

The Next Generation of Healthcare Leadership

New demands in the shift to value-based care.



A seismic shift is occurring in America's healthcare system as the industry transitions from a traditional fee-for-service (FFS) model to a value-based care system (VBC). While FFS has been a staple of healthcare for decades, it has resulted in a highly fragmented landscape with misaligned incentives, producing high utilization, high costs, and a focus on treatment over prevention. VBC, by contrast, ties reimbursement to clinical outcomes and patient experience in an attempt to improve quality, safety, and service while lowering costs. This transformation affects virtually every aspect of the industry. To succeed, organizations must adapt quickly. Strong leadership is vital, but the traits that reflect capable leaders in a FFS model do not fully translate to VBC.

The key is for organizations to evaluate talent, put people in positions where they can do the most good, and identify potential gaps that require support. The first step in achieving this is to gain a clear picture of existing and potential leaders. For that, Korn Ferry uses its Four Dimensional (KF4D) Executive Assessment, which provides insight by capturing, synthesizing, and visualizing data from more than 8.5 million candidate profiles and analyzing information from 2.5 million top global professionals.

KF4D targets the qualities most critical to measuring fit and predicting success, such as engagement, manager ratings, organizational commitment, and compensation. Specifically, there are four dimensions to this: experiences (the roles and assignments that comprise a candidate's career history and résumé, and prepare that person for success); traits (personality characteristics that exert a strong influence on behavior); competencies (the leadership skills and behaviors that matter most for success); and drivers (values and interests that influence a person's career path, motivation, and engagement). Taken together, they provide a holistic view of each candidate and how his qualities fit a specific company role.

KF4D translates input from clients about unique job characteristics and organizational culture into best-in-class benchmarks, which are based on a study of experienced professionals at all levels of leadership and the relationship between assessment scores and performance measures, primarily engagement. More overlap between a candidate's scores and the best-in-

Four Dimensions of Leadership and Talent

The Korn Ferry Four Dimensional Executive Assessment measures how an individual can fit at an organization. Of these four dimensions, two describe what a person does (Competencies and Experiences), and two describe who they are (Traits and Drivers).



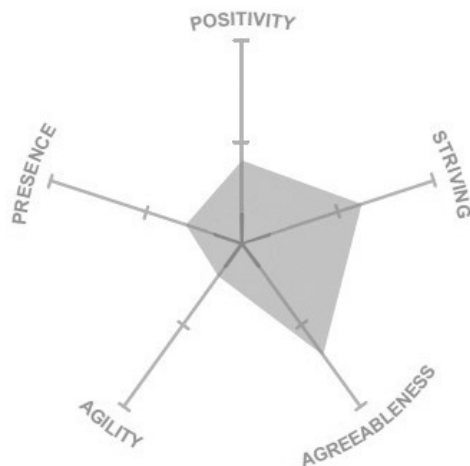
class profile suggests a stronger culture fit and a better match between the individual's qualities and what's required for success.

This research shows different scores for highly engaged, high performing executives when compared with lower performing executives. For C-level roles, executives who rank lower in the "engagement" and "success" qualities score between the fifth and fifteenth percentile in three key areas: Energy, Social Leadership, and Agility. Executives who are highly engaged and successful score in the seventy-ninth to ninety-fourth percentile.

The qualities that assure success in an FFS model are significantly different than at a VBC concern. In the FFS paradigm, a leader who exhibits a need for structure has a better chance of being engaged in his work—and engagement is a key driver for success—but has less need for independence.

