

Successful Leadership Skills
A Newsletter for Real Leaders
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Only The Bold Will Survive

How Probable Is Your Success?

An excerpt from our upcoming book on healthcare leadership -

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Only The Bold Will Survive

Playing to win as opposed to playing not to lose. You have heard that phrase before. In fact, you have probably heard it enough to consider it a cliché. But in your business environment it is not a cliché. The organizations that survive over the next several years will make this their guiding strategic principle.

The objective is to continuously look for ways to create competitive advantage. For many organizations this requires that they start thinking differently than they ever have before.

For example, we were leading a series of strategic planning sessions with a large company. At a break in one of the sessions the CEO took us aside to express his frustration about the way his team was thinking. He said, "We have to find a way to get us to think like entrepreneurs. Sure, we are talking about important things like cost control, product effectiveness and customer satisfaction. But, we are being way too inwardly focused. We have to broaden our thinking. Nobody is thinking about how to grow. We are not thinking about how to take market share from our closest competitors. And we are certainly not thinking about how we can move into new geographic or service line markets. If we stay on this track we will get steamrolled by our competitors."

To think the way this CEO wanted his team to think requires that you recognize that you are in a battle and then take the fight right to your opponent. A great example of this is a hospital whose CEO once described the organization as "a plane

flying into the ground.” He recognized that his organization was under attack on three fronts.

Front #1 was an array of money losing ventures. Each of these ventures was started with the best of intentions. However, there was no discipline to the decision-making. If it seemed like an idea that no one could prove was a bad one it was launched. The CEO and his team analyzed each of these ventures. If they determined that it could not be turned around within a few months they shut it down.

He then implemented a disciplined and structured decision-making process to assure that his organization would never again threaten itself with poorly analyzed decisions.

Front #2 was the threat of a very deep-pocketed competitor buying market share all around them. This CEO recognized that while this competitor had lots of money their leadership team was disorganized and very inwardly focused. He saw a window of opportunity to significantly enlarge his market position. He capitalized on the opportunity by quickly acquiring two hospitals and two medical groups before his wealthier competitor got its act together.

He and his team then did the best job we have ever seen integrating these acquisitions into a new and more complex enterprise. But, we will save that story for a future issue!

That brings us to front #3. The largest health plan in the newly enlarged organization’s market was being very open about its intentions to significantly reduce contract rates. If this happened the organization would once again be “a plane flying into the ground.”

Many in the organization were resigned to this fate. They felt that the health plan was too big to fight and without that contract they would not have enough business to survive. But the CEO and some of his top executives saw things differently. They chose to go on the offensive.

They launched a multi-faceted effort that included:

- Direct negotiations with the health plan demanding increases that would boost net revenue by 10% or they would not contract with that health plan.
- Enlisting political support within the government
- Direct meetings with business leaders to educate them on the importance of the contract increase.
- A media campaign to educate the public on the importance of the contract increase.

The CEO and his organization won. They got the full contract increase they were seeking securing their financial success for years to come.

There are two important things to take away from this story. One is to believe you can win. Do not resign yourself to slowly being squeezed out of business. You deserve better than that and so does your community.

Second is to act quickly once you see your opportunities. Fortune favors the bold!

How Probable is Your Success?

In our April issue we wrote about developing unique value criteria to help make smart prioritization decisions. Value criteria will help you select priorities that will make a real difference in the level of your success. But, they will not help you implement those priorities. And without implementation there is no value.

We have had many long talks with senior leaders about the challenges of successfully implementing a strategic plan. Almost universally their experiences, like ours, are that most plans are implemented poorly. Much of the value you hope to realize you never tap into.

To improve your odds of capturing the value of your priorities we advocate that you develop a set of Probability of Success (POS) criteria. Use them in combination with your Value criteria to guide your selection of priorities and implementation planning. Your POS criteria will help you determine just how difficult it is going to be to realize the value of a given initiative.

Following are a few POS criteria that we think are particularly important:

- Skill Set:
 - Do people currently have the necessary skills to successfully accomplish the objective?
 - Can any needed skills be easily acquired through third-party sources?
- Competitive Positioning:
 - Does a competitor's position hinder your success for this objective?
- Organizational Structure:
 - Is there the required structure in place to facilitate successfully accomplishing the objective?
 - Can you set and manage accountabilities effectively?
- Interdependencies:
 - Do the people that you need cooperation from in other departments have the ability and time to work with you?
 - Are they aware of your needs?
- Unintended Consequences:
 - Have any possible unintended consequences been identified and analyzed? (i.e., public relations impacts, joint venture impacts, impacts on other areas of the organization, etc?)

The analysis of POS criteria will impact your decision making in some helpful ways. For example, it is common for some of the most valuable initiatives to have a lot of challenging POS issues; it is something your organization has never done before or a competitor is currently way ahead of you, etc. The POS

challenges will not necessarily dissuade you from going after that value, but you will select fewer initiatives to implement than you otherwise would have because you know how much work is required for a successful implementation.

Your POS criteria will also help you with implementation planning. Here is a cautionary tale. An organization we were involved with had launched a massive IT overhaul project. They were installing new financial systems, core process tracking systems, human resource systems, etc. essentially simultaneously. The senior executive team was aggressively optimistic and did not want to listen to any POS concerns. They charged ahead with a small internal IT department and two different consulting firms leading the implementation.

IT and the consulting firms did not get along. The two consulting firms continually disagreed and argued with each other. No one involved line managers in the process. And there was no single senior executive ultimately accountable for the project. In short, there was no organizational structure for the implementation.

It was a disaster. The systems did not work. Financial performance suffered terribly. Staff was subjected to constant chaos. The Board fired the CEO, COO and CFO. Attention to POS challenges would have avoided a lot of pain.

You do not have to suffer that kind of pain. Let your POS criteria guide you to realize all of the value you and your organization deserves.

An Excerpt From Our Upcoming Book On Healthcare Leadership

The healthcare industry is one of the most complex in the world. We can all benefit from the insights from successful leaders in this business. We are working on a book to do just this. Each month we will share a pearl of wisdom.

Jim West, CEO of InterHealth Corporation, a large hospital and healthcare organization in Whittier, CA talks about what he would do when he was brought in as a leader of a new operation:

"I would always take tours. I would have every manager take me to their department, walk me through and tell me what's going on, try to meet as many people as possible. I try to talk to people, and I go out a lot and spend a lot of time in there. I'm a people person, so I spent all my time trying to figure what the people are all about, what their stories are and what's going on, who they are and what they're doing and why and all that kind of stuff. Ultimately my job is to make sure they can do their job. I'm there to help them, not vice versa, so I'm trying to figure out what I need to do to help them."

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