The higher you rise in an organization, the more difficult it can be to admit your mistakes. Financial malaise can occur if senior leaders allow their pride to get in the way of solving problems.

OWN UP TO THE SITUATION

When a hospital CEO and her team are given the mantle of leadership for an organization, they are explicitly expected to perform at the highest level and carry out their duties in good conscience. But what happens when this does not occur?

Hospital CEOs and their leadership teams are the highest ranking individuals in the institution, other than the board of directors. At this level, the hubris of healthy egos can be omnipresent. The larger the ego, the more difficult it can be to face the facts and admit when something goes wrong on your watch.

Counterproductive egotistical thinking can saturate the thought process, including:

- If I admit there is a problem, what will this say about my leadership skills?
• How will I ever be able to answer questions about how we got here?
• Certainly I can’t tell them we had other priorities that required my attention and I took my eye off the ball!

Leaders who find themselves in a turnaround should first be sure not to trip over their egos. Admitting mistakes is the first step toward correcting the problems. As early as possible, get over yourself and pivot in the direction of dealing with the serious situation at hand. Then start mapping out plans to get the organization back on track.

RESOLVING CAUSES OF MANAGEMENT INACTION

What happened? CEOs and senior leadership should be prepared to answer this question ad nauseam. While the ship was drifting off course, what were you doing? The frightening answer in many distressed situations may sound a lot like “nothing.” But rarely will a leader openly communicate an answer in this manner. The thinking by other leaders, including members of the board of directors, will be there was insufficient or no material action invoked to avert the decline. This management inaction has several common causes, including:

• Denial: “It was not my fault.”
• Victim behavior: “I could have done my job, if . . .”
• Piecemeal solutions: “I did my part.” “Let’s implement this part. We will work on the more complicated stuff later.”
• Fear of embarrassment or credibility loss: “I cannot let them find out I do not know this. It could be damaging to my position.”
• Incompetence: “If I keep quiet, they will never know I do not have the answer.”
• Fear of job loss: “Regardless of the situation, protecting my job is job number one.”
• Erosion of influence and control: “Everyone comes to me. I am supposed to be the go-to person.”
• Optimism: “If we can just hold on, things will get better tomorrow.”

Management inaction reflects a stagnant thought process. Progress is difficult when you are mentally frozen or moving in slow motion. If you are looking for a place to start, start with yourself. Start solving the management inaction problem by first being honest with yourself about your performance. Look inward and ask yourself the tough questions, including:

• Is the organization in its current situation because of my actions or inactions?
• What did I fail to do?
• Are there things I should have seen but did not?
• What could I have done differently to ensure a better outcome?
• What leadership and management skills are necessary to successfully avert a turnaround situation? Do I have those skills?
• What leadership and management skills are necessary to orchestrate a successful turnaround? Do I have those skills?

Once you have completed this introspective process, talk with members of the board of directors, medical staff leadership, and executive team members. Ask them candid questions about the current situation: Where do you think we are? How do you think we got here? And what do you think it will take to get us back on track? Have the courage to ask them about their impression of your leadership and management style. Look for repetitive themes and outlier comments from all of the discussions. Once you have sized up the situation, meet with your executive team and other hospital leaders to share findings, ask for advice, and map out plans for moving the organization forward.
IDENTIFY LAPSES IN ACCOUNTABILITY

The CEO or senior leader must focus on the desired outcome and navigate the process of getting there. A recurring theme with organizations experiencing financial distress is the lapse of accountability. These lapses can occur for many reasons, including the following:

- Team members are not clear on priorities, what needs to be done, and how to go about it.
- Team members are confused about their roles and responsibilities in the execution process.
- The organization lacks performance measurement systems.
- Leadership tolerates mediocre performance.

Identifying lapses in accountability starts with mutual agreement on targets and outcomes upfront. The next step is to apply time lines and milestones to the targets. Also, appropriate resources must be allocated for specified objectives. Everything should be in writing. Periodic reviews can ensure against surprises at the end. If the plans appear to be running off track, both parties have the obligation to initiate actions to get back on course.

Each turnaround plan contains goals and objectives for successfully navigating through the turnaround process. In turnarounds, you will not have time for discussions regarding performance appraisals or written job descriptions. Each objective in the turnaround plan will have a specific executive assigned along with a completion date. Individuals’ and groups’ performances are measured based on the completion of assigned objectives by the due dates. Defining and executing specific roles and responsibilities are the keys to success. Chapter 7 is dedicated to roles and responsibilities of each executive position in a turnaround.
## Critical Success Factors Checklist

| CSF 2.1 | To solve a problem, you first have to admit it exists. Acknowledge and own up to the problem. | □ |
| CSF 2.2 | Management inaction can stifle progress. Identify and resolve the causes of inaction. | □ |
| CSF 2.3 | Start the accountability process with yourself first. Be honest. Be candid. | □ |
| CSF 2.4 | Identify lapses in accountability. Hold yourself accountable first. | □ |