



# Physician Leadership Performance

Transforming Doctors  
into Leaders

Gordon Barnhart

Senior Partner, Physician Leadership

## The Game Has Changed Dramatically

### Executive Summary

The emerging healthcare environment has changed the game for healthcare organizations and for physician leadership. That environment is going to require what could be called “agile organizations” and those organizations are going to rely on many more physicians in formal and informal leadership roles and in much more collaborative relationships with administrative leaders.

Developing that level of physician leadership will include not only building leadership competencies, but also the leadership structure and roles for physicians and the relationships that make it all work.

Fortunately, there are some shortcuts for CEOs in getting started along with guiding questions for developing physician leadership structures and roles as well as models of effective competency building approaches that can provide direction.

### The Game Changer: The Emerging Healthcare Environment

The healthcare environment has certainly not been without change, but it is on the edge of change that could dwarf what we have seen previously. It is likely that the changes will come in waves and that they will be focused much more on physician practices and their integration with hospitals than were previous changes.

That means that most healthcare organizations will see a rapidly expanding gap between the

quantity and quality of physician leadership that they have available and what will be required for sustained success, even in the near future. There are many good physician leaders and a significant number are exceptional, but there simply aren't enough to meet the leadership needs of organizations in the emerging healthcare environment. The game has changed and we need to get on a fast track in tapping the extraordinary potential leadership pool of physicians.

### Characteristics of the Coming Changes in Healthcare

The four central characteristics of the emerging healthcare environment are the following. They are not the only characteristics, but they are the ones that together provide a solid focus for leadership. They are followed by six factors that complicate the challenge.

**1. Finance Will be the Driver.** Most change will be driven by financial requirements generated by shifts in reimbursement, capital needs for IT and other infrastructure projects, etc. Prior to about 1980 finances were plentiful and consistent enough to not require much physician leadership in the corporate realm.

Between 1980 and 2010 financial pressure increased significantly and affected the balance between the business of healthcare on one hand and the care of patients on the other. There was a comparable increase in the need for physician leadership, although efforts in that area were spotty. Healthcare finances post 2010 will drive a dramatic increase in the need for physician leadership, both in prac-

tices and in partnership with administrative leadership in healthcare systems.

**2. Clinical Transformation Will be at the Heart.** Success will require clinical transformation of varying degrees to achieve the integration, quality and cost management required. The ability to integrate systems of care will be the leverage point for leaders. The challenge is that integration crosses many boundaries and involves a diverse group of stakeholders, within and external to any healthcare system. That requires aligned competent leadership in each stakeholder group with physicians being the central group.

**3. Enhanced Information Systems are Essential.** Clinical transformation and the ability to manage the enterprise must be enabled by enhanced information systems that provide a wide array of timely usable management information – both clinical and administrative. The IT function is also essential for linking the efforts of the various stakeholders, particularly physicians collaborating in a system of care.

Without effective IT there is no chance of achieving the quality increases, population management and cost management required, nor for payers to be able to craft payment systems that reward integrated care.

**4. A Web of Leaders Aligned Across Boundaries is the Key.** A leadership web (think spider web) aligns leaders across functions, levels, professions and hospital/physician

boundaries. For physicians, this means formal and informal leadership roles that are carefully designed to match the key work of the system supported by the development of the competencies and relationships that make the roles work. There is simply no other leadership structure that will provide the reach, power, speed, credibility, flexibility and resilience required for sustained success.

### The Complicating Factors

There is a set of complicating factors that combine to elevate the need for an aligned web of competent leaders. Some have always been present, but not to the extent being seen now and not in such a mutually reinforcing way.

- 1. Enterprise-Wide Impact.** Change will be enterprise-wide and it will affect external stakeholders as well as internal.
- 2. Complexity.** Change will be complex because of the degree of interdependence in healthcare and how far change in any part ripples out into others. The challenge of aligning all of the change projects will reflect that complexity.
- 3. Repetitive Re-Alignment.** Because significant changes will keep coming, organizations will consistently be thrown out of alignment and must be re-aligned rapidly and repeatedly to maintain performance.
- 4. The Game Keeps Changing.** The drivers of change and the enterprise's response strategies will change even as they are being engaged (the game will change even as it is being played).
- 5. Physician/Hospital Relations Vulnerability.** Relationships between physicians

and hospitals will be affected significantly, and perhaps dramatically, as change focuses more and more on physicians, physician practices and practice/hospital integration. Under the increasing environmental pressure any vulnerability in the physician-hospital relationship will be exacerbated and any gaps in physician leadership will become increasingly dangerous.

