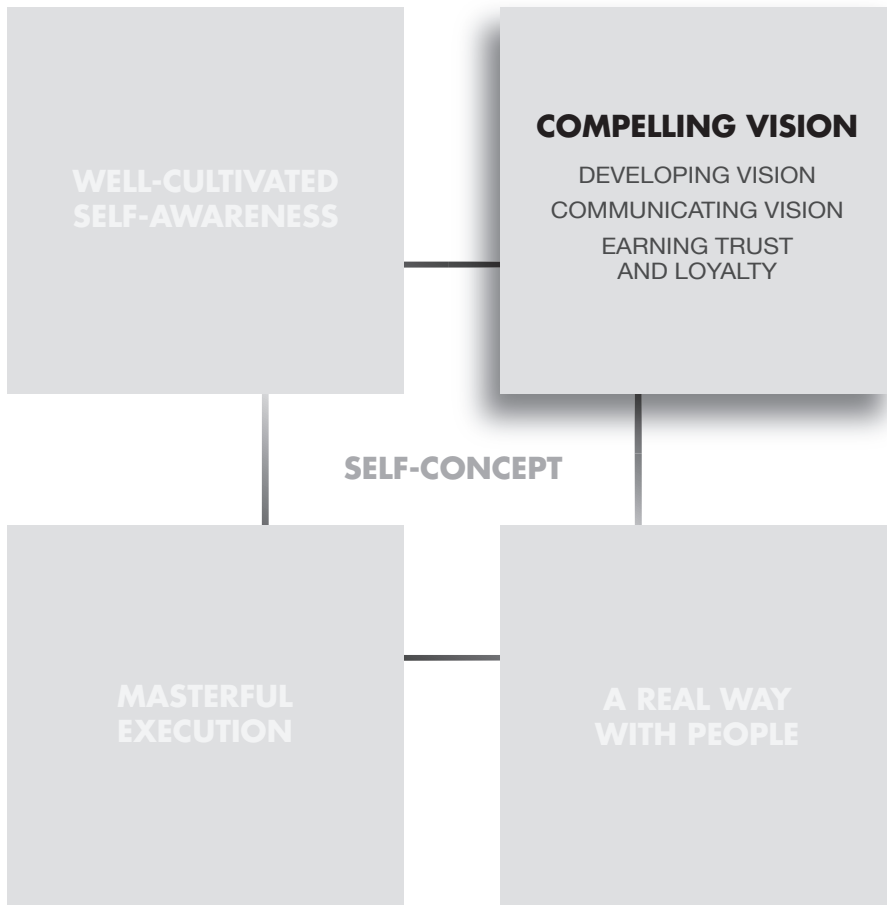


Part II

COMPELLING VISION—THE SECOND CORNERSTONE



THE SECOND CORNERSTONE, Compelling Vision, involves the competencies that do the most to convince others that they should follow a particular leader. Built on the foundation of self-awareness and emotional intelligence, the Compelling Vision competencies—Developing Vision, Communicating Vision, and Earning Trust And Loyalty—are deployed to create a picture of the future that captivates others’ hopes and aspirations, enough so that people will not only want to see this future realized, but will want to personally support its pursuit through their own efforts.

“Vision without action is a daydream. Action without vision is a nightmare.”

Japanese proverb

Competency 3: Developing Vision

Crisis. Elizabeth Parris, CEO of St. Nicholas Health System, lay awake Wednesday night, still thinking through her board meeting earlier that day. Over the past several years she had maintained good relations with her board; lately, however, the issues that the organization faced had become far more complex, and her board was having problems accepting the ambiguous future. St. Nicholas had suffered several key setbacks, most of them centered around the main hospital in downtown Barkley. A historic building, the main hospital cost more and more to keep up to code every year. The inner city itself was in the throes of a major economic downturn, and competing with the other systems in Barkley was getting harder and harder. Physicians had the run of the place; decisions about healthcare capital equipment were driven almost entirely by efforts to recruit and retain physicians. Most of the employed physicians were at the main medical center, and those physician practices were losing substantial amounts of money. Every day it seemed like Parris's attention was being divided into smaller and smaller chunks. She was being pulled into operations challenges, and strategy was falling by the wayside. Parris was increasingly concerned that the board was overfocusing on St. Nicholas's major medical center, leaving little time for considerations of the system as a whole, including the pressing need to prepare in earnest for value-based reimbursement and population health management.



