



GROVES CONSULTING GROUP

Talent Management System Best Practices in Healthcare Organizations

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

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Executive Summary

Facing a myriad of challenges to address what many experts have dubbed a leadership crisis in healthcare, including demographic, marketplace, and economic challenges, human resource professionals are under increasing pressure to ensure a sustained pipeline of leadership talent. In the context of what executives across multiple industries have characterized as the 5/50 crisis—the confluence of demographic and retirement trajectories creating the prospect of losing 50% of executive staff over the next five years—exemplary healthcare organizations have shrewdly invested in high potential identification and development practices to meet these critical talent management challenges. The purpose of the present study was to assess and synthesize the talent management best practices at these exemplary organizations. Through in-depth, semi-structured interviews with 15 top human resource and organization development officers across 13 national healthcare systems with stellar reputations for talent management practices, this qualitative study sought to identify (1) high potential identification practices and policies, (2) leadership competencies and other defining characteristics of high potentials, and (3) high potential development practices and policies. Through content analysis methods and other qualitative analysis techniques, the interview data revealed a series of dominant themes characterizing the talent management systems at best practice healthcare organizations. On the basis of these research themes, a model of *Talent Management System Best Practices in Healthcare Organizations* is presented and supported with data analysis results and sample excerpts. This model depicts the talent management process as strategically grounded and executed through five distinct phases, which are each characterized by key success factors and targeted outcomes.

The talent management process begins with *Establishing the Business Case for Talent Management*, which is driven by three key success factors: workforce demographics, strategic priorities, and diversity imperatives. Human resource professionals skillfully leverage these drivers to create greater urgency for talent management and elevate its priority among top management and board members. The next phase, *Defining High Potential Healthcare Leaders*, is executed through current business strategy and high potential definitions as key success factors. In concert with the system and regional leadership teams, human resource professionals utilize the current business strategy and ongoing strategic initiatives as the foundation for discussion and development of the system's leadership competency model. The targeted outcome

of this phase is a three-dimensional leadership model that addresses strategically critical competencies as well as the candidate's readiness and motivation for advancement.

The third phase of the model is *Identifying High Potential Healthcare Leaders*, which is driven by carefully constructed talent review sessions conducted across multiple management levels and facilitated by specific tools and processes. Human resource executives utilize the popular nine-box tool for categorizing talent along job performance and leadership potential axes, and rely on a robust performance appraisal process that illustrates objective performance data, which are critical for supporting authentic and collaborative dialogue while avoiding potential 'politicking' of the exercise. The targeted outcome of this phase is the identification and codification of strategic talent across the system. The next phase of the model, *Communicating High Potential Designations*, is successfully implemented by implicitly communicating high potential status to candidates through discussions of advanced development plans and training management staff to conduct such conversations with all candidates, regardless of high potential status. Human resource professionals carefully communicate high potential designations by emphasizing development, deemphasizing high potential status, and cautiously managing equity perceptions and morale among all employees.

The fifth phase, *Developing High Potential Healthcare Leaders*, is driven by a sharp focus on experiential development interventions that seek to shed high potentials' silo-view of the organization and develop competencies that address strategic priorities. Best practice systems utilize leadership academies, stretch assignments, and action learning projects as primary developmental experiences, while avoiding many of the commonly cited pitfalls associated with these activities. The final phase of the model, *Evaluating and Reinforcing the Talent Management System*, is driven by three success factors: balanced scorecard approach to evaluation metrics, alignment of performance management and incentive systems, and board engagement. Human resource professionals skillfully select a range of evaluation metrics across multiple evaluative levels to assess system efficacy and identify opportunities for improvement. Critical to institutionalizing the talent management system and developing a culture of learning and development, the organization's performance management process and incentive system is properly aligned to ensure management support and engagement.

Project Scope

Healthcare organizations continue to confront a series of demographic, marketplace, and financial challenges concerning the talent management process. The aging and increasingly diverse U.S. workforce (Ready & Conger, 2007), the limited number of high quality graduate programs in healthcare administration (Hartman & Crow, 2002; Jacklevic, 2000), the comparatively low hospital CEO median tenure of four years (Dolan, 2005), and a general lack of sustained investment in talent management compared to other industries (Abrams & Bevilacqua, 2006) are a sample of the talent management challenges currently facing healthcare organizations. Nearly one-third of all Americans (76 million) will reach retirement age over the next 10 years, a dilemma commonly cited by human resource professionals as the 5/50 crisis—the prospect of losing 50% of all management talent over the next five years (Ready & Conger, 2007). In order to proactively prepare for the unprecedented departure of managerial talent in the healthcare industry (Hartman & Crow, 2002), best practice organizations invest in high potential identification and development processes, also known as talent management, to ensure a sustained pipeline of future organizational leaders (Groves, 2007). The talent management approach emphasizes developing pools of talented people who have been identified as possessing high leadership potential to ensure the organization of a sufficient supply of capable leaders to achieve its strategic objectives (McCaul, 1998).

To date, very little is known about the high potential identification and development process, particularly in the healthcare industry (Jerusalim & Hausdorf, 2007). Due to rapidly increasing costs and the accompanying pressures to lower non-essential expenses, healthcare organizations often under-invest in talent management systems. As a result of these financial pressures, healthcare organizations must be more effective in identifying and developing the right individuals for participation in talent management processes. The results of a recent survey of over 4,800 healthcare CEOs conducted by Witt/Kieffer and The Ohio State University (2006) demonstrated that the top CEO priority for addressing the leader shortage and lack of development opportunities for future healthcare leaders was “identifying high potentials within the organization” (p. 5). Further fuel for the sense of urgency surrounding talent management is best practice research published in the *Harvard Business Review* that concluded “...if leaders

need a decade to develop and need to take the helm with a decade of service still ahead of them, they need to be identified by the time they are 30” (p. 94, Bower, 2007).

The purpose of the proposed project is to study the high potential identification and development processes at best practice healthcare systems. Multi-hospital or multi-site systems are targeted due to their often deeper and more diverse pool of managerial talent, greater opportunities for cross-site developmental assignments, and the overall complexity of the leadership process and succession decisions. This project seeks to identify (1) high potential identification practices and policies, (2) leadership competencies and other defining characteristics of high potentials, (3) high potential development practices and policies, and (4) opportunities for improvement of talent management processes.

Healthcare System Participants

The sample of executives and their respective organizations were selected for the study according to the following criteria: (1) multi-hospital systems with a minimum of three hospitals or sites, (2) demonstrated best practices in talent management systems, and (3) a track record of effective executive succession decisions. Overall, 15 executives from 13 healthcare systems participated in the study. The participating executives represented mostly senior management team members from the human resource organization in their respective systems, including Senior VP of Human Resources, Chief Learning Officer, VP of Learning & Organization Development, and VP of Strategic Talent Management. One of the participants was the system's EVP and Chief Administrative Officer. As evidence of the best-in-class reputation of the healthcare system participants in the study, all are represented on one or more of the following industry rankings and ratings services (source of rating/ranking is in parentheses): 2009 Thomson Reuters' 100 Top Hospitals Health Systems Quality/Efficiency Study (Thomson Reuters), 2009 Top 100 Integrated Delivery Health Systems (SDI Integrated Healthcare Network), 2009 Top 100 Hospitals (Thomson Reuters), 2008 LeapFrog (The Leapfrog Group), 2009 HealthGrades Top 50 Hospitals (HealthGrades, Inc.), and 2008 Best Places to Work (Great Place to Work Institute®). Table 1 provides a series of descriptive statistics on the 13 organizations represented in the study. The average system in the study employed approximately 53,000 employees, operated 38 hospitals/medical centers and 103 outpatient clinics/treatment facilities, reported annual 2008 revenue of \$9.16B, and represented a network spanning 5 states.

Table 1
Descriptive Statistics of Sample Healthcare Systems

	Mean	Median	Range
Number of Employees	53,292	44,500	3,137 – 183,000
Number of Hospitals/Medical Centers	38	24	13 – 163
Number of Outpatient Clinics/Treatment Facilities	103	35	15 – 431
Annual Revenue (2008)	\$9.16B	\$6.30B	\$1.00B – \$40.30B
Number of States Represented in Hospital Network	5	3	1 – 20
Alaska			
Arizona			
Alabama			
California			
Colorado			
Florida			
Hawaii			
Idaho			
Iowa			
Indiana			
Kansas			
Kentucky			
Louisiana			
Maryland			
Michigan			
Minnesota			
Missouri			
Montana			
Nevada			
New Mexico			
North Carolina			
North Dakota			
New Jersey			
Nebraska			
Oklahoma			
Ohio			
Oregon			
Pennsylvania			
South Carolina			
South Dakota			
Tennessee			
Texas			
Virginia			
Washington			
Washington, D.C.			
Wisconsin			

Research Methodology

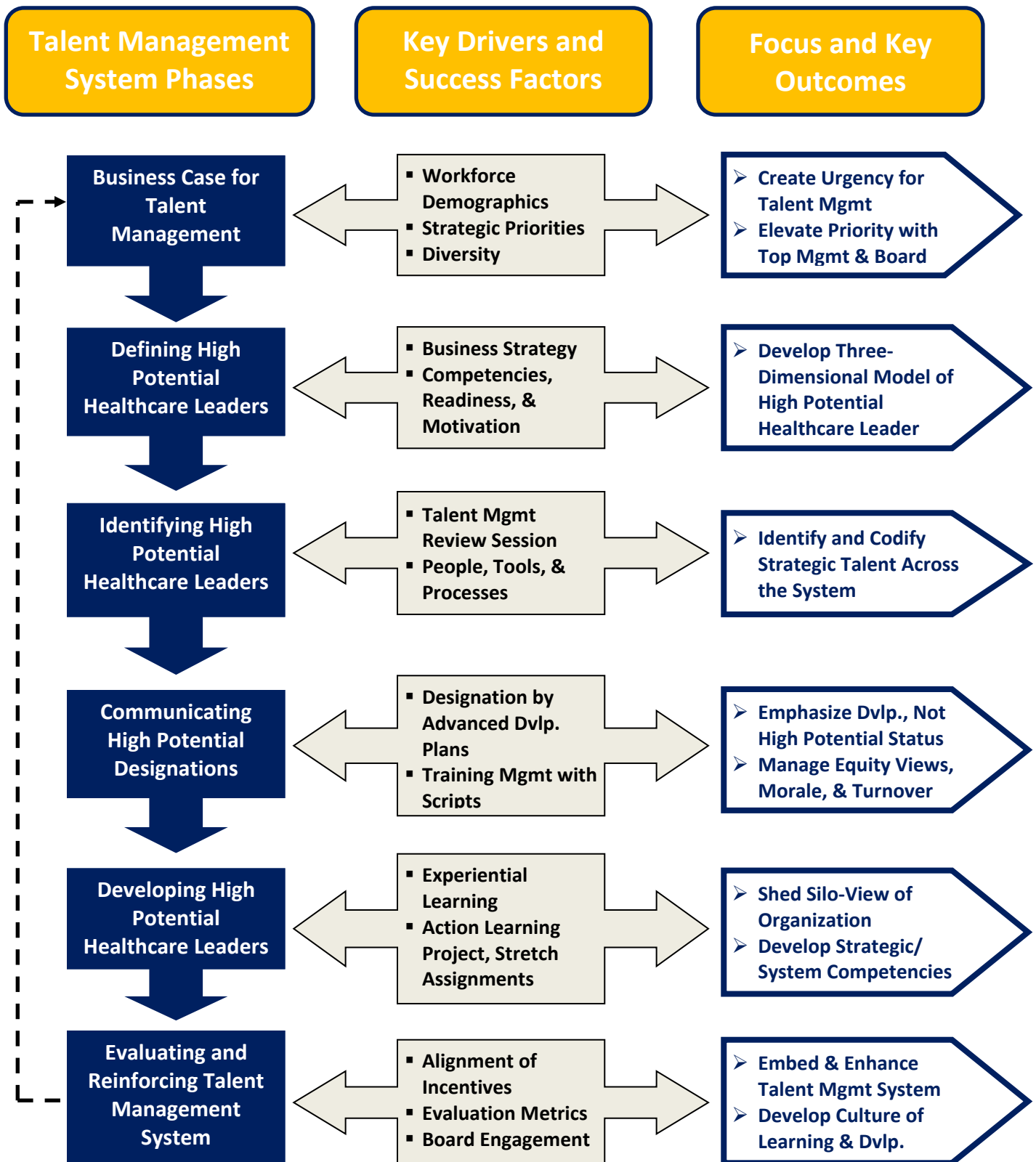
The method of data collection for this study was semi-structured interviews with each participating executive. For two of the thirteen healthcare systems, two executives participated in the interview. All of the interviews were conducted via conference call and recorded for subsequent transcription and analysis. Each interview was approximately 90 minutes in length and consisted of a series of open-ended questions that sought to identify the key leadership competencies and other defining characteristics of high potential healthcare leaders, high potential identification practices and policies, high potential development practices and policies, and opportunities for enhancing existing talent management systems. The interview protocol for the present study is provided in Appendix A.

The interview transcripts were analyzed according to the content analysis methodology (Weber, 1985), which is a quasi-statistical technique that translates textual responses and excerpts into quantitative data for statistical testing. In order to employ the content analysis methodology, I partnered with another talent management professional to independently code the transcribed interview responses according to the primary research questions. After comparing one another's codes, discussing observed differences, and arriving at a final set of primary codes (e.g., workforce demographics, diversity, strategic leadership competencies, etc.), the codes and transcripts were sent to an outside reviewer for verification of the coding scheme. After obtaining additional codes and feedback from the outside reviewer, the final set of codes were revised and clustered into six primary themes: (1) Developing the Business Case for Talent Management, (2) Defining High Potential Healthcare Leaders, (3) Identifying High Potential Healthcare Leaders, (4) Communicating High Potential Designations, (5) Developing High Potential Healthcare Leaders, and (6) Evaluating and Reinforcing Talent Management. In the sections below, each theme is described and supported with excerpts from the interview transcripts. A unifying framework of talent management in healthcare is provided to illustrate the interconnectedness and sequential relationships among the primary research themes.