- 6. Renewal Required.** The overlapping major change projects will stretch people and require very effective renewal strategies – maintaining energy and momentum, commitment, sense of trust, esprit de corps, etc.

**Implications for Physician Leadership Development.** Physician leadership development in this scenario is really about taking healthcare organizations to the next level of performance and creating agile organizations that can sustain that performance in the emerging challenges of the healthcare field. The centerpiece is (a) creating a critical mass of highly competent physician leaders and (b) creating the organizational architecture and culture within which they can effectively lead.

### **Agile Organizations – The Key to the New Healthcare Game**

These waves of change will require what can be called agile organizations and these change adept organizations will require far more physician leadership than previously seen. Being an agile organization means having the ability to make consistent good choices of strategy and the ability

to effectively and efficiently implement those strategies – and then do it again. It means doing so in a way that the organization and its people are enhanced, not diminished. Agile organizations have the following characteristics:

- Speed and quickness in establishing vision and strategy to match environmental demands
- Formal and informal disciplined leadership that extends well into the organization – a web of leaders to implement strategy
- Widespread competence in leading and managing change
- Collaboration and complementary knowledge and skills
- High levels of trust and low levels of fear
- Teamwork with alignment across boundaries
- Flexibility and resilience
- Creativity and innovation and the ability to spread the innovation rapidly
- Common ground on key issues, approaches and style
- Effective accountability and rapid responses
- The ability to become stronger with every change – even the toughest

Whether healthcare systems are acquiring and integrating physician practices, developing Medical Homes, building Accountable Care Organizations or creating some other organizational forms to match the environmental demands, they will need to have the qualities of an agile organization for sustained health and success. That means a strong extended web of aligned leaders and followers prepared for the challenge. Such a web must have a significant number of physicians

playing both formal and informal leadership roles – and playing them at a competency level not previously required.

### Shortcut For CEOs

So, how do we develop the physician leadership capabilities needed? Every organization will come up with its own unique set of actions, but the following six tactics can be applied across organizations with confidence that they will lead to very good outcomes. They are tactics that CEOs can employ with the confidence that they have effectively positioned their organization for success.

1. **Educate.** To prevent the problems and second-guessing caused by a lack of common ground for decision makers, ensure that your senior leadership team, your Board and your current physician leaders understand the emerging healthcare environment, the opportunities and threats and the nature of organizations that will be successful. **Note:** This is “educating,” not just “communicating.” There is a big difference.
2. **Get Real.** Dispel any thoughts people might have of (a) holding their breath until the environment gets less challenging; (b) waiting until there is more clarity; (c) finding a “magic bullet” solution that can be easily and quickly implemented or any other wishful thinking; or (d) delegating physician leadership development to anyone outside of your senior leadership team – at least in the initial stages.
3. **Create a Widely Owned Physician Vision and Strategy.** Create a vision of the desired physician leadership across the organization and the strategy required to achieve it. AND ensure that the physician leadership vision and strategy is understood and owned by the Board, the C-Suite, and current physician leaders.
4. **Deploy the Best-and-the-Brightest.** Create a core team of physician and administrative leaders that has the ability to refine and execute the physician leadership strategy. **Note:** This must be, and be perceived to be, an “A” team. This is a team that people see as clearly up to the challenge. Otherwise leadership credibility is compromised right at the beginning and it will be very hard to recover. It is a symbol of leadership commitment that no one will miss.
5. **Expand the Circle.** Rapidly engage the system’s physicians (employed or not) in:
  - Gaining a working knowledge of the emerging healthcare environment and its implications for systems and physicians
  - Appreciating the vision and physician leadership strategy and enhancing it
  - Identifying physicians that have an interest in playing leadership roles - large or small and formal or informal
  - Getting a picture of the qualities they think a physician leader should have
  - Identifying physicians that are ready to lead immediately
6. **Build Capability and Capacity.** Focus on rapidly developing three capabilities in con-

cert – leadership competencies and the relationships and leadership architecture that provide the setting within which they can be effectively acted out.