Complacency. At the same time, Suburban West Hospital (SWH) was experiencing great financial success. Located in the most rapidly growing area of greater Barkley, SWH seemed destined for success. SWH's CEO, Mary

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Moses, had made this solid community hospital even more efficient during her tenure. Profitability was strong, turnover was low, staff were highly satisfied, and physicians were loyal and high quality.

Moses got her results by concentrating almost exclusively on the inpatient side of SWH's business. While her inpatient focus continued, the likelihood of its continuing success was waning. SWH had little competition in its western geography, and Moses was constantly pushing for support to increase the number of beds in her hospital. Between this focus and Parris's attention being pulled toward the main hospital, the trend toward outpatient and non-acute care was not getting the attention it needed, a reality that would eventually catch up with them both.

THESE TWO SCENARIOS both offer opportunities for a leader to develop and articulate a compelling vision, although both present formidable challenges to doing so. Parris's situation is perhaps more familiar in healthcare these days: waves of dramatic changes so numerous that they become difficult to keep track of, let alone address. Her challenge is to draw people's attention away from the crises they individually face long enough to allow them to see a collective vision—a beacon of hope showing what the organization could aspirationally become in the future. She also needs to get her board and others to focus on the unique changes occurring in the industry, changes that are foreign to the traditional acute care enterprise that so many have grown up in.

The suburban hospital, in contrast, may at first glance seem to be on autopilot. But while chaos is a more readily apparent barrier to higher performance, complacency can be just as bad, if not more so. How do you motivate a group that is comfortable with the way things are to take their organization even further?

WHAT IS VISION, AND WHY IS IT IMPORTANT?

In our experience, *vision* is one of the most sought after competencies at the top levels of leadership. Vision can be defined most straightforwardly as the capacity to create effective plans for your organization's future based on a clear understanding of trends, uncertainties, risks, and rewards. Some might call it the art of developing strategy. Highly effective leaders who have strength of vision will position their organizations to take advantage of the trends they discern. For example, in healthcare, visionary leaders may see new clinical and technological advances long before they are prevalent and may commit their organizations to adopt them as they

become available. They may see opportunities to get physicians more committed to their organizations by linking these physicians through more cutting-edge practices. We contrast this with the “chasing the trends” herd mentality; exceptional leaders have the capacity to identify the trends that make sense strategically and to adopt them early, before others copy them.

Developing Vision means that you see the future clearly, anticipate large-scale and local changes that will affect the organization and its environment, are able to project the organization into the future and envision multiple potential scenarios or outcomes, have a broad way of looking at trends, and are able to design competitive strategies and plans based on future possibilities.

Organizations that have visionary leaders tend to be more successful. They are usually the first to market with new ideas and approaches to care; as a result, they often have better profitability, which allows them to attract higher-quality physicians and, ultimately, better serve their communities.

WHEN HIGHLY EFFECTIVE LEADERS ARE VISIONARY

Although visioning is best thought of as an ongoing process, it has a definable sequence. The quality of vision relies on a solid awareness and understanding of broad trends and their implications. From these, a vision slowly takes shape, tempered (but not stifled) by the critical thinking of the key people needed to pursue it and communicated to those needed to implement it. Highly effective leaders use necessary skills to accomplish each of these elements of the visioning process.