SuperFactors for a strong fee-for-service healthcare leader

SUPERFACTORS:



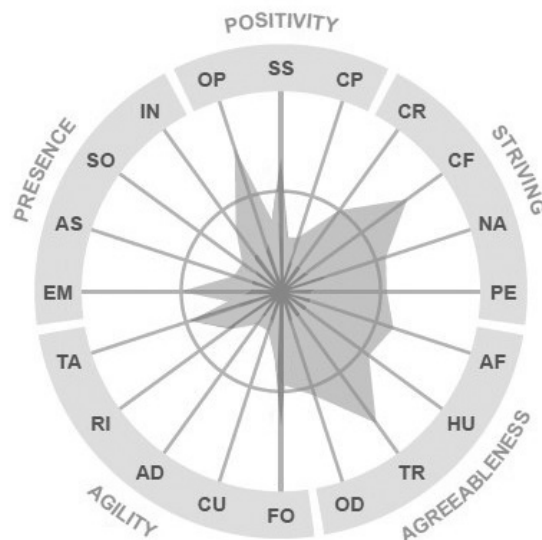
◆ Unique Client Profile

These results are the opposite of a person working in a value-based healthcare company. Here, a leader would prize drivers such as independence but have less of a need for structure.

Delving further into the research, Korn Ferry has identified what it calls superfactors—humanistic characteristics such as positivity, presence, striving, agreeableness, and agility. At an FFS organization, the most important attribute is agreeableness: people who are considerate, collaborative, and inclusive, have a preference for aligning with a larger team or organization toward a common goal, and exhibit humility. Agreeableness is the degree to which a person is seen as courteous, free from self-absorption, and easy to get along with. Such people also have an expectation of honesty and forthrightness for themselves and others.

Successful managers in an FFS company trust their current model and skill sets and set reasonably lofty goals but generally stick with familiar solutions. There is a stronger focus on building systems that emphasize performance metrics (e.g., how many patients seen). They maintain more focus on efficiency and systemization and prefer organizations/roles with more stability, where success is reliant on established skills and expertise.

PERSONALITY PROFILE:

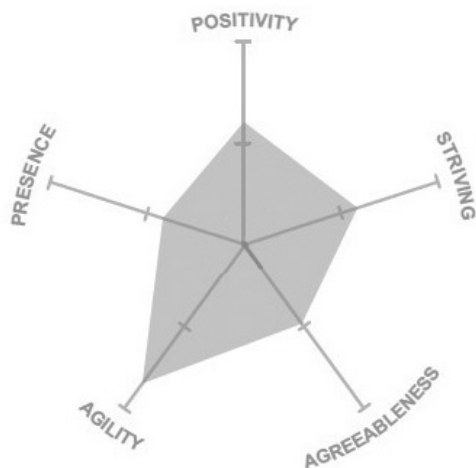


Contrast these attributes with successful executives at a VBC business. Here the most highly prized superfactor is agility, defined as “analytical, flexible, exploratory.” These leaders are comfortable with unanticipated changes of direction or approach and have an appetite for risk taking and a willingness to take a stand or take chances based on limited information. They can handle uncertain, vague, or contradictory information that prevents a clear understanding or direction. They are willing to explore new or more novel ways of doing things, which is more of a questioning and exploratory approach, and are able to consider a wider range of possibilities and adapt when the first solution does not work. They also bring more nuanced solutions and more comprehensive solution sets, are tolerant of ambiguity and/or uncertainty, embrace a higher risk tolerance, and can be counted on to create cultures where new thinking and experimentation are encouraged.

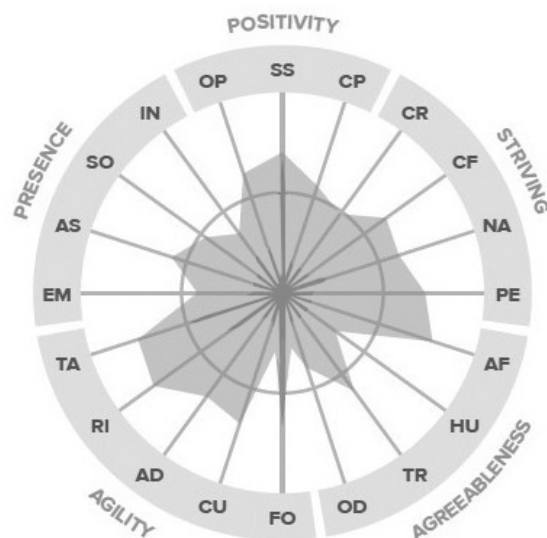
Executives within a VBC environment are also more resilient in general than those at an FFS business. They are more visible and exhibit stronger people leadership: more collaborative in order to have access to more points of view and strive to include others in the process. There is a focus on team versus the individual, and success is determined by focusing on actively engaging patients in their own care. These leaders have more focus on