Best Practice Findings: Model of Talent Management System Best Practices in Healthcare Organizations

The model illustrated in Figure 1 depicts an overarching framework for the primary findings that emerged from the research themes. The framework is organized into three columns that represent the key Talent Management System phases that depict the primary research findings, the specific drivers and key success factors that facilitate each phase, and the focus and ultimate outcomes of each phase.

**Figure 1:
A Model of Talent Management System Best Practices in Healthcare Organizations**



Establishing the Business Case for Talent Management

Best practice healthcare systems execute talent management practices according to a six phase process that begins with establishing the business case for talent management, specifically the actions taken by human resource and organization development professionals in highlighting key workforce demographic trends such as retirement trajectories of key management personnel, diversity statistics as they relate to minority representation in managerial positions, and the strategic rather than supporting role that talent management performs toward achieving a competitive advantage. The primary focus of this influence process by human resource professionals is to create a sense of urgency for investing in talent management practices and elevate the strategic priority of talent management among top management team and board members. These best practice professionals carefully communicate and leverage the three success factors in elevating the priority of talent management among many other competing priorities in healthcare systems. Each success factor is described in more detail below and supported with sample executive excerpts and data tables.

Workforce Demographics: Table 2 provides key interview excerpts describing workforce demographics and retirement trajectories among executive ranks as a key driver of establishing the business case for talent management. A dominant theme across the interviews was elevating the criticality of investing in talent management systems given the expectation of massive executive personnel transitions due to age and retirement expectations. Many executives described this challenge as the ‘5/50 crisis’, a reference to the expectation that the next five years will bring the retirement eligibility of 50% of executive positions. In reference to workforce demographic trends and key executive retirement trajectories, two examples of executive excerpts are provided below:

A study done maybe five years ago on the retirement, potential retirement and the risk of losing key people and key knowledge was very startling for our CEO. He was new at the time, and he decided that we needed to build a lot more bench strength and identify who these people were and be ready if we needed to plug in some spots or be able to move people around. Part of the issue in evaluating the actual impact is that much of the original fire was lit by the retirement turnover of critical positions and people. And, how our top executives are going to be leaving the organization in the next five years either due to being recruited elsewhere or retirement.

I think some of the impetus for us having this focus leadership development is there are several folks who are— in the next few years— going to be looking at retirement. We’ve always been a

very strong organization in terms of leadership. And I think that our board and our executive leaders recognize that we need to make sure we have talent ready when some of our longstanding senior leaders look at retirement.

Diversity: Table 3 provides key interview excerpts describing minority representation among executive ranks as a key driver of establishing the business case for talent management. A dominant theme across the executive interviews was using a data-driven approach to persuade board and top management team members to examine the degree to which the diversity of executive ranks reflects the workforce and their service delivery communities. The executives also emphasized the importance of persuading top management team members and the board to consider how sharp discrepancies between diversity in executive ranks (e.g., primarily white males) and that of the workforce and service delivery communities may represent a strategic *disadvantage* in the marketplace. Several interview excerpts are provided below:

[Our talent management system] was really put into place because we looked around at our executive ranks and they're primarily male, they primarily had grey hair, and they were almost all white, which didn't reflect the population of the communities we serve. Our chairman at the time wanted to change that, and so that's when the program came into place. Since then, we have had some great successes. In this division, we have the hospital CEO that started from the ground up and he's now running our largest hospital class. He's running a large hospital with three campuses. He has gone all the way through the leadership program and is a fantastic leader. We're also concerned about their cultural diversity as well as the diversity across our businesses. So, we do look at that as we make the final selection for the program for the 30 to 35 folks to go into our development program.

Some anecdotal evidence was illustrative of why [talent management] became important to us. We've lost a couple of key female executives. And in their exit interview with the CEO their concern was, "Wow, I'm seeing these people getting promoted into these positions. And if you look at my performance metrics I'm probably as good as or better than they are. But nobody seems to be aware of this". Because quite frankly, what the executives said when they exited was absolutely true. We sometimes find out how super competent somebody is and how well qualified they are when we read in Crain's Business that they've accepted a position somewhere else. And it illustrates their curriculum vitae and some of their major accomplishments. And we're going, "Oh wow, they were really awesome." So a lot of [our talent management system] also helps us understand and appreciate what this person brings to the table.

Strategic Role of Talent Management: Table 4 provides key interview excerpts describing the strategic priority of talent management as a key driver of establishing the business case for talent management. The executives generally described the challenge of persuading top management team and board members to view talent management as a strategic lever to help the organization accomplish specific strategic initiatives, rather than a supporting human resource function.

Furthermore, several executives remarked that the overarching goal of a best practice talent management system is to establish its presence as an operational activity that is completely embedded in the operational and service delivery model of the organization. Two sample interview excerpts are provided below:

[Talent management] is part of my HR continuity tactical plan every year. And it's also part of our charter that [the board] will review successors to the President and CEO. So quarterly I am giving [the board] an update of our progress to date on our current annual plan. At the end of the year, I summarize our commitment to the objectives that were set and what our results have been in its entirety. Claiming the importance and articulating this is what healthy high performing teams do. This is the governance that is required when you're developing a healthy organization that's effective. This is a key to shaping that commitment to talent management. This is just what you do; it's not a nice to do and I think people think that this is an elective, and it's fundamental.

Our current VP of HR was extremely good in refocusing HR around the organization's strategic plans. He's done a good job of communicating and reminding the board that talent management is part of our strategy. And really understanding the leadership that's required with starting a medical school from the ground up, which is huge and going to require a lot of different leadership and management skills in addition to the usual clinical competencies. It's building the talent to support that part of the strategy. They can see it right on the strategic map. But certainly from the CEO's perspective and certainly from the board's perspective, when we say, 'We're going to buy a hospital', or 'We're going to start a medical school', they're looking at us and asking, 'What is your talent plan for this? How are you going to staff support and lead these initiatives?' So it is part of the strategic plan.

Table 2
Business Case for Talent Management: Workforce Demographics

<p><i>A study done maybe five years ago on the retirement, potential retirement and the risk of losing key people and key knowledge was very startling for our CEO. He was new at the time, and he decided that we needed to build a lot more bench strength and identify who these people were and be ready if we needed to plug in some spots or be able to move people around. Part of the issue in evaluating the actual impact is that much of the original fire was lit by the retirement turnover of critical positions and people. And, how our top executives are going to be leaving the organization in the next five years either due to being recruited elsewhere or retirement.</i></p>
<p><i>We have a unique CEO in that he was the Chairman of the Board before he became CEO and he was selected after we had gone through a national search. The board was disappointed in the talent that came forward so they said we better do something. What came out of it though, something that we'd never done – we have normal retirement dates in our pension plan and benefits – is we're going to put a place in process where we survey the executive each year. We ask them, what's your anticipated retirement date – it's non-binding – we want to know their plan and collection that information.</i></p>
<p><i>We also do the workforce planning piece as a part of [our talent management system]. We now know the demographics of our executives and management teams across the system. We can estimate when they're all retiring out, and we know where our bubble is. And we know where our replacement rate needs to be if we have a hope of keeping up. And we publish those - that data to the board.</i></p>
<p><i>I think some of the impetus for us having this focus leadership development is there are several folks who are— in the next few years— going to be looking at retirement. We've always been a very strong organization in terms of leadership. And I think that our board and our executive leaders recognize that we need to make sure we have talent ready when some of our longstanding senior leaders look at retirement.</i></p>

Table 3
Business Case for Talent Management: Diversity of Management Personnel

If you look at the demographics of our system, particularly at the most senior executive levels, there's not as many women represented as you might think should be outside of the nontraditional patient care jobs; ethnic diversity is a weakness of ours. So we're trying to also deal with that in the pipeline. We provide [the board] detailed data on not only performance as it relates to true job performance against what people have been evaluated against, but we also provide them a series of data on the diversity of our executive staff. We ask them to identify diverse candidates. And if there are people who at different levels of the organization who fit a diversity category and they're not a backup, they have to tell us why. And the purpose of that is just to make sure that we're actively considering diverse talent. We actually have these high potential programs so we can consciously seek out and try to create as diverse as possible a pool that we are selecting from. So we actually actively seek out people from different demographics and look for the highest potentials in those and see what kind of support resources we can put around them to be successful.

Some anecdotal evidence was illustrative of why [talent management] became important to us. We've lost a couple of key female executives. And in their exit interview with the CEO their concern was, "Wow, I'm seeing these people getting promoted into these positions. And if you look at my performance metrics I'm probably as good as or better than they are. But nobody seems to be aware of this". Because quite frankly, what the executives said when they exited was absolutely true. We sometimes find out how super competent somebody is and how well qualified they are when we read in Crain's Business that they've accepted a position somewhere else. And it illustrates their curriculum vitae and some of their major accomplishments. And we're going, "Oh wow, they were really awesome." So a lot of [our talent management system] also helps us understand and appreciate what this person brings to the table.

The leadership academy program started out as a pilot. We started with key leaders across different functions within the organizations, both in the hospitals and at the home office. And the brilliance that came forward from some of their action planning deliverables became, in many cases, the strategic plan for some of our biggest efforts. One of them was our diversity inclusiveness initiative—our five year strategy came from the action learning group from our [leadership academy]. And, with some minor tweaks, we hired an executive into that space. And I showed her the work that had been developed and we brought it to life. And it's brilliant work because we do impact planning and impact mapping with a lot of our training programs to assimilate the return on investment.

[Our talent management system] was really put into place because we looked around at our executive ranks and they're primarily male, they primarily had grey hair, and they were almost all white, which didn't reflect the population of the communities we serve. Our chairman at the time wanted to change that, and so that's when the program came into place. Since then, we have had some great successes. In this division, we have the hospital CEO that started from the ground up and he's now running our largest hospital class. He's running a large hospital with three campuses. He has gone all the way through the leadership program and is a fantastic leader. We're also concerned about their cultural diversity as well as the diversity across our businesses. So, we do look at that as we make the final selection for the program for the 30 to 35 folks to go into our development program.

Table 4
Business Case for Talent Management: Strategic Priority

<p><i>Our current VP of HR was extremely good in refocusing HR around the organization's strategic plans. He's done a good job of communicating and reminding the board that talent management is part of our strategy. And really understanding the leadership that's required with starting a medical school from the ground up, which is huge and going to require a lot of different leadership and management skills in addition to the usual clinical competencies. It's building the talent to support that part of the strategy. They can see it right on the strategic map. But certainly from the CEO's perspective and certainly from the board's perspective, when we say, "We're going to buy a hospital, or We're going to start a medical school", they're looking at us and asking, What is your talent plan for this? How are you going to staff support and lead these initiatives? So it is part of the strategic plan.</i></p>
<p><i>[Talent management] is part of my HR continuity tactical plan every year. And it's also part of our charter that [the board] will review successors to the President and CEO. So quarterly I am giving [the board] an update of our progress to date on our current annual plan. At the end of the year, I summarize our commitment to the objectives that were set and what our results have been in its entirety. Claiming the importance and articulating this is what healthy high performing teams do. This is the governance that is required when you're developing a healthy organization that's effective. This is a key to shaping that commitment to talent management. This is just what you do; it's not a nice to do and I think people think that this is like an elective, and it's like fundamental.</i></p>
<p><i>With a few exceptions across industries, continuing to move this work into a true strategic lever as opposed to something that's a supporting process is a struggle. Despite what the literature says, and despite what we've probably all written ourselves about what works best and what's the ideal situation, I would say that the majority of organizations are continually trying to elevate the importance of this process as opposed to being asked to deliver against strategic requirements.</i></p>
<p><i>The talent map is a process of trying to identify or point out high-potential leaders. We are also asking them to try and identify folks who are strategically important to accomplishing their business objectives. That map looks at two things. One, the results that a person would accomplish in the course of a year and – this goes back to the 360 which helps inform this map – how effectively those results are actually accomplished and the impact that that individual is having on the organization, on people, etc.</i></p>

Defining High Potential Healthcare Leaders

The next phase in best practice talent management systems is the targeted and strategic process of clearly defining high potential leaders. Key success factors at this phase include grounding all discussion and definition of high potential leadership competencies in the context of the current business strategy and specific strategic initiatives pursued by the organization. This process assumes a fluid set of competencies that are subject to an iterative process according to the dynamics of the business environment and external conditions. Best practice systems define high potential leaders according to a three-dimensional model comprised of a (1) core set of leadership competencies, (2) the candidate's motivation to advance and mobility for relocation, and (3) an assessment of the candidate's readiness for advancement. Each success factor for this phase of the talent management process is described in more detail below and supported with sample executive excerpts and data tables.