Maintaining an Awareness of Trends

Many, perhaps most, senior leaders have mastered the ability to track important trends in healthcare. If we go into any leader’s office, chances are we will see copies of publications such as *Modern Healthcare*, *Healthcare Executive*, and possibly several trade journals more specific to their functional areas. We may even hear about news updates from the various health administration listservs. These are good resources for keeping track of trends within healthcare, but none gives a complete picture of the major trends happening outside the industry that will affect healthcare. These publications also tend to be “preprocessed”—the conclusions have already been drawn for the reader.

Exceptional leaders are broad thinkers who dig deeper to better understand the emerging trends, even outside of healthcare. If asked what they are reading from outside the healthcare industry, good leaders may cite the occasional business publication. Visionary leaders, on the other hand, are more likely to cite multiple sources with compelling, though perhaps indirect, associations with their leadership and industry roles, such as biographies of successful leaders throughout history, analyses of broad economic trends (such as the effects of energy policy on productivity), books on urban planning and development, articles on sustainable communities, or analyses of the rise and fall of ancient societies.

For exceptional leaders, this pattern extends far beyond what they read. Imagine for a moment that you wanted to learn more about how nanotechnology may affect health services delivery in the future. If you were a typical leader, you might scour the healthcare trade journals to examine the implications others are drawing about likely outcomes. Or you might go further and scan non-healthcare periodicals, such as *The Economist*, *The New Scientist*, or *Wired*. But if you were a truly visionary leader who sought to move your organization to the frontier, you could go as far as developing contacts and links well outside the field. Many scholars maintain lists of individuals who have requested updates on what is coming out of their labs. These lists contain other scholars but also industry members who simply want to stay informed about trends that could affect their businesses. They may even reach out to venture capitalists who are on the forefront of developing innovations, to keep tabs on where the funds are flowing.

Understanding Risks, Rewards, and Uncertainties

Analyses to support strategic decision making represent something of a paradox. On the one hand, a fact-based analysis is essential to sound judgment, offering leaders their only hope to develop at least a minimally objective understanding of what the future holds. However, decisions always involve an emotional as well as a rational element; risk and uncertainty are always interpreted subjectively as well as objectively. Regardless of how well reasoned a course of action sounds, resistance will stem from the unfamiliarity the direction represents. People would prefer to believe that change is unnecessary; an exceptional leader's vision is strong enough to allow their trust in that leader to overcome this tendency.

Communicating Vision

If the process is worked through effectively, the vision becomes the logical conclusion—the clear answer to the question raised by the analysis. There may be anxiety

about how to get there, but there should be clarity about the appropriateness of the vision for the organization.

We discuss more about turning the vision into words and words into actions in Chapter 4. For now, we will leave it at the following key distinction: A good vision describes how the *organization* will be a better place because of the work of its people, but a breakthrough vision describes how the *world* will be a better place because of the work of the organization.

WHEN DEVELOPING VISION IS NOT ALL IT COULD BE

We mentioned that strategic vision is one of the most important qualities boards look for in their senior hires. This competency, more so than the others in this Cornerstone, tends to be the rare bird. In other words, there are far more senior leaders with excellent trust building skills, outstanding communication skills, or both than there are strategic visionaries.

Part of the shortfall may be cognitive in nature; some elements of the visioning competency are difficult to develop. However, less effective leaders may also make the following mistakes.

Focusing Too Much on Tactical Operations

Many executives work long and hard hours day after day but seem to have no long-term impact on their organizations or communities. They become so mired in the tactical, routine matters that they do not have the time to develop and evaluate long-term strategies.

Leaders who lack vision are often relegated to putting out daily fires. One well-known CEO said, “The best leaders are those who have the ability to transcend the day-to-day and see out into the future. Those are the leaders who are going to shape needed change in our field.” In some management circles, this ability is called being proactive rather than reactive.

For some leaders, promotion into a role that allows for broader and more long-range influence provides a welcome opportunity to think strategically. For others, however, the opportunity is either not taken or is not taken far enough. Sometimes the reason is discomfort or the feeling that reaching out is too much like sticking one’s neck out. For other leaders, the capacity to think strategically has yet to be developed.