- **Architecture** (match the work). This involves the design of the formal and informal physician leadership roles that match the critical work that needs to be done and the flexible structure and processes that can link those roles
- **Relationships** (connect the people). As with roles, these relationships can be formal or informal. They may also be one-to-one partnerships or relationships among team members – or between teams or organizations. They may be long-term relationships or shorter relationships based on projects. Some of the most important relationships will be physician/administrator partnerships.
- **Competencies** (build the capability). There is an impressive array of leadership competencies and their relevance will vary from organization to organization and from leadership role to leadership role. The key is to understand the competencies required in any particular scenario and the readiness of the physician leader and then customize an approach to developing those competencies for that person. Every organization will see a small group of core competencies to be developed across the board, but the leverage comes in making the investment to customize – both in content and in delivery methods.

**Warning:** A critical task of senior leadership is to confront the tendency to focus too much on the third element, building individual competencies, and give far too little attention to building the leadership architecture and relationships.. This is a common and very destructive pitfall and can sabotage the effort to build physician leadership right at the beginning. Competencies are essential, but not sufficient.

### Leadership Architecture and Relationships – Guiding Questions

All organisms, including organizations like healthcare systems, exist in a competitive environment in which they must compete successfully to survive. Organizations create strategies for competing and set outcome targets that will satisfy the demands of the environment. What often gets shortchanged, however, is the thoughtful design of the organization that must execute the strategies and achieve the desired outcomes. This is no different for a vision and strategy for physician leadership development.

**Guiding Questions.** In regard to the development of physician leadership, there is a set of guiding questions that can be asked that will lead to good choices in the design of the relevant elements supporting effective leadership. Many of the same questions can be applied to administrative leaders. All of these questions are important, but some will be more important than others and some will be easier than others. They can be addressed in any order and will inevitably stimulate other questions. They are guides, not prescriptions.

### Physician Leadership Structure and Roles

- What leadership structure within the physician practices would be most effective – in influencing strategy as well as operations?
- What physician-hospital structure would best support the integration of physician-hospital leadership?
- How many physicians would be included in the core/senior team of the leadership web?
- What other leadership roles would physicians play (leading key projects, overseeing quality, championing the “Accountable Care Organization” model, spearheading the use of the EHR, leading an office, etc.)?
- What natural or informal leadership roles might physicians play? These might be project specific or early steps in the pipeline to formal leadership roles. This is a critical question as it is not ordinarily asked yet it can dramatically increase the amount of leadership exercised by physicians as well as their level of engagement in the system.
- What leadership roles might physicians play in new or existing leadership teams involving the hospital system or external partners?

### Leadership Competencies

- Which physicians are either (a) in leadership roles, (b) expected to be in leadership roles or (c) simply interested in leadership and in building their leadership capabilities?

- What core leadership competencies are critical across these physicians – needed by all?
- What specific competencies are needed by physicians in certain leadership roles (those on various leadership teams, those leading change initiatives, those influencing in various ways, etc.)?
- Which competencies are best delivered face-to-face? Face-to-face development activities are essential in some areas, but they are usually more expensive and less flexible than other methods. Investments need to be carefully targeted.
- Being part of a cohort group is often very important. What cohort groups make the most sense (one or more)? Physician groups, hospital groups or mixed groups?
- What competencies can be developed through online resources?
- Which competencies will require coaching, the design of jobs or assignments mentoring?

**Note:** In almost all cases the development of physician leadership will involve a customized set of competencies and delivery methods. The answers to the above questions generate the information to make good choices about customization.

### Leadership Processes

- How would we need to refine, augment or establish processes/systems that would support physician leadership within the practice sphere as well as collaborative efforts with or within the hospital? IT? Planning and decision-making? Professional development? Accountability?