Business Strategy: Table 5 provides key interview excerpts describing the importance of developing and revising leadership competencies according to the system's strategic initiatives. Executives discussed the best practices related to regular discussions with top management team regarding the business strategies that the system employs and how specific leadership competencies facilitate the advancement of specific strategic initiatives. These discussions must be grounded in current assessments of the business environment and projections of what leadership competencies will be critical for system success. Many executives also cited the importance of having regular discussions with top management regarding the designation of strategically critical positions according to the organization's strategic plan. This practice is consistent with current research and practice in how organizations across industries are strengthening the link between strategic capabilities and workforce strategy (Becker, Huselid, & Beatty, 2009), which reflects an application of Michael Porter's differentiation concept from business strategy to the workforce. Several healthcare systems developed guidelines and definitions for determining strategic positions, including those positions that are critical to addressing the business unit's (hospital, center, region, group, etc.) strategic challenges or priorities and strengthening strategic capabilities, and that directly impacts the success of a regional or national strategic initiative. In short, these discussions are centered on whether the position contributes uniquely to strengthening the system's competitive position in the

marketplace. Several examples of strategic positions cited as being critical to executing strategic initiatives include chief financial officers (local, regional, or national), chief medical and nursing officers, quality leaders, business development/service line development leaders, and capital development project leaders. Sample executive excerpts are provided below:

I also talk to them [top management] about what we think is the organization's strategic plan – you know what are the key things we think we're doing over the next four to five years. And in that process I ask them what skill sets do they think we need to have to execute on those strategic initiatives. What is it going to take? What kind of people, what kind of characteristics, what's it going to take to get that? What does the organization have to be good at to execute, for example, integration of physicians? Or to execute expanding market share around a cardiovascular service line? Or perhaps increasing revenue by growing top over the top line through negotiations with payors and things of that nature? That then tells us what kind of things we think we need to do to be successful on this strategic plan and the things that we've identified for us. We start the meeting with a review of these competencies as they relate to the strategic plan and how we collectively think we're either good or not or need development on.

Talent management is related to our strategic direction. When we changed our vision statement for the organization in 2007, we had a strategic plan to help us start moving towards that new vision. And a part of that was around talent and leadership. One of the first activities that we did around talent and leadership was to launch a team to look at our leader competencies and to say, Do we have the right competencies? What competencies do we need to help our organization achieve its vision? We put a group together from around the company who spent about six months working on that project. Through their work we came up with new leader competencies, their definitions, the behaviors that we wanted to look at in terms of how we would do 360 assessments, our talent differentiation process, and the [potential and performance] grid. So it's truly driven by our strategic direction.

Leadership Competencies: Table 8 illustrates the most common leadership competencies across the healthcare systems' leadership competency models. Team building skills/collaborative style (n = 10), systems thinking and system view of the organization (n = 10), values-centered style (n = 9), visionary/promotes collective goals (n = 9), change agent/promotes innovation (n = 9), and results-oriented (n = 9) were the most frequently cited leadership competencies. Specific to the dynamics of healthcare and the unique challenges placed on healthcare leaders, one executive described the essence of the team building/collaborative style competency as “the ability to lift out of their role to include others in decision making that would be untraditional for their role and start to work beyond the boundaries of their role”. Similarly, another executive described this competency as “the ability to communicate and build relationships among staff in the

organization, with physician partners, as well as within the communities that we serve. It deals with all aspects of communication – verbal, written – and making sure that communication is always two-way. It also deals with building relationships in terms of how we work together, how decisions are made, and how we support the decision making process”.

Unique to leaders operating in multi-site healthcare systems, many executives described the importance of systems thinking and maintaining a system view of the organization as a critical leadership competency. One executive defined this competency as “the ability to think strategically and broader than their current role, see the big picture, and integrate these pieces of information into a different way of approaching problems”. Another executive described “supports system success” as a key leadership competency, which was defined as “actively supports the system, aligning decisions for region and system success, embraces and adopts system best practices that improve patient quality, satisfaction, service, access and/or affordability”. Finally, one system defined the systems thinking competency as “the ability to apply a systems thinking approach in today’s changing and complex environment”. The skill sets associated with this competency include “sees the big picture...sees how each department contributes to the organization’s overall purpose...rejects taking a silo approach to problem solving...understands the purpose, interactions, and interdependencies of the overall system”. Many of the systems’ leadership development interventions, including action learning projects, stretch assignments, and leadership academy activities, are engineered to enhance high potentials’ systems thinking competency. These interventions are discussed in detail in the *Developing High Potential Leaders* section of the report.

Candidate Readiness for Advancement and Motivation: Tables 6 and 7 illustrate excerpts describing readiness for advancement and candidate motivation, respectively, as key dimensions of defining high potential leaders. In addition to defining high potential leaders according to ratings across the leadership competencies described above, best practice systems also assess the candidate’s readiness for advancement beyond the current role and motivation to advance and potentially relocate throughout the system. These assessments produce key data points that are considered in concert with the candidate’s development across leadership competencies and performance appraisal outcomes. Several executives described high potential readiness for

advancement an individual “who can step forward functionally a couple of roles ahead” and “has the capability to advance two levels above where they currently are”. Sample excerpts describing high potential candidate motivation to advance is provided below:

When you ask the folks who are in those positions what do they want to do next, and they don't want to do anything but stay in the town that they're in, all of the sudden you've got a real problem. Your talent's not mobile and it's not qualified to take on those other jobs. Yet you can't keep them because the talent is all interested in career movement. And so I think the way to challenge that in essence is to select folks who are a bit more mobile, more career-minded but to do it in a way that we can develop that talent across the system. So we're going to hire people who really do want to participate in those action learning experiences. And while they're participating, they're going to help us to solve some pretty big problems.

We try to get at questions around learning agility, their level of engagement with the organization and fit with the organization, how well they do with managing ambiguity; and their aspiration to advance. Do they really seem motivated to take that next step? And then we actually also factor in a question about how mobile they are. One of our issues historically has been that someone in [a given state] wants to stay [in that state], which does have some impact on our ability to leverage that talent to future opportunities. And out of that we come up with a view as to whether or not this person's a high potential and whether or not they've got the potential to advance within a year. And that's kind of the end of the process of determining whether they're high potential or not.

Table 5
Defining High Potential Leaders: Strategic Initiatives and Leadership Competencies

<p><i>A weakness in our process that we recognized this past year is that we really focused on the current demand [on our leaders] and we weren't thinking about the future. We have a rapid growth trajectory and what we recognized at our last round of the talent assessment is that we really need to be clear – what's that leader of the future going to look like and how's that different than the current? We did go through a focus group exercise with some of our key executives and identified some of the dimensions that we thought were more strategically important in the future.</i></p>
<p><i>Talent management is related to our strategic direction. When we changed our vision statement for the organization in 2007, we had a strategic plan to help us start moving towards that new vision. And a part of that was around talent and leadership. One of the first activities that we did around talent and leadership was to launch a team to look at our leader competencies and to say, Do we have the right competencies? What competencies do we need to help our organization achieve its vision? We put a group together from around the company who spent about six months working on that project. Through their work we came up with new leader competencies, their definitions, the behaviors that we wanted to look at in terms of how we would do 360 assessments, our talent differentiation process, and the [potential and performance] grid. So it's truly driven by our strategic direction.</i></p>
<p><i>There are certain competencies that we know need to be achieved by our executives to be successful to meet our blue prints and ultimately our strategic objectives. And so those are the ones that we develop and we now measure and assess all of the executives on. That's how we tie it to our strategic planning process. I think the competencies stay the same, but then depending upon how the environment changes, we adjust the weight of those competencies. But competencies stay the same.</i></p>
<p><i>The criteria that we use for placing talent into pipeline roles is defined by the leadership of the organization and gets adjusted based on the needs and strategic priorities of the organization. So for example, the role of a CFO in a region has evolved over the last couple of years, and we're looking for different things. As a result, that changes the profile and competencies that we're looking at when we say, 'So has this person got the potential to move into that role, and if so, what are the experiences that they need to continue that development'. We make sure that the specs so to speak that we're trying to develop people against is reflecting where the business is.</i></p>
<p><i>Our strategic plan will change a lot faster than the competencies associated with them will change. We still go with that core set of competencies, one of which in every job we have is some kind of change leadership because our business changes. And like most big corporations, any number of influences will create massive opportunities for change or necessity for change. As a result, leadership needs will change very quickly and you could be two months into a budget year and just do an about face and go in another direction. It's common place around here so that change of leadership is very important.</i></p>
<p><i>I also talk to them [top management] about what we think is the organization's strategic plan – what are the key things we think we're doing over the next four to five years. I ask them what skill sets do they think we need to have to execute on those strategic initiatives. What kind of people, what kind of characteristics, what's it going to take to get that? What does the organization have to be good at to execute integration of physicians? Or to execute expanding market share around a cardiovascular service line? Or perhaps increasing revenue by growing top over the top line through negotiations with payors? That then tells us what kind of things we need to do to be successful on this strategic plan and the things that we've identified for us. We start the meeting with a review of these competencies as they relate to the strategic plan and how we collectively think we're either good or not or need development on.</i></p>

Table 6
Defining High Potential Leaders: Readiness for Advancement

<p><i>We look at their actual operational performance and we have hard-wired a set of criteria and operational goals, and we assess whether or not people are meeting those goals or exceeding those goals. They are in the areas of quality, service, finance, growth, community and people. And another area is whether or not people are normally exceptional performers in their roles but they demonstrate the competencies beyond their current position and their ability to lift out of their role to include others in decision making that would be untraditional for their role, and start to work beyond the boundaries of their role.</i></p>
<p><i>I see a high potential as that person who can take a step forward functionally a couple of roles ahead.</i></p>
<p><i>I would say that a high potential person is someone with the capability to advance two levels above where they currently are. We currently think of that person as someone with the potential to go to an executive level position. And then you layer on top of that the capability to advance into an executive level position, that which is likely to be Vice President and above.</i></p>
<p><i>We have come up with a view as to whether or not a person is high potential and whether or not they've got the potential to advance within a year, and that's the end of the process of determining whether they're high potential or not.</i></p>
<p><i>We find part of [a candidate's readiness for advancement] through someone's overall performance. We define it in terms of their values and growth potential; their values fit and their growth potential in the organization. The performance in terms of the performance appraisal or assessment has some objectivity to it, but it's pretty subjective. And then you move to – Do the values fit with the organization and that's a track record of watching somebody work – kind of a fit/match, which I consider objective to an aspect of whether you think someone has potential. I think that can have some science to it because you can sort of assess their bandwidth and what they can take on and their capacity to grow based upon watching someone perform. But that is one set of definitions.</i></p>

Table 7
Defining High Potential Leaders: Motivation for Advancement

<p><i>Some of the talking points we identified were the professed desire to progress. If an individual actually knocked on your door and said, “Hey, I’m really interested in moving to higher levels of leadership, and what can I do about it?” [Our high potentials] have actually proactively sought leadership experiences. These folks have been involved in some level of leadership and management - either running a team or actually managing a project or process. They have also been involved in developing themselves professionally, and probably involved in mentoring or doing some kind of development of others.</i></p>
<p><i>We try to get at questions around learning agility, their level of engagement with the organization and fit with the organization, how well they do with managing ambiguity; and their aspiration to advance. Do they really seem motivated to take that next step? And then we actually also factor in a question about how mobile they are. One of our issues historically has been that someone in [a given state] wants to stay [in that state], which does have some impact on our ability to leverage that talent to future opportunities. And out of that we come up with a view as to whether or not this person’s a high potential and whether or not they’ve got the potential to advance within a year. And that’s kind of the end of the process of determining whether they’re high potential or not.</i></p>
<p><i>Being curious, going out and learning about other parts of the business and how things are related, and ambition are high potential characteristics. Part of the challenge is [that] no one who lives in [a Southwestern state] wants to go move up to somewhere in [another state]. And the same thing in the Pacific Northwest-- they’d say ‘who would want to go to [a Southwestern state]’? So part of that is just the geographic locations and people’s preferences. So probably a third criterion is that they all identified themselves as wanting the next position regardless of location. They wanted to move up in their careers. So that’s been really important and people putting themselves out there. We don’t talk about it in that way because we’re supposed to be Catholic healthcare. But it is. There’s a lot of ambition.</i></p>
<p><i>When you ask the folks who are in those positions what do they want to do next, and they don't want to do anything but stay in the town that they're in, all of the sudden you've got a real problem. Your talent's not mobile and it's not qualified to take on those other jobs. Yet you can't keep them because the talent is all interested in career movement. And so I think the way to challenge that in essence is to select folks who are a bit more mobile, more career-minded but to do it in a way that we can develop that talent across the system. So we're going to hire people who really do want to participate in those action learning experiences. And while they're participating, they're going to help us to solve some pretty big problems.</i></p>
<p><i>We currently have five assessments of potential ratings. Through this succession planning process, you are asked to assess your leadership ranks and give one of the five ratings. And the five ratings include high potential, high performer, solid performer, too new, and limited performer. How we characterize a high potential is a high potential is always a high performer. This is someone who has exhibited a proven ability and willingness to learn and certainly is a lifelong learner who performs well in a variety of tasks, especially if they’re given a situation where it’s a first time and unfamiliar circumstances. They have a strong bent in terms of their adaptability, their ability to deal with ambiguity and flexibility and they certainly demonstrate a willingness for increased responsibility at higher levels within the organization.</i></p>

Table 8
Defining High Potential Healthcare Leaders: Leadership Competency Models

		Healthcare Systems												
Leadership Competencies	N*	Organization 1	Organization 2	Organization 3	Organization 4	Organization 5	Organization 6	Organization 7	Organization 8	Organization 9	Organization 10	Organization 11	Organization 12	Organization 13
Team Building Skills/ Collaborative Style	10	X	X	X	X	X	X	X		X		X	X	
Systems Thinking/System View of Organization	10	X	X		X	X	X		X	X		X	X	X
Values-centered/Role Models Organization Values	9	X	X	X	X	X					X	X	X	X
Visionary/Promotes Collection Mission and Goals	9	X	X	X	X		X				X	X	X	X
Change Agent/ Promotes Innovation	9	X	X	X	X	X		X				X	X	X
Results-Oriented/High Performance Norms/Metrics	9	X	X	X		X		X	X			X	X	X
Coaching and Mentoring Others	7		X	X	X		X					X	X	X
Continuous Growth Orientation/ Receptive to Feedback	7	X	X		X			X		X			X	X
Communication Skills/ Manages Meaning	6	X	X	X	X			X				X		
Learning Orientation/ Learning Agility	5	X	X						X		X			X
Patient Service Orientation	5		X	X	X							X		X
Tolerant of Divergent Points of View	3		X		X									X
Comfort with Ambiguity & Uncertainty	2	X									X			
Critical Thinking/Creative and Nonlinear Thinking	2									X			X	
Hopeful/Optimistic Orientation	1	X												
Self-awareness	1				X									

* N represents the number of healthcare systems that identified the competency as part of its high potential leadership model.

