavior from Claremont Graduate University.

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