Clinical transformation or process improvement? Budgeting? Human resources? Etc.

### Leader Relationships

- What are the key relationships within the physician practice sphere that need to be strengthened or established?
- What are the key relationships between the hospital and physicians that need to be strengthened or established?
- What are the key relationships between physicians and external partners that need to be strengthened or established?

### Characteristics of an Effective Competency Building Approach

The challenge is to rapidly (a) create the desired outcomes; (b) in a more challenging environment; (c) with stakeholders often not used to leadership development; and (d) with restricted resources (time and money). That means that the usual approach of creating and delivering big training programs will not be successful for most organizations. Sufficient numbers of physicians will not commit to such programs nor is the hospital system likely to have the money to pay for the programs and reimburse physicians for time spent away from practices.

This is not to say that big formal programs do not have a place. There are instances where there are very good strategic reasons to employ such programs and, in those cases, they are an essential part of the development strategy.

In most cases, however, a much more creative and strategic approach needs to be employed, one that will have the following characteristics:

1. **It is Lean and Focused.** Leadership development is focused only in the areas of greatest leverage. “Nice to haves” can be an option, but do not distract from the high leverage areas nor dilute the available resources.
2. **It is Customized.** There is no “one size fits all” approach. Development activities are customized to fit the physician or administrator in his or her area of responsibility/challenge – individually or as a team. There is a core set of competencies important to everyone, but it is a small set.
3. **It Uses Multiple Delivery Channels.** Face-to-face activities are an essential component, but only one component. Online opportunities exist. Self-directed learning opportunities exist. Mentoring, coaching and job/assignment design can all support development.
4. **People are Connected to Each Other.** There are many ways to connect people and those connections not only enhance the learning process, but they also develop relationships that will make a difference in actually leading. People can be connected around a topic, they can be in cohort group for a course or set of learning experiences, they can be in mentoring relationships or physician-administrator partnerships. There are lots of possibilities and every connection counts.
5. **It Has Shared Ownership** – This is not the hospital system providing a leadership

“program” for physicians. This is the hospital engaging physicians in a joint initiative designed to create the system required for success. The hospital usually provides the initial leadership and resources, but it must evolve to be a shared initiative with shared leadership and commitment.

Physician leadership development is a big challenge, but it is also a very exciting one. It is certainly not a challenge to be taken on tentatively. It is a challenge where senior leadership needs to follow the traditional code of the warrior and “engage fully and with excitement.” That kind of commitment honors the challenge, brings the leadership focus and energy required and can easily generate surprising benefits surprisingly quickly.

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## About O'Brien Group

The O'Brien Group® is an executive leadership consulting firm that works with healthcare CEOs, Physician Executives and their teams to strengthen team dynamics, better manage conflict and improve their readiness for reform.

The results: The health systems they work with now tackle big problems with a renewed sense of alacrity, lead their peers on numerous operational measures and have won Top 10 Best U.S. Health System Awards (Thompson-Reuters).

O'Brien Group's team of former CEOs, psychologists and physicians will help you add new executive work practices, senior leadership approaches and *new ways of thinking* directly into your system's business issues. They coach your team one-on-one AND as a group to help them think clearer, lead better change and achieve faster results in an environment moving at a speed the human brain has never encountered.

Using your "live" business issues as the agenda, O'Brien Group works alongside your senior administrative and physician executive teams to help you:

- Align system, region, hospital & physician group leadership relationships to accelerate the impact of major change initiatives.
- Improve executive team decision-making and take full advantage of the collective intelligence of the entire team.
- Develop more effective and efficient executive work processes.
- Lead more innovation without hurting operations.
- Train your mind to *lead through* the brain's normal, automatic and dysfunctional responses to change.
- Create a cohesive and unstoppable senior executive team that exudes the personal courage and integrity that people will want to emulate and follow.

For more information on this topic, contact Gordon Barnhart at [gordon@obriengroup.us](mailto:gordon@obriengroup.us) or Dr. Michael O'Brien, (513) 821-9580, [michael@obriengroup.us](mailto:michael@obriengroup.us), [www.obriengroup.us](http://www.obriengroup.us).

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