Identifying High Potential Leaders

After clearly defining high potential leaders, the next phase of the best practice model involves meticulous assessment and multi-level identification of high potential leaders across the system. Generally targeted for director-level and above managers, the identification and assessment process is driven by a series of talent management review sessions across multiple organizational levels, including hospital/medical center, regional, and system- or system-wide. Critical success factors during this phase include the use of effective tools for categorizing high potential leaders, including the popular nine-box tool that plots key personnel according to job performance (x-axis) and leadership potential at subsequent levels (y-axis). Key to the high potential assessment and identification process is a credible and data-driven performance appraisal process that is deemed objective and defensible by line management, as they are most often proposing talent in their own division or function as worthy of high potential designation while also having to justify their selection(s) with credible data. The primary outcome of this phase is a fluid list of high potential candidates slotted onto all strategic positions across the system, often aided by color coding or other designations to maintain a uniform language for discussing talent.

Robust Performance Appraisal Process: Table 9 offers key interview excerpts detailing a robust performance appraisal process as a critical success factor during talent review sessions. Overall, the executives discussed the importance of have a robust, credible, and objective performance appraisal process to drive the high potential performance ratings (x-axis) as part of the nine-box exercise. Without such a valid and widely accepted process for evaluating job performance, the talent review sessions run the risk of becoming a political exercise; managers from various levels lobbying for their own talent to be slotted in the upper-right quadrant for high potential designation. A robust and credible performance appraisal process predicated on objective performance outcomes (quality indicators, patient satisfaction, employee satisfaction and turnover, financial metrics) transforms talent review sessions into more authentic and collaborative dialogue among managers across multiple levels and human resource professionals. In short, objective performance data allows for much greater dialogue and debate among review session participants and ultimately far more accurate high potential designations. Below two executives offer detailed descriptions of how their objective performance appraisal processes contribute to high potential designations in the talent review sessions:

Our set of [high potential] definitions came from an assessment of performance outcomes around three of four key areas. They are the real and quantifiable measures where we look at the financial outcomes that an individual can produce so you get to some level of financial competency. The quality of service, and we really measure it from patient satisfaction service that is much more measurable than other quality measures. We look at the outcomes of patient satisfaction and then we look at the outcomes based on turnover. And we really add a fourth one which is employee satisfaction, but turnover is the surrogate of employee satisfaction. And from that we have done enough correlations to know that those three things correlate very well together for our population and our organization. And we took the top performers of that group, the top 25 percentile, and we looked at what their skill sets and competencies were that allowed them to produce across the board, whether it be financial outcomes, employee satisfaction, or patient satisfaction. And what we found were five key competencies: results orientation, change management, service orientation, relationships, and character. If you excel in all of those and you excel in your outcomes and make it through that data-driven process, that's how we define a high potential. Four years ago it was purely on the subjective process of my perspective of my direct reports performance and their value fit potential.

I think the most significant [element of our identification process] is the value chain. We've interpreted certain attributes of effective leadership. For example, the value chain goes from employee experience to patient experience to actual performance outcomes like financial outcomes. The chain we've correlated over the course of these last two or three years [includes] some very specific types of indicators that would suggest certain leaders are not only performing or delivering the results but their potential goes well beyond others in that same regard. I think that's one of the most significant tools that we've put together. It really is the identification of leading and lagging indicators with the assumption that it starts with leadership behaviors. It makes a lot of sense to order them in a particular sequence. Empirically, we are showing that in fact there are some linkages. And so it continues to be our challenge to ensure that we've got the right measures. I think the difference for us was trying to correlate it to leadership behavior and to outcomes down the value chain.

Credible Data-driven Discussions: Table 10 includes key executive excerpts detailing the importance of having credible data-driven discussions as a critical success factor during talent review sessions. Similar to the need for a robust performance appraisal process, many executives referenced the importance of ensuring that the dialogue and debate that takes place during talent review sessions are centered on objective performance data and not organizational politics, posturing, or other extraneous factors. A sample executive excerpt is provided below:

I will tell you that this is sort of an evolution in the sense that we are much more data-driven now than we were three years ago. What we've found is that just to start this process effectively, you don't have to lead with the data initially. People come to that by themselves. What I mean is that the first time that we started this three to five years ago, we actually didn't have the metrics available to be able to pluck deep in the organization. We had different financial systems, different tracking systems. It was very decentralized and [it] was very hard to aggregate that

information. We were very much at the mercy of people telling us what was so [regarding high potential designations] as opposed to being able to trust a verified process. Now we can actually produce this information.

What [credible performance data] does, what it's done for us, is it completely changed the conversation around that table [during talent review sessions]. Because it's one thing to have a supervisor evaluate performance in a fairly traditional way. It's something for us to look at 360 data, and you may see differentiation from leader to leader looking at those bits of performance feedback. But it's awful difficult to not see differentiation when you begin to look at measures that are fairly standard across the system. It really changes the conversation about why a given leader is producing these kinds of results. And you look at that and understand that leader's performance, look at the performance feedback, and you can really begin to understand how effective different leaders can be.

System-wide View of Talent: Table 11 offers executive excerpts describing the importance of maintaining a system-wide view of talent as a critical success factor during talent review sessions. Most executives discussed the importance of setting a ‘system-wide’ tone for talent review sessions such that ratings on the nine-box exercise and high potential designations are produced in the context of the system’s strategic priorities. Best practice systems implore the management participants of talent review sessions to avoid the silo-approach to high potential identification that is often characterized by ‘talent hoarding’ and the replacement planning approach to talent management—simply viewing the next-in-line manager as the only possible replacement for a given leadership role, rather than being open to high potentials from across the system. Best practice systems are able to facilitate discussions during talent management reviews that avoid both of these fallacies, as well stimulate a culture of encouraging managers to ‘release’ their top talent to other parts of the system and accept high potentials from different regions, centers, and business units as part of their management team. Two sample executive excerpts are offered below:

One of the biggest benefits we’ve had—one of the big “ah-has” for everyone, although we’ve been telling them this for years but they had to see it—was that they were blown away in terms of the depth and the breadth of the talent throughout the organization. That to me was one of our major deliverables in helping them see beyond maybe the two or three people that they knew in their division that they might tap as high potentials. And really seeing all the different talented individuals across the system. So that was one of the positive outcomes.

We are holding [management staff] accountable and that the accountability to their successor could be someone identified anywhere in the organization who has really opened up that abundance of talent. Because it’s an enterprise-wide success factor, it’s not just working in silos. Part of what has helped is we’ve moved from a holding company to an operating company. We

are really trying to break through the silo mentality of how this company was run, and looking at ways that just make good business sense for us in order to share talent and to be able to get work done. And because we've had evidence over the last three years of people successfully moving around because we've had these [talent review sessions] that have given us better line of sight to the talent across the enterprise. And that is an open door for everyone. That's evolved.

Table 9
Identifying High Potential Leaders: Robust Performance Appraisal Process

I'll give you an example [of our performance appraisal process]. A CNE who is considered, if you look at the performance appraisal, a pretty good performer, had been here 20 years. When we really arrayed her performance on outcomes and got into a little more science to this and not just somebody's performance appraisal, we found that the outcome array differs than if you arrayed everybody by performance appraisal ratings. Because performance appraisals, as much as everybody says they are objective, they are not.

I will tell you that this is sort of an evolution in the sense that we are much more data-driven now than we were three years ago. What we've found is that just to start this process effectively, you don't have to lead with the data initially. People come to that by themselves. What I mean is that the first time that we started this three to five years ago, we actually didn't have the metrics available to be able to pluck deep in the organization. We had different financial systems, different tracking systems. It was very decentralized and [it] was very hard to aggregate that information. We were very much at the mercy of people telling us what was so [regarding high potential designations] as opposed to being able to trust a verified process. Now we can actually produce this information.

The primary data source is the annual performance review. It's not a matter of here's the rating – so if the person has a rating of a five, that means they are high potential. It's very much a concession process. It's very much driven initially by the immediate supervisor's assessment using the criteria we bring forward based upon what we call a contributions summary, which is our performance review and then a consensus panel kind of reviewing that. We don't use a specific test.

We felt to be really transparent, our executives had to have conversation skills around performance. And that's partially why we discovered...our executives don't have that piece. In fact, most of them don't even adequately address performance with their direct reports. They kind of brush it off. We have a culture of being nice and not really going head on with performance issues. And so we felt like because that piece was not even there, we—in our own internal [HR/OD] team looking at building this program—saw a huge red flag. That's also when we realized that if we don't do a better job of managing performance and identifying when someone's actually done well and not done well, and then have the conversation tools around that, we're not going to be able to have the conversations that's needed to do talent management well and be able to motivate high potentials instead of the other way around.

Table 10
Identifying High Potential Leaders: Credible Data-Driven Discussions

<p><i>Our set of [high potential] definitions came from an assessment of performance outcomes around three of four key areas. They are the real and quantifiable measures where we look at the financial outcomes that an individual can produce so you get to some level of financial competency. The quality of service, and we really measure it from patient satisfaction service that is much more measurable than other quality measures. We look at the outcomes of patient satisfaction and then we look at the outcomes based on turnover. And we really add a fourth one which is employee satisfaction, but turnover is the surrogate of employee satisfaction. And from that we have done enough correlations to know that those three things correlate very well together for our population and our organization. And we took the top performers of that group, the top 25 percentile, and we looked at what their skill sets and competencies were that allowed them to produce across the board, whether it be financial outcomes, employee satisfaction, or patient satisfaction. And what we found were five key competencies: results orientation, change management, service orientation, relationships, and character. If you excel in all of those and you excel in your outcomes and make it through that data-driven process, that's how we define a high potential. Four years ago it was purely on the subjective process of my perspective of my direct reports performance and their value fit potential.</i></p>
<p><i>I think the most significant [element of our identification process] is the value chain. We've interpreted certain attributes of effective leadership. For example, the value chain goes from employee experience to patient experience to actual performance outcomes like financial outcomes. The chain we've correlated over the course of these last two or three years [includes] some very specific types of indicators that would suggest certain leaders are not only performing or delivering the results but their potential goes well beyond others in that same regard. I think that's one of the most significant tools that we've put together. It really is the identification of leading and lagging indicators with the assumption that it starts with leadership behaviors. It makes a lot of sense to order them in a particular sequence. Empirically, we are showing that in fact there are some linkages. And so it continues to be our challenge to ensure that we've got the right measures. I think the difference for us was trying to correlate it to leadership behavior and to outcomes down the value chain.</i></p>
<p><i>What [credible performance data] does, what it's done for us, is it completely changed the conversation around that table [during talent review sessions]. Because it's one thing to have a supervisor evaluate performance in a fairly traditional way. It's something for us to look at 360 data, and you may see differentiation from leader to leader looking at those bits of performance feedback. But it's awful difficult to not see differentiation when you begin to look at measures that are fairly standard across the system. It really changes the conversation about why a given leader is producing these kinds of results. And you look at that and understand that leader's performance, look at the performance feedback, and you can really begin to understand how effective different leaders can be.</i></p>
<p><i>Our [talent review sessions] consist of managers having to actually prove their case. We say, 'what are this person's actual results and what has been their performance history? You can't tell me that they're an exceptional performer unless they actually deliver on their outcomes'. We have developed some ground rules around that discussion. And that way if you say somebody is ready for promotion, you have to articulate the things that you think that they are exactly ready for and get agreement that this would be a good next step.</i></p>
<p><i>This is sort of an evolution in that we are much more data-driven now than we were three years ago. The first time that we started this [talent review sessions] three to five years ago, we actually didn't have the metrics available to pluck deep in the organization. We had different financial systems, different tracking</i></p>

systems. It was very decentralized and was hard to aggregate that information. So we were very much at the mercy of people telling us what was so [their high potential designations] as opposed to the group being able to trust the nomination. Now we can actually produce this information and so it's available at review sessions. Before we didn't and what we found is the first session everybody got together and informally talked about people. The second time we come together, everybody starts coming with their data to defend their nominations. And by the third time they have it, so 24 months later they all are lined up with their quantifiable objective data and they get there all by themselves.