SuperFactors for a strong value-based care healthcare leader

SUPERFACTORS:



PERSONALITY PROFILE:



◆ Unique Client Profile

balancing various stakeholders and take a more proactive approach to shaping and influencing stakeholder expectations. In addition, they are less dependent on predictability and stability, strive for variety, and have less tolerance for strict hierarchy and bureaucracy.

Another difference, although somewhat less so, is that successful leaders at VBC organizations will exhibit a higher level of positivity than those who work at FFS healthcare companies. They tend to disregard disappointment, are satisfied with who they are, and expect the future to be bright. They have situational awareness—maintaining broad, receptive, and nonjudgmental attention to present experience—and have greater composure—an ability to stay calm and poised in stressful, difficult, or ambiguous situations.

Now, successful leaders at both FFS and VBC organizations do share certain mission-critical competencies. They both drive results, even under tough circumstances, and promote engagement, creating a climate where people are motivated to do their best to

help the organization achieve its objectives. As well, they both communicate effectively, developing and delivering multi-mode communications that convey a clear understanding of the unique needs of different audiences, and are resourceful, securing and deploying resources efficiently.

Yet there exist major differences in mission-critical competencies. At a VBC organization, highly prized competencies include the ability to instill trust, gaining the confidence of others through honesty, integrity, and authenticity. They build networks, fostering formal and informal relationships inside and outside the organization, and maintain an ability to persuade, using compelling arguments to gain the support and commitment of others. Other competencies include an ability to collaborate, building partnerships and working collaboratively with others to meet shared objectives; to balance stakeholders, anticipating and balancing the varying needs of all parties invested in outcomes; and to cultivate innovation, creating new and better ways for the organization to be successful.

Subfactors key:**POSITIVITY****Well-adjusted, aware, good-natured****OPTIMISM (OP)**

The degree to which a person tends to disregard disappointment, is satisfied with who they are, and expects the future to be bright.

SITUATIONAL SELF-AWARENESS (SS)

Maintaining broad, receptive, and nonjudgmental attention to present experience.

COMPOSURE (CP)

The ability to stay calm and poised in stressful, difficult, or ambiguous situations.

STRIVING**Driven, reliable, persistent****CREDIBILITY (CR)**

The degree of consistency between a person's words and actions.

CONFIDENCE (CF)

The degree to which a person is convinced that they control the course of events in their lives.

NEED FOR ACHIEVEMENT (NA)

A tendency to work intensely to achieve and exceed difficult standards.

PERSISTENCE (PE)

A tendency toward passionate and steadfast pursuit of personally valued long-term or lifetime goals, despite obstacles, discouragement, or distraction.

AGREEABLENESS**Considerate, collaborative, inclusive****AFFILIATION (AF)**

A preference for aligning with a larger team or organization toward a common goal.

HUMILITY (HU)

The degree to which a person is seen as courteous, free from self-absorption, and easy to get along with.

TRUST (TR)

An expectation of honesty and forthrightness on the part of oneself and others.

OPENNESS TO DIFFERENCES (OD)

A desire to consider and explore differences in perspective, thought, and experience of people from a variety of backgrounds.

AGILITY**Analytical, flexible, exploratory****FOCUS (FO)**

Preference for organization, procedure, and exactitude.

CURIOSITY (CU)

The extent to which a person is likely to tackle problems in a novel way, see patterns in complex information, and pursue deep understanding.

ADAPTABILITY (AD)

Comfort with unanticipated changes of direction or approach.

RISK-TAKING (RI)

A willingness to take a stand or to take chances based on limited information.