Other leaders have the capacity to develop strategic vision, but hold themselves back because of the comfort of their operation’s focus, their lack of experience with the visioning process, or both. Healthcare tends to provide many opportunities to

focus on day-to-day challenges if leaders decide to do so at the expense of building and communicating a compelling vision.

Those leaders who do manage to focus some time and energy on thinking about the future run the risk that their vision will remain nothing more than a set of ideas that are discussed from time to time during social conversation or perhaps just once in a true operational context. In other words, the vision may be presented but not meaningfully hardwired into operational meetings.

Restricting Focus to Healthcare

Another way in which vision can fall short is if leaders focus their sights strictly on the business of their health systems. Within health administration, already a high-involvement profession, there is a tendency to become cloistered. The risk here is of losing sight of how healthcare is affected by broader trends, as well as how healthcare can affect well-being above and beyond the service lines the hospital counts on for revenue.

Relying on External Counsel

The sheer complexity of health administration creates a need for help in putting all the pieces together. Information digests, consultants, and other sources can be immensely helpful here, as long as leaders maintain a healthy skepticism. Questioning takes time, focus, and energy—it is tempting to let it fall by the wayside (analytic help is what you are paying for in the first place, right?).

A similar pattern we see frequently is following the leader, where a health system or group of health systems are known for being early adopters of promising trends and thus become the *de facto* leaders for the broader industry. Some psychological safety exists in deferring judgment to well-regarded, well-run health systems, and sometimes, perhaps often, the strategy works. But it is rare for a leader to be viewed as exceptional if their primary approach involves relying on other organizations to make sense of the future for them.

Undervaluing Divergent Perspectives

Vision can also fall short if it is too tightly ascribed to a single leader—something that happens when leaders fail to engage their teams in honing, evolving, and

challenging their organizational visions. For leaders who possess adequate power, peers and direct reports will go along with a vision they do not believe in simply to stay on the leader's good side. If they are not encouraged to discuss their concerns or ideas about the future, the energy they bring to the effort will be borrowed energy, which is soon depleted and in need of a refill.

We can extend this example to other situations in which leaders resist challenges to their visions or resist the visioning process entirely. Some leaders view the visioning process as frivolous; they pride themselves on their abilities to address problems in the moment or on chasing opportunities in whatever form they may take. The approach may provide them the greatest comfort, but it will not get the level of commitment from their needed collaborators that a shared vision will deliver. Jim Collins (2001) makes this point in distinguishing “foxes” from “hedgehogs” in his seminal book *Good to Great*. In this book, the hedgehogs take a complex world and simplify it, while the foxes are scattered and try out many different strategies at the same time. Collins's more recent book, *Great by Choice* (Collins and Hansen 2011), expands on these concepts by describing leadership roles in creating the future they wish to see.

When Being Visionary Is Not All It Could Be

When vision is lacking, it can look like any of the following:

- Focusing too much on tactical operations
 - Control of day-to-day fires takes precedence over long-range planning.
 - Long-term perspectives are not structured into regular operations.
- Restricting focus to healthcare
 - Social and professional networks and information sources reside almost entirely within the healthcare industry.
 - Too little intellectual curiosity exists about broader trends or changes.
- Relying on external counsel
 - The analytic work of others is too heavily relied on, and conclusions are not questioned.
 - The organization follows whatever the other health systems are doing, with inadequate analysis as to whether it is appropriate.
- Undervaluing divergent perspectives
 - Staff go along with a vision simply because they want to stay on the leader's good side.
 - Concerns and ideas about the future are not discussed.

MISUSE AND OVERUSE: HOW BEING VISIONARY CAN WORK AGAINST YOU

Without a doubt, leaders can focus too much on vision to the detriment of their organizations. When these downsides appear, they are often attributable to either an imbalance somewhere within the visioning process or overzealousness about visioning in and of itself.