Table 11
Identifying High Potential Leaders: Maintaining a System-wide View of Talent

<p><i>We are holding [management staff] accountable and that the accountability to their successor could be someone identified anywhere in the organization who has really opened up that abundance of talent. Because it's an enterprise-wide success factor, it's not just working in silos. Part of what has helped is we've moved from a holding company to an operating company. We are really trying to break through the silo mentality of how this company was run, and looking at ways that just make good business sense for us in order to share talent and to be able to get work done. And because we've had evidence over the last three years of people successfully moving around because we've had these [talent review sessions] that have given us better line of sight to the talent across the enterprise. And that is an open door for everyone. That's evolved.</i></p>
<p><i>One of the biggest benefits we've had—one of the big “ah-has” for everyone, although we've been telling them this for years but they had to see it—was that they were blown away in terms of the depth and the breadth of the talent throughout the organization. That to me was one of our major deliverables in helping them see beyond maybe the two or three people that they knew in their division that they might tap as high potentials. And really seeing all the different talented individuals across the system. So that was one of the positive outcomes.</i></p>
<p><i>[Without a talent management system] somebody in an entity or region doesn't necessarily know what talent is out there. It's somewhere else. Somebody has to look beyond and across the enterprise and say, 'Oh yes, you should be thinking about Joe. You don't even know him, you've never met him, but.....he needs to be in your thinking process. And you need to start thinking about - and you need to help us think about -- how we get Joe to the place where he needs to be because we think he's the next candidate for your opening.'</i></p>
<p><i>Part of [supporting a system-wide view of talent], quite honestly, is what's the tone in the region as to how regionally-centric they operate versus more system-wide thinking and operating. With an organization that has the culture and the structure that we do, you've got some range of people who tend to be very regionally-centric and others who tend to take a bigger picture. And so they tend to interpret [the sharing of high potentials across regions] somewhat differently. Particularly those experiences and assignments that relate to understanding things beyond the scope of what happens in the region.</i></p>
<p><i>We've had some challenges with respect to job sharing, job rotations, and such assignments. What we find is occasionally our divisional heads are just a little bit stingy or protective. They don't want people to know about their talent. So we're trying to also get them out of that mode by saying, 'No, you need to let this person get out and learn. You need to let them have other opportunities. You need to adopt a system perspective.' So it's very, very interesting.</i></p>

Communicating High Potential Designations

The fourth phase of the best practice talent management system is communicating high potential status to both designates and others across the organization. This phase represents the transfer of findings and decisions from the talent review sessions back to the business units and their staff. While there existed some variance in the responses from best practice systems, the pre-dominant practice among the participating organizations was an *implicit* designation whereby managers communicate high potential status to candidates vis-à-vis advanced development plans comprised of exclusive learning and development opportunities, including invitations to leadership academies, stretch assignments, and cross-divisional assignments. The focus at this phase is emphasizing the importance of continued development and enhancement of key leadership competencies while also deemphasizing the status associated with elite designations or titles. The key outcomes associated with the communication phase include the careful management of employee perceptions of equity and transparency of the system, and the corresponding levels of employee morale and turnover intentions.

Implicit Designation through Advanced Development Plan: Table 12 provides key interview excerpts describing the importance of implicit high potential designations through advanced leadership development plans. Across all of the interview questions and resulting interview responses, the issue of communicating high potential status was the clearly the most controversial. Many executives noted that the manner in which high potential designations are communicated is clearly influenced by the culture of healthcare, notably the hesitancy to create in-groups and out-groups, and how publicly singling out high performers is often deemed counter-culture in healthcare. Indeed, several executives described this cultural constraint as having “a culture of being nice and not really going head on with performance issues” or “Catholic nice”, which sharply contrasts with the high performance-oriented culture at General Electric, upon which many best practice talent management tools are based (e.g., nine-box exercise, leadership academy, action learning projects, etc.). Similarly, another executive added, “...our values speak to that of inclusivity and human dignity and respect...so the language is key in how we frame these conversations”. The focus of the communication to high potential leaders is managed through a careful conversation that focuses on the outstanding contributions of the candidate to date, the likelihood of future contributions in a leadership capacity, an assessment of

the candidate's interest and motivation to advance, and, most importantly, the key elements of a leadership development plan focusing on exclusive and complex assignments. Two sample interview excerpts describing the focus of the communications to high potential leaders are provided below:

When we're in these [talent review sessions], we talk about high potentials. When we actually try to sit down with an individual, we try to talk about 'what's the focus of their development?'. If someone is viewed as well placed and doing a good job, then we maybe expand their responsibilities a bit and we're going to focus the development plan on how we continue to optimize them in their current role. We talk about that with the individual. If on the other hand the individual is someone who we're looking at advancing, the focus of the development plan will be different. And we start talking about that part of what we're trying to do here is begin to prepare you to take on added responsibility in the future, which may mean that we're going to try to expose you to some things that are different than if our goal was to continue to optimize your performance in your current role. We tend to focus in on it that way, but we don't announce or formally publicize or utilize the term 'high potential'.

We do not call [our talent management system] a succession process; we call it bench strength development. In that bench strength development, [our leaders] do become aware of how they are arrayed in the organization in terms of whether you're a top quartile performer or a performer on the bottom. Because it's based on component, measurable outcomes; they already know that, frankly. We then go about working with folks and developing action plans. We encourage action plans for all people but you are required to have action plans for people in the top quartile and in the bottom quartile. Depending on which quartile you're in, there are a series of minimum principles and minimum actions that you ought to be involved in [for development]. If you are in that top or fourth quartile, you are ready to take on additional assignments. Likely, you can serve as a mentor to other departments who are not performing quite as well because you've built systems, you're leading in such a way that in the same environment as everybody else you're getting very good outcomes. And likely there is a skill that we want to continue to invest in you and grow you. So you will get experience assignments that may include mentoring others, taking over troubled departments and turning them around, or you may get a promotion. By definition, you know you are one of the chosen if you have that kind of action plan.

Training Management with Conversation Scripts: Critical to the success of this phase is the formal training of line managers to deliver carefully scripted conversations with both high potential designates and with those not designated as high potential. Table 13 provides key interview excerpts describing the training of management personnel to clearly communicate high potential status. Executives emphasized the importance of clearly communicating with their staff regardless of their high potential designation in an effort to promote transparency of the talent management system. Several systems clearly define multiple categories of 'leadership potential ratings', such as high potential, high performer, solid performer, underperformer, and not

applicable/too new in role, and then offer specific script protocols for discussing each of these designations with their respective staff members. Human resource professionals and line managers collectively produce these leadership potential categories and definitions, while the former provides clear protocols and management training to increase the communication of this sensitive information across business units. Two sample excerpts describing the importance of training management with conversation scripts is offered below:

It's a dialogue and we don't give them the grid. We don't tell them 'you're in box number six or nine or whatever'. We give our managers scripts that really have start a conversation about, 'we see value and potential in what we've witnessed in your contributions and where we see your skill set'. And, it is one that is tricky- the conversations- because people want to know [their high potential status]. But we're not being specific to say, "You're going to be promoted in a year. This is the next position. So you're ready A or you're in one year." We advise them to talk to their talent and say, 'you have the capacity to take on more responsibility so let's talk about maybe what potentially that could look like. And quite frankly are you interested; is this something that you want to pursue?'

We provide our executives with scripts for them to follow whether they're having a conversation with a high potential or a limited performer or a solid performer. As part of the protocols, the protocols do require that there is some feedback and communication back to individuals with regard to their level assessment. So the conversation would be if someone is a high potential, well that's a pretty good conversation to have. If someone is not a high potential, then the conversation is steered to well how do you become a high potential?

Table 12
Communicating High Potential Designations: Implicit Designations through Advanced Development Plans

<p><i>We do not call [our talent management system] a succession process; we call it bench strength development. In that bench strength development, [our leaders] do become aware of how they are arrayed in the organization in terms of whether you're a top quartile performer or a performer on the bottom. Because it's based on component, measurable outcomes; they already know that, frankly. We then go about working with folks and developing action plans. We encourage action plans for all people but you are required to have action plans for people in the top quartile and in the bottom quartile. Depending on which quartile you're in, there are a series of minimum principles and minimum actions that you ought to be involved in [for development]. If you are in that top or fourth quartile, you are ready to take on additional assignments. Likely, you can serve as a mentor to other departments who are not performing quite as well because you've built systems, you're leading in such a way that in the same environment as everybody else you're getting very good outcomes. And likely there is a skill that we want to continue to invest in you and grow you. So you will get experience assignments that may include mentoring others, taking over troubled departments and turning them around, or you may get a promotion. By definition, you know you are one of the chosen if you have that kind of action plan.</i></p>
<p><i>We identify these folks and we start giving them projects and start giving them opportunities, but I don't think in a lot of cases they know they're high potential other than the fact they seem to be getting more attention, more opportunities, and so on. So we don't have the in-group, the people that are in, and the people that are out, or have this branded name for [a leadership program] where people are bragging about the fact well 'I'm in it and you're not'.</i></p>
<p><i>When we're in these [talent review sessions], we talk about high potentials. When we actually try to sit down with an individual, we try to talk about 'what's the focus of their development?'. If someone is viewed as well placed and doing a good job, then we maybe expand their responsibilities a bit and we're going to focus the development plan on how we continue to optimize them in their current role. We talk about that with the individual. If on the other hand the individual is someone who we're looking at advancing, the focus of the development plan will be different. And we start talking about that part of what we're trying to do here is begin to prepare you to take on added responsibility in the future, which may mean that we're going to try to expose you to some things that are different than if our goal was to continue to optimize your performance in your current role. We tend to focus in on it that way, but we don't announce or formally publicize or utilize the term 'high potential'.</i></p>
<p><i>We struggled with this issue. Originally, [management staff] didn't want to have people being smug and thinking they're on the 'A' list versus other people not and so forth. Now we advise people to provide [high potentials] the material to discuss and set the expectation that they will do so. After this [talent review session] is over [management staff] are supposed to go back and talk to the incumbents about where they are and why. It's not so much, "Mary, here's what our evaluation of you is", it's more like we encourage people to go back and say, "Here's the criteria and so forth, now Mary, where do you think you fall in this? And that's really interesting now tell me about that. Well, how does this fit in with [your perspective]?"</i></p>
<p><i>I favor not overselling it because it becomes an entitlement. And it could end up actually being a developmental issue. And you potentially create a little bit of a class, elitist system. On the other hand, if you don't tell them anything, then they may not realize that you've actually got your eye on them. I think you have to straddle it where on one hand they need to know that they're part of a group and that the organization is especially interested in developing them for future leadership without putting them in</i></p>

something that becomes elitist where they start to then think frankly they can do no wrong.

We don't tell anybody, "Hey, you've been identified for the CEO job." What we do is we tell people that you're certainly a high performing team member within our organization and we'd like to develop you for potential new growth across the system. At the executive level, we say that that's done by our CEOs and I would say that we've got a lot of improvement in that area as well. I would say it's very transparent all the way up into the point of saying, we're grooming you for the systems CEO job or we're grooming you for the VP of HR job.

We provide our executives with scripts for them to follow whether they're having a conversation with a high potential or a limited performer or a solid performer. As part of the protocols, we require that there is some feedback and communication back to individuals with regard to their level assessment. So the conversation would be if someone is a high potential, well that's a pretty good conversation to have. If someone is not a high potential, then the conversation is steered to 'well how do you become a high potential'? What's fairly interesting in this organization is that those communications have not necessarily occurred as often as I would have expected.

We have taken a fairly pragmatic policy, although we've taken into consideration the feelings of some of the less—how should I say—less courageous of the division directors. Basically, we'll keep the designation or the nomination horizontally confidential meaning that my peers won't know that I've been identified. And we ask that the candidate or nominee keep their selection confidential. But from a vertical standpoint, their division director or the HR director or somebody who is doing a search will be able to identify that individual as high potential. So they can be tapped as an internal source for a position.

Table 13
Identifying High Potential Leaders: Training Management with Conversation Scripts

<p><i>We advise [management personnel] to do so, and we provide them the material and set the expectation that they will do so. But we do tell people - we give [the assessment data] back to the manager after the talent review process is over, and they are supposed to go back and talk to the incumbents about where they are and why. We train them to have that conversation, kind of like a performance management conversation.</i></p>
<p><i>We give our managers scripts that really have start a conversation about, 'we see value and potential in what we've witnessed in your contributions and where we see your skill set'. And, it is one that is tricky- the conversations- because people want to know [their high potential status]. But we're not being specific to say, "You're going to be promoted in a year. This is the next position. So you're ready A or you're in one year." We advise them to talk to their talent and say, 'you have the capacity to take on more responsibility so let's talk about maybe what potentially that could look like. And quite frankly are you interested; is this something that you want to pursue?'</i></p>
<p><i>We provide our executives with scripts for them to follow whether they're having a conversation with a high potential or a limited performer or a solid performer. As part of the protocols, the protocols do require that there is some feedback and communication back to individuals with regard to their level assessment. So the conversation would be if someone is a high potential, well that's a pretty good conversation to have. If someone is not a high potential, then the conversation is steered to well how do you become a high potential?</i></p>
<p><i>To soften the blow, we identified some talking points which included, first, thanking the person for their interest, and then having a conversation about the definition for high potential. Next, they identify some gaps with that individual's current performance. And, in a real positive way, they talk about how they can bridge the gap if there is one. And, also let them know that this is something [the talent review process] is not going to stop; it's ongoing. This is not a one-time occasion. This is going to be an ongoing process.</i></p>

Developing High Potential Leaders

The fifth phase of the talent management system involves selectively placing high potential leaders into experiential learning opportunities, and more generally balancing the supply of experiential learning assignments with the demand of designated candidates. While each healthcare system offers a range of leadership development interventions for high potential leaders, the most critical for enhancing leadership competencies included stretch assignments, cross-divisional or cross-site assignments, and action learning projects executed through leadership academies. The success factors for stretch assignments include the creation of multi-functional, multi-site and/or system-wide assignments, as well as placements into a new center, site, region, or functional role. Key success factors associated with the implementation of action learning projects include emphasis on post-project implementation, facilitation of innovative output and creative synergy among team members, and alignment of project topics with current system-wide strategic initiatives. The primary outcomes associated with this phase of the process is developing high potentials' capacity for viewing the organization and understanding strategic problems at the systems-level of analysis.