TOLERANCE OF AMBIGUITY (TA)

Comfort with uncertain, vague, or contradictory information that prevents a clear understanding or direction.

PRESENCE**Sociable, persuasive, commanding, poised****EMPATHY (EM)**

Being attuned to others' feelings, motivations, and concerns.

ASSERTIVENESS (AS)

The degree to which a person enjoys taking charge and directing others.

SOCIABILITY (SO)

The natural inclination to engage with and interact with others.

INFLUENCE (IN)

The ability to motivate and persuade others.

As to be expected, successful leaders at an FFS organization come equipped with different mission-critical competencies. They direct work, which provides direction, by removing obstacles and delegating to get work done; ensure accountability, holding themselves and others accountable to meet commitments; and make good and timely decisions that keep the organization moving forward. They plan and align, prioritizing work to meet commitments aligned with organizational goals, and optimize work processes knowing the most effective and efficient processes to get things done. There is a keen focus on continuous improvement, and they never lose sight of the customer focus, building strong customer relationships and delivering customer-centric solutions.

Broadly speaking, successful leaders in an FFS organization have a strong preference for structure and the familiar versus versatility, agility, and willingness to cultivate the new and different, which better describe those working in value-based healthcare organizations. FFS executives focus on their own established expertise while those at VBC enterprises have a willingness to team with others who bring additional skill sets. These FFS leaders would focus on strictly following a script versus those at a VBC systems who are more willing to improvise and bring more nuanced sets of solutions to problems. FFS managers would likely focus on results and systems while VBC executives will place their emphasis on people via inclusion, teaming, and the like.

The data indicate that those with higher agility are nimble and adaptable in changing environments. These people continually acquire new skills, learn from experience, face new challenges head-on, and perform well under changing conditions. In addition, they possess high potential for taking on greater responsibilities and more complex roles over time. Yet, they can be overlooked by organizations, which primarily judge potential by high performance in their current roles.

As well, FFS and VBC leaders are different stylistically. To have them work together successfully, it is important to appeal to a common purpose and try to build agility in those who are more used to fee-for-service model emphasis.

For an organization, moving to VBC will require leaders who embody the necessary characteristics. It might mean reimaging entire businesses from the ground up. An organization must think long and hard about the kind of service it can best provide. As more data mean more transparency in patient outcomes, businesses must concentrate on performance excellence.

But meeting these new demands requires significant organizational changes. Organizations transitioning from the FFS model to VBC must institute an aligned structure, governance, and operating model. They require functional alignment to ensure the right people are in the right roles at the right time and in the right place. In addition, they need the establishment of a rewards system, as well as stakeholders aligned with the strategy.

Management must also be aware of people drivers, such as a clear understanding of talent in their current roles and in future roles. They must be able to recruit, engage, empower, and retain talent and put in place a plan to identify and develop leaders within the organization. There is also a cultural aspect: Organizations that quickly shift to patient-centered and consumer-friendly care often create friction among staff members who have prided themselves on clinical excellence. There must be other structural changes, as well—a need for accurate assessment of patient outcomes for one, and a change in the way that physicians are compensated, which is obviously a big challenge.

All of this change will require thoughtful analysis, strategizing, and data-driven initiatives, because what has made providers and payers successful in the past may not make them successful in the future. They must take a critical look at their people and culture, and become aware of the traumatic changes they may have to shepherd through to succeed.

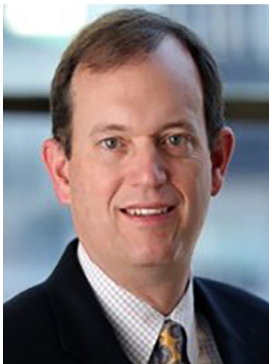
Ultimately, the shift to value-based care is fundamentally an enormous people and organizational challenge.

Success in FFS does not guarantee success in VBC. However, with a thoughtful approach to identifying future needs, a pathway to achieving them can be devised.

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