Balancing Poorly Between Planning and Operations

Leaders can become so engaged with the visioning process that the day-to-day management of the enterprise is ignored. A proper balance between long-term strategic focus and short-term tactics must be maintained. Problems often occur when leaders place too much emphasis on business development, strategic planning, and cutting deals. In the excitement of pushing new and exciting initiatives forward, operations may receive diminished focus, and the executives running operations may feel like second-class citizens. The imbalance can create a host of implementation problems as well. Planning executives may not develop the understanding of operations necessary to forge realistic plans. Conversely, operations executives may not have the influence they should on the strategic planning process, resulting in less buy-in and engagement with its implementation.

Focusing Too Much on the Process of Planning

Another symptom of overzealous planning is a fondness for process over outcome. Leaders with this pattern are overly eager to try out a variety of strategic planning approaches to “see where it takes us.” Moving through the planning process becomes the end in itself. This results in an inordinate amount of time moving through elaborate strategic planning retreats and a multitude of thick reports full of objectives, most of which are never achieved.

Another type of overzealous focus shows up in the use of data. Healthcare has more data sets available for analysis than almost any other industry; managers can be tempted to believe more is more to the point that analyses are pursued far beyond the point of diminishing returns. Executive teams can quickly fall into the bad habit of allowing analysis to unnecessarily slow down the execution of new initiatives or the implementation of needed changes.

Underemphasizing Implementation

To paraphrase Thomas Edison, genius involves one part inspiration and 99 parts perspiration. Indeed, some leaders are so effective in crafting truly compelling visions that they overemphasize the vision itself at the expense of its implementation. Little attention may be paid to how the vision will be translated into specific plans. Worse, new visions may be created before they are needed and before the old visions have either proved obsolete or have been given a reasonable chance to take hold. In these cases, colleagues in the hospital may quickly develop an attitude of “let’s just wait this one out,” and trust on both sides will suffer in the process. (See Chapter 4, “Communicating Vision,” and Chapter 14, “Driving Results,” for more ideas about improving your implementation focus.)

Misuse and Overuse: How Developing Vision Can Work Against You

If a person overuses this competency, the following problems can result:

- Balancing poorly between operations and planning
 - Business development and strategic planning executives are elevated above the key operations people.
 - Day-to-day operations do not get the attention they need.
- Focusing too much on the planning process
 - Technique is valued over substance.
 - Data are collected far beyond the point of diminishing returns.
 - Execution is unnecessarily slowed down.
- Underemphasizing implementation
 - New plans are created too frequently, and old plans are abandoned with inadequate (or inadequately communicated) rationales.
 - Colleagues develop attitudes of “waiting it out.”

HOW TO IMPROVE VISIONING

Finding Role Models

If you are not in a C-level position, you may find useful guidance from senior leaders as well as from leaders within the business development and marketing departments of your organization. At higher levels, however, identifying good mentors for vision can be challenging, and you may need to look outside your own

organization to find them. In thinking about who might have real strength in this area, ask yourself the following questions:

- ◆ Where are the innovations happening in healthcare right now?
- ◆ Where are the success stories?
- ◆ Where has a health system been taken from good to great?

You may need to develop relationships with consultants who are well traveled and well versed on new trends and ideas. Ongoing networking with healthcare peers outside your market can also be helpful.

Additional Opportunities for Personal Development

An effective way to become more visionary is to expand your horizons beyond healthcare. Make sure you have opportunities for the outside world to reach you. Be mindful of the continuous tendency for healthcare to creep into the social engagements you keep and the books on your nightstand; set aside some time and focus specifically on nonhealthcare issues. Allocate time to interact with leaders from other industries. Finally, be certain that ample time is spent involved in community activities.