Leadership Academy Development Interventions: Across most of the participating healthcare systems, leadership academies or leadership programs served as the umbrella organization for all leadership development interventions. While there exists some variance across the participating systems, most of the leadership academies at the best practice systems shared several important design features (see Table 14). The typical leadership academy at best practice healthcare systems selects 35 high potential participants from across the system according to a series of criteria, including diversity of management level, functional/operational area, ethnic diversity, and clinical/administrative high potential leaders. The high potential candidates are organized into five teams and given an action learning project that addresses a strategic, system-wide problem. The project is typically sponsored by an executive team member whose operational focus is closest to the project topic. In some cases, board members also get involved in the sponsorship of action learning projects. In all cases, the results and recommendations of the action learning teams are presented directly to the top management team for review and potential implementation. The review and analysis of the presentations by the top management team is rigorous and often sends a clear message to high potentials about the centrality of the action

learning projects to the system and to their careers. One executive described an occasion when a presenting team failed to meet the high expectations of the leadership academy and sponsoring executives. “[The teams] are highly scrutinized, and every month they come together to present in front of the system CEO and the senior executive team. At the first session last year, one of the senior vice-presidents said, ‘I just sat for two hours and listened to you people. You have a senior executive team here ready, willing, and able to make a difference in your recommendations, and you wasted our time. I hope you do better next time’. And they did the next time”.

Several systems in the present study also invite board members to attend the project presentations to deepen their familiarity with talent across the system. Furthermore, leadership academies are most often exclusively deployed for high potential leaders, and consist of 12 contact days over a one-year period. The faculty of best practice leadership academies consists of both executive team members and external subject matter experts, including consultants, university professors, and/or industry thought leaders. In many systems, a high potential’s participation in the leadership academy program becomes a rite of passage for top talent, and in several cases graduation from the academy contributes to a sense of ‘leader branding’ whereby graduates enjoy elevated status and visibility across the system. One executive described the leadership academy as the signature developmental experience at the system, and that “...people know that if you’ve graduated from the leadership academy, it’s a big thing in our organization...particularly in the executive ranks as everybody knows what [the leadership academy] is...it’s one of the most well-regarded things we do”.

Table 15 illustrates the most commonly utilized leadership development interventions across the systems, including system/national projects (n = 12), exposure to top management team members and the board through key assignments (n = 11), courses delivered by external experts (n = 11), action learning projects n = 11), cross-functional/cross-hospital/stretch assignments (n = 10), and mentoring programs (n = 10). Four of the top five most frequently utilized development interventions across the systems were focused on (a) experiential learning, (b) shedding the silo-view of the organization, and (c) enhancing the candidate’s understanding of strategic, system-level challenges.

Stretch Assignment Success Factors: Table 16 details the key success factors associated with deploying stretch assignments as leadership development interventions. Specifically, two key success factors emerged from the interview responses: (1) designing multi-functional/multi-site and/or system-wise assignments, and (2) transferring high potentials to new centers/sites or placing them in new functional roles. The focus of these assignments is clearly on enhancing the candidate's ability to see the organization from a different operational, functional, and/or regional perspective, and to increase their understanding of the interdependencies among functional units for service delivery. Sample interview excerpts describing these success factors are provided below:

Our belief is that an awful lot of the development happens as a result of experiences. In some cases we'll actually try to do job rotations and try to identify experiences that will give people an opportunity to broaden their perspectives, develop some new skills, and get some different insights. It could be doing work on a national initiative or project if you're a regional person. If you're a national person, it could be trying to do some more intensive work in a region. It could be attending different leadership meetings. For example, we've had a person who was in healthcare delivery operations who was seen as someone who could become potentially a regional president, but didn't have any sales and marketing background. So that person began to attend some of the regular meetings that our sales and marketing folks have in order to both provide an operational perspective since part of our model is integration of healthcare financing with the delivery system. So the sales and marketing folks benefit from having an operations person in the room, but that person also was able to participate in and understand some of the issues that are being dealt with as we try to develop products and deal with issues of pricing and underwriting and distribution and those kinds of things. So we try to create those sorts of opportunities and experiences for people. That's probably the primary way that we try to focus development.

We sit down and look at the projects and we try to move people as far away from their day-to-day work as we can so that they are put on project teams that they may never have even been exposed to. Those are indeed stretch work assignments as they work on those. We've had three years of this and we've had five teams each year. We've had 30 projects of work done by this group and some components of every one of those projects has been implemented within our organization ... so it's been very valuable work to the organization. I think the difference with high potentials for us over the course of these last couple of years is trying to find specific assignments to help that leader to grow, to change, and to develop. And sometimes those assignments are committees and, more frequently now than our system has ever seen, it's actually taking them out of their role and placing them somewhere else, even if it's in a temporary assignment. The talent review process itself is forcing that kind of development conversation to happen, and at the close of the discussion around that leader.

Action Learning Project Success Factors: The popularity of action learning projects stems from a number of clear advantages relative to other development interventions, including (1) the greater need for human resource professionals to demonstrate tangible return on investment, (2) the complexity of the projects demand the requisite leadership skills and competencies, (3) reduced dependence on consultants and outside experts, (4) very low costs, and (5) the learning preferences of adult learners. Table 17 details the key success factors associated with action learning projects as leadership development interventions. Across most of the healthcare systems, action learning project teams comprised of high potential leaders from diverse functional, regional, and clinical/administrative backgrounds were the central leadership development activity. To maximize the developmental value of action learning projects, top management team members serve as project sponsors throughout the year-long project, which culminates in a presentation to the executive team and several board members that details key findings and recommendations. Example action learning project topics include Medicare affordability, comprehensive review of pharmacy programs and 340B pricing/cost savings implications for the system, workforce productivity and labor management, and diversity inclusiveness plan.

Across the interview responses, three success factors associated with action learning projects emerged: (1) emphasis on post-project implementation, (2) facilitating innovative output and creative team synergies, and (3) supporting strategic, system-wide initiatives. These success factors clearly reflect industry best practices concerning how to maximize the developmental value of action learning for high potential leaders. As outlined by Conger and Toegel (2002), action learning often fails to maximize leadership development outcomes because of (1) a weak relationship between project topic and true leadership challenges, (2) few opportunities for reflective learning, (3) little emphasis on team solutions and team learning, and (4) limited follow-up on project outcomes. As the success factors from the present study suggest, best practice healthcare systems clearly avoid these pitfalls by emphasizing substantive post-project opportunities for high potential leaders to continue their involvement with project recommendations. These opportunities often consist of serving on task forces, heading committees, sharing project findings across the system and, in the most extreme cases, serving in

newly crafted full-time positions for which a project team member leaves his/her current post entirely. Sample interview excerpts describing these success factors are listed below:

[The capstone leadership academy project] ends with a three hour presentation to senior leaders across the organization. It then gets rolled out across the organization in our management symposium, where we bring together 2,000 managers every year, to our leadership symposium which is the top 300 in the organization, and to governance. So whatever the [capstone project] gets great airwaves across the entire organization in many, many forms. People are placed on task forces and/or projects coming out of leadership academy based on their contribution abilities and their skill sets, and so forth. We actually are able to take those folks and keep them moving in critical action areas beyond this one experience, and that's a critical part of it.

The advanced leadership program started out as a pilot with key leaders across different functions within the organizations, both in the hospitals and at the home office. The brilliance that came forward from some of their action planning deliverables became in many cases the strategic plan for some of our biggest efforts. They don't know what they don't know, and so being able to push that in an environment that nurtures the ability to take risks, to discover, to be creative, to be innovative and to come forward with new ideas is critical. And that's where some of our brightest and most innovative ideas come forward because you've got people looking at things for the first time. Or, they don't have an entrée to be able to bring those things forward in a broader capacity. And [the action learning project] gives that opening to be able to share and be supported by resources in order to accomplish that.

The projects and assignments that [teams of high potentials] are given are not up to them but are all linked to our business strategy. They're developed by our system management team around real problems and issues and strategies that the organization is facing across the enterprise. They would not be with a bunch of people from their part of the world because the projects themselves are designed to get them out of that [silo perspective]. Because one of the goals is to have people walking out of this - they come into it thinking this is where I sit - is we want them to walk out of this with a different view and vision of what leadership is across the enterprise.

Table 14
Developing High Potential Leaders: Leadership Academy Design Features

Number of Participants	35
Participant Selection Criteria	<ul style="list-style-type: none"> ▪ Management level diversity ▪ Functional/operational diversity ▪ Ethnic diversity ▪ Physician/clinical leaders
Exclusivity for High Potentials	Yes
Days Per Year	12
Duration	1 Year
Faculty	<ul style="list-style-type: none"> ▪ Executive team ▪ External subject matter experts
Number of Learning Projects	5
Executive Team and/or Board Sponsorship of Projects	Yes

Table 15
Developing High Potential Leaders: Leadership Academy Development Interventions

		Healthcare Systems												
Leadership Academy: Leadership Development Interventions	N*	Organization 1	Organization 2	Organization 3	Organization 4	Organization 5	Organization 6	Organization 7	Organization 8	Organization 9	Organization 10	Organization 11	Organization 12	Organization 13
System/national projects	12	X	X	X	X	X	X	X	X		X	X	X	X
Exposure to top mgmt/system officers	11	X	X	X	X	X	X		X		X	X	X	X
Courses (external instructors)	11	X	X		X	X	X	X		X	X	X	X	X
Action learning projects	11	X	X	X	X	X	X		X		X	X	X	X
Cross-functional/Cross-hospital/Stretch assignments	10	X	X	X	X	X			X	X	X		X	X
Mentoring program	10	X	X		X	X		X	X		X	X	X	X
Coaching program	9	X	X	X		X				X	X	X	X	X
Assessments (360s, MBTI, etc.)	9	X		X	X	X	X			X	X	X		X
Exposure to board via projects	6		X			X		X		X		X	X	
Courses (executive instructors)	5		X		X		X		X		X			
Diversity initiative	4		X		X			X					X	
Assessment centers	2						X			X				

* N represents the number of healthcare systems that identified the leader development intervention as part of its high potential development program.

Table 16
Developing High Potential Leaders: Stretch Assignment Success Factors

<p align="center">Multi-Functional/Multi-Site/System-wide Assignment</p>
<p><i>The very most important thing is giving them an assignment, a big project with that's complex with multiple departments and multiple hospitals, or multiple variables, and letting them shine. There's nothing better than just having them go through all the things you've learned and trying to make some of these things happen. You learn about the budget process, the project management process, how to partner with other people in the organization, the financial and metrics part of it, reporting, etc. All these things come into play when we actually give a project, and I don't care how many hours you spend in the classroom, you're never going to get that kind of experience without simply doing it. When we hand off a project to someone we believe is ready, it's an opportunity for the VP involved to [get help with] taking a project that they just simply can't get done and giving it to someone to let them shine. It's both assistance for the person that's giving them the project, but also an opportunity for them to really show their stuff.</i></p>
<p><i>Our belief is that an awful lot of the development happens as a result of experiences. In some cases we'll actually try to do job rotations and try to identify experiences that will give people an opportunity to broaden their perspectives, develop some new skills, and get some different insights. It could be doing work on a national initiative or project if you're a regional person. If you're a national person, it could be trying to do some more intensive work in a region. It could be attending different leadership meetings. For example, we've had a person who was in healthcare delivery operations who was seen as someone who could become potentially a regional president, but didn't have any sales and marketing background. So that person began to attend some of the regular meetings that our sales and marketing folks have in order to both provide an operational perspective since part of our model is integration of healthcare financing with the delivery system. So the sales and marketing folks benefit from having an operations person in the room, but that person also was able to participate in and understand some of the issues that are being dealt with as we try to develop products and deal with issues of pricing and underwriting and distribution and those kinds of things. So we try to create those sorts of opportunities and experiences for people. That's probably the primary way that we try to focus development.</i></p>
<p><i>One of those [stretch assignments] was reviewing our pharmacy programs both for team members and for patients, and exploring 340B pricing for the organization and what cost savings that might have. They went through the process of seeing what that would entail to being able to take our PBM for team members and spending that through a 340B pricing structure [Federal 340B Drug Pricing Program], as well as looking at the hospitals and the patient side of sending that through a 340B pricing structure. I believe the final outcome is that we ended up purchasing some software that was going to save us several million dollars on the 340B pricing. There's one assignment that I think the people that didn't have anything to do with the pharmacy worked with. They are cross-system assignments. These are all individuals for the most part only have operational authority for their areas. They don't have cross-system type of responsibilities.</i></p>
<p align="center">New Center/Site or New Functional Role</p>
<p><i>One of the things we also will do is put someone on a role that's in an area that they may not be the direction they're going in their career, but something that is helpful to balancing them. We had an HRVP that left the organization at one of our hospitals and we put one of the associated administrators in the HR role for six months, so she had a chance to learn the HR function. As a result of that assignment, she got very good exposure to HR, and it helped her in every other assignment that she was going to have. We do that frequently where we'll put someone in a different hospital where they'll be a resident in one place and but we're going to give them their associate administrator role at a different hospital or they</i></p>

performed so well that we give them a really complex hospital. And so we move them around and give them other assignments and sometimes in other positions in the organization.

Depending on where the role is and where the person comes from, [our development assignments] enhance the ability to think beyond the silo that they tend to occupy most of the time. So if it's a regional person, having had exposure on some national work and understanding the world beyond the region is important. If it's a national person, depending on the role, understanding a particular healthcare delivery issue, since a lot of the people who work nationally are more in the business functions and have not worked in the delivery system. It's important to understand those dynamics. So the ability to be exposed to that and to understand how that drives business tends to be important. Because it also informs the leader influence strategies as well. Because if you don't understand what pressures the regions are under from a delivery side then you really can't be effective at understanding their interest and developing a strategy to move them in a particular direction.

We also do stretch assignments. We have had individuals on an interim basis put into service delivery leader roles, and then subsequently [when a leadership position opened up], they clearly got the position. So [one high potential], which is the last one that did, was the interim person who subsequently became president of [one of our largest hospitals].

We sit down and look at the projects and we try to move people as far away from their day-to-day work as we can so that they are put on project teams that they may never have even been exposed to. Those are indeed stretch work assignments as they work on those. We've had three years of this and we've had five teams each year. We've had 30 projects of work done by this group and some components of every one of those projects has been implemented within our organization ... so it's been very valuable work to the organization. I think the difference with high potentials for us over the course of these last couple of years is trying to find specific assignments to help that leader to grow, to change, and to develop. And sometimes those assignments are committees and, more frequently now than our system has ever seen, it's actually taking them out of their role and placing them somewhere else, even if it's in a temporary assignment. The talent review process itself is forcing that kind of development conversation to happen, and at the close of the discussion around that leader.

Table 17
Developing High Potential Leaders: Action Learning Project Success Factors

Emphasis on Post-Project Implementation
<p><i>[The capstone leadership academy project] ends with a three hour presentation to senior leaders across the organization. It then gets rolled out across the organization in our management symposium, where we bring together 2,000 managers every year, to our leadership symposium which is the top 300 in the organization, and to governance. So whatever the [capstone project] gets great airwaves across the entire organization in many, many forms. People are placed on task forces and/or projects coming out of leadership academy based on their contribution abilities and their skill sets, and so forth. We actually are able to take those folks and keep them moving in critical action areas beyond this one experience, and that's a critical part of it.</i></p>
<p><i>We sit down and look at the projects and we try to move people as far away from their day-to-day work as we can so that they are put on project teams that they may never have even been exposed to. Those are indeed stretch work assignments as they work on those. We've had three years of this and we've had five teams each year. We've had 30 projects of work done by this group and some components of every one of those projects has been implemented within our organization ... so it's been very valuable work to the organization.</i></p>
<p><i>The fellowship is a yearlong project and [action learning project teams] are given the time and resources and it is action learning. It is something that is to be implemented and measured whether it was effective or not. And some of that stuff just kind of moves through the organization. Interestingly enough, probably about 50% of the fellowship projects end up being implemented with significant results and – for the other 50% piloted – there was something learned but the system may not have continued the project. You can see the difference where there is a team that develops it and hands it off to somebody. Where in the fellowship, it is [the high potential's] project; [he/she] has accountability all the way through and that's why you see a little difference in perhaps outcome and acceptance.</i></p>
Facilitating Innovative Output & Creative Team Synergies
<p><i>The leadership academy folks do a good enough job a lot of times that their work is adopted by the organization. It has to be flushed out far more, it has to go through implementation, and others are involved, etc. But it's interesting [because] they do such a good job in the leadership academy of surfacing new ways of doing things, typically it has innovative twist and they rest of us look at it and say, 'I kind of like that, I'm going to take it and run with it'.</i></p>
<p><i>The advanced leadership program started out as a pilot with key leaders across different functions within the organizations, both in the hospitals and at the home office. The brilliance that came forward from some of their action planning deliverables became in many cases the strategic plan for some of our biggest efforts. They don't know what they don't know, and so being able to push that in an environment that nurtures the ability to take risks, to discover, to be creative, to be innovative and to come forward with new ideas is critical. And that's where some of our brightest and most innovative ideas come forward because you've got people looking at things for the first time. Or, they don't have an entrée to be able to bring those things forward in a broader capacity. And [the action learning project] gives that opening to be able to share and be supported by resources in order to accomplish that.</i></p>
<p><i>We purposefully construct the group so you can't be with people from your own region. You're not with people in your own function ... that's how we try to construct the group. We also want them to feel very uncomfortable in the sense that we want them to have to coalesce as a group quickly and learn how to</i></p>

leverage the strengths of each other without getting caught up in who is from where and their functional background, but rather understanding [the task] quickly, assessing strengths of people and being able to mobilize resources those which creates an innovative dynamic that a lot of people are not used to.

Supporting Strategic/System-wide Initiatives

The brilliance that came forward from some of their action planning deliverables became in many cases the strategic plan for some of our biggest efforts. One of them was our diversity inclusiveness initiative as part of our five year strategy that came from the [action learning project team] in our [leadership academy program]. With some minor tweaks, we hired an executive into that space. I showed her the work that had been developed and we brought it to life. And it's brilliant work; the notion of what we're seeing in some of these foundations courses, because we do impact planning and impact mapping with a lot of our training programs to assimilate the return on investment.

The projects and assignments that [teams of high potentials] are given are not up to them but are all linked to our business strategy. They're developed by our system management team around real problems and issues and strategies that the organization is facing across the enterprise. They would not be with a bunch of people from their part of the world because the projects themselves are designed to get them out of that [silo perspective]. Because one of the goals is to have people walking out of this - they come into it thinking this is where I sit – is we want them to walk out of this with a different view and vision of what leadership is across the enterprise.

Their action learning actually occurs in two-day retreat that they attend every other month and it is within that group of 40 bringing current strategic initiatives, decisions that need to be made, or issues that need to be resolved. Most of these [topics] are identified through our executive team and we have [the action learning teams] go through the discussion of how they might go about resolving them, how it would impact the different markets, the different business entities, etc.

We don't get that prescriptive with the action learning curriculum because it's really based on a critical business decision. The only parameters that we put around the program is that whatever the critical issue is there must be an executive sponsor that is clearly identified. It must be very clear in terms of what their charter is. Is their charter a recommendation? Is their charter really just to solve a problem? Is their charter to implement? One of the mandates is that they must be able to complete it from start to finish within any six to nine month timeframe. And the executive sponsor who we put them in front of is clearly defined based on what the business issue is that they are to address.

The teams are organized to implement the Studer way of doing way things. There's a team that's working on development, there's a team working on metrics, there's a team working on leadership evaluation, and there's a team working on service and operational excellence. We've populated those teams with high potentials. The initiatives are entirely connected to our business strategy. There's some flexibility with what you're working on – there's not much flexibility on how you get that work done. So it's totally in line with our strategic priorities.

Evaluating and Reinforcing Talent Management System

The final phase of the talent management model involves the development of a series of evaluation metrics for diagnosing the efficacy of the entire talent management system. The success factors associated with this phase include the use of a balanced scorecard approach to evaluation metrics, alignment of performance management and incentive systems, supporting a learning culture, and board engagement and development. The primary outcomes associated with this phase include the wide-spread support and implementation of the talent management system across the organization, as well as the development of a culture and shared set of values centered on learning and development.

Evaluation Metrics and Measures: Table 18 illustrates the most common evaluation metrics and data points that the organizations employ to track the success of their talent management systems, including the ratio of internal/external hires for key leadership roles (n = 9), success rates of high potentials placed into new roles (n = 5), high potential turnover (n = 5), ratio of internal/external hires for strategic positions (n = 3), benchmarking data comparisons (n = 3), and the percentage of top leadership positions with at least two ‘ready now’ candidates (n = 3). Across all phases of the talent management model, the evaluation process at the healthcare systems was the least developed by comparison to more comprehensive evaluation designs that employ multi-level evaluation criteria. Many of the evaluation metrics utilized by the systems represent summative or ‘black box’ indicators such as hiring ratios and high potential turnover that, while certainly useful and indicative of a healthy talent management system, may not provide needed *formative* evaluation data and insight into the active mechanisms of the talent management process (e.g., *how* talent management systems produce 70/30 ratios of internal to external hires or industry low 3% turnover among high potentials). Best practice findings from exemplary leadership academies outside of healthcare, including those at Toyota, Sun Microsystems, Motorola, PepsiCo, UBS Financial Services, and Charles Schwab, indicate a balanced scorecard approach to evaluating the efficacy of academy’s primary development interventions (Allen, 2002). Such scorecard approaches involve a multi-level evaluation plan that includes formative and evaluative metrics spanning across high potential (1) reaction and satisfaction with development activities, (2) learning of new skills, knowledge, and/or attitude changes, (3) changes in on-the-job behavior, performance, and leadership competency

development, (4) changes to business practices resulting from the academy interventions, and (5) the monetary return of the leadership academy compared to program costs. Conducting comprehensive evaluations across all five levels is indeed exceptional, as research (Berger & Berger, 2004) suggests only 10% of programs are evaluated at level 4 (changes to business practices) while just 5% are evaluated at level 5 (monetary return or ROI). For best practice healthcare systems seeking to elevate the priority of talent management amongst competing interests on top management teams and board committees, comprehensive evaluation studies adopting a balanced scorecard approach across all five evaluation levels are invaluable. Indeed, there are models of such comprehensive evaluation studies, including the Phillips ROI methodology (Phillips, 2003), that have been successfully employed with leadership academies.

Performance Management and Incentives: To effectively obtain buy-in and commitment from various levels of management, best practice systems carefully align the performance management and incentive structure to reinforce line management support for the talent management system. The alignment of incentives and rewards for supporting the talent management system begins with board and compensation committee discussions of CEO performance metrics, and extends through multiple levels of management for bonus and at-risk compensation. Table 19 displays executive excerpts describing the importance of aligning performance management and incentives systems with the talent management process. Below are two sample excerpts from the executive interviews:

It starts with our most senior executive team, and so our CEO is held accountable to the Board. His performance evaluation includes an objective link to what he is doing to grow and develop talent. He is incentivized through our incentive structure on that manner. And then that linkage to all of his direct reports and across all of our CEOs is cascaded to the top 200-250 leaders or vice presidents and above across this organization. So that's what it get takes and it gets back to that notion of 'you get what you measure'. And when you link it to pay and to incentive structure, it makes a big difference. It's important – it's a priority. We've made such a commitment to talent management and seeing it as a core operational process. We're holding leaders accountable again this year in their incentive structure that are objectively tied to talent management. You get what you measure.

We've made it part of the incentive goals that get the process put in place. We've had our first outcome goals that have actually paid out for having done this as well. So there's been a little bit of skin in the game and the expectation that folks would deliver to these two [talent management] committees. It's awfully embarrassing to go in front of those committees and not have done your work. We've had some pretty good success with that. At one point, on the succession side, we

created some incentive compensation opportunity to ensure that we had identified successors at least for the top positions across the system. And if there wasn't a successor, we forced some discussion about putting one in place or at least a replacement plan that had to be created. I mean trying to drive some of those kinds of process pieces and put some behavior in play.

Supporting a Learning Culture: Several executives emphasized the importance of striving for the ultimate outcome associated with talent management systems: an organizational culture centered on learning and development. While culture change is a much more of a long-term outcome associated with the development of a talent management system, executives noted that after several rounds of the talent management cycle (two to three iterations of talent review sessions and broad buy-in from management ranks) the system culture becomes more accepting of learning experiences, risk tolerance, and prioritizing people development over immediate business outcomes. Two sample executive excerpts are provided below:

What we're driving for from an OD standpoint is where the ultimate measure of success is an institutional mind set change around developing talent. It's not just pushing people through development opportunities. So that's the major criteria for success for me. What we're really trying to drive is how do we get the culture to embrace it and do the 'ah-ha' around talent development because not all executives necessarily embrace it. The good thing is a great number of executives within our organization embrace developing talent. They get it and they understand it, but again how do you integrate it from an operational standpoint so it's win-win value proposition?

This is an incredibly good important point regarding whether there's tolerance for failure. In an academic medical related center, which we are we're affiliated with [the local university], our tolerance for failure is not high. I'd say it's also a maturity issue. You almost have to set it up so that there's success in order to get buy in. I'd say one of our biggest issues is trying to create a development culture where failure and learning – where failure is part of learning and learning is an expected way that we operate. I think the key component of that culture is when you can separate failure in a particular assignment from performance and potential, and say failure is a great learning tool. It doesn't mean because they failed now we knock them off the fast track because here's evidence that they don't have it.

Engaging and Developing the Board: Central to institutionalizing talent management across the system is regularly engaging the board in the talent management process and developing its capability to evaluate talent across the system. Most best practice systems accomplish these goals by having human resource officers report directly to the board, often quarterly to the compensation committee and annually to the full board, and directly engage board members in

the high potential identification and development process through leadership academy activities (e.g., co-sponsoring action learning projects, working directly with high potential teams, attending academy graduation sessions to hear project presentations, etc.). A sample executive excerpt is provided below:

[Our talent management system] has very, very strong board support. We talk about this in-depth at the board level every year, both at the compensation committee and the full board. In the leadership academy, we also involve the Board Chair. So there is visible and participative support there and ... people get the message this is important. Our CEO has a session with the Board and first with the Compensation Committee where he provides an assessment of all of his senior management team leaders. And he talks about all of the [business challenges] today in what we call the entity CEOs across the enterprise. The head of Human Resources also reports to the Board about how we are doing as an enterprise, how we're growing capability within the entire enterprise, what's the leadership development strategy, how far we've been able to move, and what are the proof points around that.

Table 18
Evaluating the Talent Management System: Evaluation Metrics and Measures

		Healthcare Systems												
Talent Management System: Evaluation Metrics	N*	Organization 1	Organization 2	Organization 3	Organization 4	Organization 5	Organization 6	Organization 7	Organization 8	Organization 9	Organization 10	Organization 11	Organization 12	Organization 13
Ratio of internal/external hires for leadership positions	9		X	X	X	X		X		X	X	X	X	
High potential success in new roles (performance appraisal data)	5					X	X	X				X	X	
High potential turnover	5		X		X		X		X			X		
Ratio of internal/external hires for strategic positions	3			X	X						X			
Benchmarking data (Saratoga)	3	X					X						X	
Percentage of top leadership positions with at least two “ready now” candidates	3		X				X			X				
External recognition as talent incubator	2		X		X									
Minority representation at executive level	2			X									X	
High potentials’ evaluation ratings of development interventions	2						X							X
High potential promotions or transfers to different facilities/functions/regions	2										X	X		
High potentials’ development of other talent across the system	1			X										
Post-leadership academy 360 assessments	1												X	

* N represents the number of healthcare systems that identified the metric, measure, or data point as part of its talent management evaluation plan.