To hone your intuitions about how sector trends evolve, we recommend the writings of Clayton Christensen and colleagues. Disruptive innovation theory, in particular, can be very helpful to understanding the natural lifecycle of business models, and the process by which they tend to be disrupted. The seminal work in this area is *The Innovator's Dilemma* (Christensen 2013); three books covering healthcare-specific disruptive trends are: *The Innovator's Prescription* (Christensen, Grossman, and Hwang 2009), *The Creative Destruction of Medicine* (Topol 2012), and *The Future of Healthcare: Global Trends Worth Watching* (Garman, Johnson, and Royer 2011).

In terms of conceptualizing strategic options, the classic text is Michael Porter's (1998) *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. If your education included a course in strategy, chances are either this text was assigned or the text that you did use quoted liberally from it. Porter's conceptual models will be familiar to almost anyone with a degree in business or administration; make reading this one a top priority.

For the actual process of developing a vision, we recommend *Visionary Leadership* by Burt Nanus (1992). It is a very readable guide to what a vision statement needs to do and how it needs to be created to accomplish its goals. Although the examples used in Nanus's book are becoming dated, the methods are not. Finally,

for a healthcare-specific look at strategy development, we recommend *Healthcare Strategy: In Pursuit of Competitive Advantage* by Roice Luke, Stephen Walston, and Patrick Plummer (2004).

SUMMARY

The capacity to develop vision, both individually and collaboratively, is a hallmark of exceptional leadership. It is also a set of skills that can be honed over time by learning useful frameworks, such as disruptive innovation theory, as well as applying them to key trends to examine the impact they may have. Most importantly, it also involves identifying your own unique perspective, which may be built with the help of others but is not completely dependent on them.

Consider This

Sam Stoman, Dr. Bob Borman, and Dave Damron were at the Stomans' house one Saturday night when Dr. Borman stated, "You two know that St. Nicholas is just not going to go anywhere because we have no vision and no strategy. We just do not have any clear direction. We are trying to do everything and there is no logical foundation. And moreover, we do not have anyone at the senior table who can really craft a forward-looking vision."

Stoman countered by stating, "I just don't agree. That's all we do—deal with vision and strategy. If we don't spend more time on managing day-to-day operations in this new healthcare world, we are not going to continue to come out on top. Everyone knows that if you do operations right, you will thrive in the marketplace."

This is the traditional "operations versus strategy" argument that organizational leaders often get into. This balancing challenge can become a contest in which leaders who have roles that are more operational (such as the chief nursing officer or the chief operating officer) are pitted against those who are in jobs that are more strategic (such as the chief planning officer or business development officer).

- One of the major ways in which organizations balance the management of day-to-day operations with longer-range strategic issues is to segment their meetings. For example, a senior team may meet every Tuesday and focus exclusively on tactics and immediate problems and issues and then meet once per month to discuss and plan longer-range strategy.

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What are other approaches that might help to keep an appropriate balance between the two?

- There are several keys to becoming a more strategic thinker. They include ensuring that you have an anticipatory sense of what is happening in the future, being able to interpret those trends, and getting others to see the changes that need to be made to prepare for that different future. If you are burdened by constant day-to-day operations challenges, what are some ways in which you can more fully develop this strategic side?

Consider This

After a lengthy debate on strategy (which was going nowhere) in the recent St. Nicholas senior team meeting, Susan Edwards, VP of planning, made the following points:

“Colleagues, Michael Porter is the guru of strategy planning and visioning. He clearly states that to maintain a competitive advantage, an organization must either provide a cost benefit or differentiate their services—or possibly both. May I suggest that here at St. Nicholas, we are doing neither. We are the high-cost provider in the area, and while we do have some good quality indicators, we are not really providing any services that are unique.”

As would be expected, this comment started a verbal brawl.

- Ponder carefully this brief case example. Did Edwards do the right thing by introducing a discussion around the *process* of strategy and visioning?
- If she wanted to take a more data-driven approach concerning St. Nicholas’s cost- and market-differentiation position, what might that have looked like? How might the outcome have differed?

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