Table 19
Reinforcing the Talent Management System: Performance Management & Incentives

We've made it part of the incentive goals that get the process put in place. We've had our first outcome goals that have actually paid out for having done this as well. So there's been a little bit of skin in the game and the expectation that folks would deliver to these two [talent management] committees. It's awfully embarrassing to go in front of those committees and not have done your work. We've had some pretty good success with that. At one point, on the succession side, we created some incentive compensation opportunity to ensure that we had identified successors at least for the top positions across the system. And if there wasn't a successor, we forced some discussion about putting one in place or at least a replacement plan that had to be created. I mean trying to drive some of those kinds of process pieces and put some behavior in play.

[The board] has taken that much interest in it and have taken it to heart enough to ensure that our annual incentive goals for our national leaders have always had some element of [talent management]. And that comes directly from that HR committee of the Board. I think we were fortunate that they have had the interest and even more so that they actually understand the implications of it. The levels of accountability [for talent management], if you could see the destination metric and strategic metrics that we unveiled this past October, you'd really understand that. This is a group of folks who are advanced in their thinking and their expectation about what talent is supposed to deliver.

It starts with our most senior executive team, and so our CEO is held accountable to the Board. His performance evaluation includes an objective link to what he is doing to grow and develop talent. He is incentivized through our incentive structure on that manner. And then that linkage to all of his direct reports and across all of our CEOs is cascaded to the top 200-250 leaders or vice presidents and above across this organization. So that's what it get takes and it gets back to that notion of 'you get what you measure'. And when you link it to pay and to incentive structure, it makes a big difference. It's important – it's a priority. We've made such a commitment to talent management and seeing it as a core operational process. We're holding leaders accountable again this year in their incentive structure that are objectively tied to talent management. You get what you measure.

From the CEO's office, it's an absolute priority and that has been translated quite well down through management levels. This is on the radar and people are very engaged – it's on the radar for all decision makers for management levels throughout the system. For top management...succession planning and in particular developing leadership talent is a factor in at risk compensation. It has a weight – the weight is significant. So we have people's attention.

Table 20
Reinforcing the Talent Management System: Supporting a Learning Culture

<p><i>A group of healthcare CEOs recently really described a very compelling case for a culture of leadership development at [our organization] in that the values across the system were very much in line with learning and development. We value leadership development across the system and thus we tend to have less resistance with implementing these kinds of practices. As you ascribe incentive pay for senior management team members in terms of how much they're contributing to that culture of leadership development, it presents a very clear picture. It connects back to some earlier discussions we had on developing a culture that really appreciates and values developing leadership talent.</i></p>
<p><i>This is an incredibly good important point regarding whether there's tolerance for failure. In an academic medical related center, which we are we're affiliated with [the local university], our tolerance for failure is not high. I'd say it's also a maturity issue. You almost have to set it up so that there's success in order to get buy in. I'd say one of our biggest issues is trying to create a development culture where failure and learning – where failure is part of learning and learning is an expected way that we operate. I think the key component of that culture is when you can separate failure in a particular assignment from performance and potential, and say failure is a great learning tool. It doesn't mean because they failed now we knock them off the fast track because here's evidence that they don't have it.</i></p>
<p><i>What we're driving for from an OD standpoint is where the ultimate measure of success is an institutional mind set change around developing talent. It's not just pushing people through development opportunities. So that's the major criteria for success for me. What we're really trying to drive is how do we get the culture to embrace it and do the 'ah-ha' around talent development because not all executives necessarily embrace it. The good thing is a great number of executives within our organization embrace developing talent. They get it and they understand it, but again how do you integrate it from an operational standpoint so it's win-win value proposition?</i></p>
<p><i>I will tell you that probably the most significant thing that I heard back anecdotally is after the first leadership academy class. Our company was formed through the merger of two large health systems. So there was a lot of 'one system versus the other system' within the company, so really integrating the components of the company and integrating the culture was difficult. So when people came to that first leadership academy class, many said, "I'm a leader at [one hospital]," or, "I'm a leader at [another hospital]". When they [completed the leadership academy program], they were saying, "I'm a leader at [our hospital]." And anecdotally from the board through senior leadership, something people were talking about was the impact that this program really had on integration of the different components of our company into a more common culture of our system. So [our CEO] saw visibly a different system as a result of the first class of the leadership academy.</i></p>
<p><i>One of the things that we struggle with is that people don't take risks here and probably because it's not rewarded. Some of the people that were on the succession plan and now they're not, maybe they were put in a risky situation. We're also going to have to continue to educate some of our senior executives around that risk issue and be very clear and explicit. If we ask these people to do it, we can't then turn around and eat our young. We have to give these people a chance to perform and realize that they're taking on a risky situation, and give them a chance. And if they do fail, maybe there is more to it than meets than eye and not automatically take them out of the high potential pool. It's a very valid concern for us given our culture.</i></p>

Table 21
Reinforcing the Talent Management System: Engaging and Developing the Board

[Our talent management system] has very, very strong board support. We talk about this in-depth at the board level every year, both at the compensation committee and the full board. In the leadership academy, we also involve the Board Chair. So there is visible and participative support there and ... people get the message this is important. Our CEO has a session with the Board and first with the Compensation Committee where he provides an assessment of all of his senior management team leaders. And he talks about all of the [business challenges] today in what we call the entity CEOs across the enterprise. The head of Human Resources also reports to the Board about how we are doing as an enterprise, how we're growing capability within the entire enterprise, what's the leadership development strategy, how far we've been able to move, and what are the proof points around that.

Our System Board, for example, has an HR committee. And the HR committee is very well-versed in this whole process. Our board is very well-developed, and has heard the process a number of a times so that they will put our CEO's successor candidates through the same process. So they know pretty intimately the individuals at that level. We have annual discussions. We've had two discussions with them now, and there's an expectation that we'll report out on the overall results of all this talent review process.

Between now and the end of the year, we'll have a meeting and I'll present to them an update on our succession planning. Basically, that will be a combination of some general information about the talent pools at the lower levels of the organization, specific information about having a CFO retiring and date is X, and we have one high potential candidate in the wing and this is where we are in terms developing that person. So [the board] gets that type of information. The personnel committee meets six times a year but that topic is on the agenda once a year. There is a lot of teaching and development of the board going on. We're fortunate that our board spends time on development. And so we have a pretty active board development process and it's not just something that happens once a year, it's ongoing. And they're very aware about the external environment and what's going on in the organization in general.

[Reporting to the board] is part of my HR continuity tactical plan every year, and it's also part of our charter that they will review successors to the President and CEO. We have involvement in the top leadership of our system, so quarterly I am giving them an update of our progress to date on our current annual plan. And then at the end of the year, I summarize our commitment to the objectives that were set and what our results have been in its entirety. I think claiming the importance and articulating this is what healthy high performing teams do. This is the governance that is required when you're developing a healthy organization that's effective. This is a key to shaping that commitment to talent management. This is just what you do. It's not a nice to do and I think that's - people think that this is an elective when it's a fundamental.

Conclusions and Best Practice Recommendations

This study's best practice findings indicate that exemplary healthcare organizations utilize a strategic, multi-phased talent management system that ensures a sustained pipeline of leadership talent. While many organizations confront the leadership succession crisis in piecemeal fashion or by merely replicating one or more competitors' practices, the exemplary firms in this study have astutely designed comprehensive talent management systems that address the identification and development of high potential leadership talent early in their careers. The results of this study and other research on leadership development and succession planning best practices (e.g., Groves, 2007; Ready & Conger, 2007; Berger & Berger, 2004) strongly suggest that organizations must be committed to implementing all phases to achieve a sustainable competitive advantage. The exemplary talent management practices highlighted here offer healthcare organizations a practical framework for successfully confronting the leadership succession crisis. By utilizing the six-phased framework for auditing their respective organization's current process for managing the leadership pipeline, HR/OD practitioners, top management team members, and corporate boards may collectively design and execute a comprehensive talent management system that transforms the imminent leadership crisis into a competitive advantage. The specific best practice recommendations stemming from the six-phase *Model of Talent Management System Best Practices in Healthcare Organizations* include the following:

- ***Establish the Business Case for Talent Management*** by creating greater urgency among top management team and board members for elevating its strategic priority through accentuating workforce demographic trends, diversity statistics among management personnel, and the strategic rather than supporting role of talent management;
- ***Define High Potential Healthcare Leaders*** by assessing the current business environment and corresponding business strategy/strategic initiatives, and developing a three-dimensional model comprised of key leadership competencies, the candidate's readiness for advancement, and the candidate's motivation to advance and relocate;
- ***Identify High Potential Healthcare Leaders*** by employing a series of talent management review sessions across organizational levels, business units (hospitals/medical centers), regions, and the national system office that utilize the nine-box tool for plotting talent according to credible job performance data and leadership potential at subsequent levels.
- ***Communicate High Potential Designations*** by implicitly conveying the talent review session outcomes to high potential candidates vis-à-vis advanced development plans and exclusive learning and development opportunities;

- ***Develop High Potential Healthcare Leaders*** by selectively placing high potentials into experiential learning opportunities that are directly tied to strategic, system-wide initiatives, including stretch assignments, cross-divisional and cross-site assignments, and action learning projects executed through leadership academies; and
- ***Evaluate and Reinforce the Talent Management System*** by adopting a balanced scorecard approach to evaluation metrics and aligning the organization's performance management and incentive structure to ensure wide-spread line management support of the system.

Appendix A: Interview Protocol

High Potential Identification

1. How does your organization define a high potential senior leader? What are the most critical characteristics, capabilities, and/or competencies that define your high potentials?
2. Describe your organization's philosophy or general approach to identifying high potential senior leaders across the system.
3. What persons or entities are involved in the high potential identification process? Who or what entity initially nominates an individual as high potential, and what are the subsequent steps in the process? At what organizational level should high potentials ideally be identified?
4. Are any of the following tools used to identify high potentials: performance appraisal or reviews, 360 degree feedback, interviews, standardized tests, assessment centers, committees, or other assessment tools? What information is most critical in conferring the high potential designation to individuals?
5. How is high potential status communicated to high potential senior leaders and to those not designated as high potentials? To what extent are the high potential identification process and outcomes transparent?
6. To what extent is the high potential identification process consistent across sites?

High Potential Development

1. Describe your organization's philosophy or general approach to developing high potential senior leaders across the system.
2. What are the most critical developmental experiences or activities that are offered to high potentials (e.g., 360 degree feedback, stretch assignments, cross-functional or cross-hospital assignments, internal courses or training, external courses or training, mentoring, action learning projects, and/or other developmental experiences)?
3. Are these developmental opportunities offered solely to high potentials? Why or why not?
4. Is there a specific career path or sequence of developmental experiences and activities that high potentials must follow or are encouraged to follow?

Talent Management Philosophy

1. How is your organization's talent management process tied to the long-term strategic plan?
2. How does your organization evaluate the success or failure of the talent management process? What are the most critical steps you would take to improve this process?
3. Overall, are incentives (e.g., recognition, rewards, bonuses, flex time, etc.) used differentially for high potentials versus non-high potentials?
4. Does your top-level (C-suite) talent management process differ from that of other management levels?
5. How would you characterize the levels of management support (director, mid-level managers, and executives) for your organization's talent management process? Do management performance appraisal criteria reflect support for talent management?
6. How long has the current high potential identification and development process been in place at your organization? Who is directly responsible for this process?

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Kevin S. Groves, Ph.D.

Kevin S. Groves is an Assistant Professor of Management at the Graziadio School of Business & Management (GSBM) at Pepperdine University. He teaches undergraduate, MBA, and doctoral-level classes across a range of management and leadership subjects, including leadership competency development, organizational behavior, organizational theory, business ethics, and organization development and change. He is also the recipient of the *Julian Virtue Professorship* award, which recognizes and supports applied research that aligns with the Pepperdine and GSBM mission of developing values-centered leaders.

Dr. Groves currently consults with organizations in the areas of talent management, executive development and succession planning, organizational change, and employee engagement. Dr. Groves has served in consulting roles for a range of organizations and industries, including employee engagement at the Mayo Clinic, organization development at Kaiser Permanente, management competency development at Frito-Lay, and the strategy and organization practice at Towers Perrin.

Dr. Groves was formerly an Assistant Professor of Management and Director of the PepsiCo Leadership Center at California State University, Los Angeles, where in addition to teaching and publishing, he managed a \$1.45 million grant from the PepsiCo Foundation to support a leadership center. The Center is charged with developing the leadership competencies of CSULA students, community members, and business leaders, implementing community outreach and mentoring programs at local high schools, and producing cutting-edge research on organizational leadership.

His research interests include executive development and succession planning, managerial thinking styles, leader social/emotional intelligence, and organizational change. Dr. Groves' research has been published in numerous academic and practitioner journals, including the *Journal of Management*, *Journal of Business Ethics*, *Academy of Management Learning & Education*, *Leadership & Organization Development Journal*, *Human Resource Development Quarterly*, and *Journal of Management Development*. His research on managerial thinking styles, leader emotional intelligence, and charismatic leadership has received regional and national recognition, including Best Paper awards from the *Academy of Management*, *Western Academy of Management*, and *Society for Industrial/Organizational Psychology*.

Dr. Groves received a Ph.D. in Organizational Behavior from Claremont Graduate University, where he was awarded the *Arthur H. Brayfield Dissertation Award* for his research on charismatic leadership and organizational change.