

CHAPTER 1

Defining Talent

Robert is the new CEO of a large, multihospital health system, where he has worked for the last 18 years. Starting at the system's flagship hospital as a financial analyst, he quickly moved up within the finance department and later filled a line operations position. After several more career advances, Robert became the COO and then a CEO of one hospital in the system, his final roles before being tapped for the system-CEO duties.

Robert is hosting his first retreat for the entire senior leadership team. The theme of the retreat is leadership development and talent management. Following are Robert's opening remarks.

"Thanks for your support over the past few weeks as I began my new role. In the coming months, we will continue our work on the new strategic vision for the system, locking down the specifics of how we will invest in our future. For today, though, we are not here to discuss operations, trends, or investments. Instead, we will talk about how to ensure that all of us, including the leaders who report to us, will prove capable of handling the tasks and responsibilities associated with achieving that new strategic vision.

"I call this process 'talent management.' Others may refer to it by different names, but the basic idea is the same. We need to precisely define our meaning of leadership talent, not just now but also in the next five years, so that we can appropriately evaluate performance and communicate and manage this shared understanding. Our goal today is to establish a leadership definition and a model for talent management.

"Of course, leadership is different at various levels. We will accommodate these differences in our model. For today, though, our facilitator is here to focus our discussion on senior management.

Although we will not have the model fully polished by the end of the day, we should come away knowing that we are moving in the right direction, with a clear plan for finishing the work in the coming weeks. From there, we will move to embed our competencies into our leadership promotion and succession processes.”

IN THIS VIGNETTE, the new CEO is focused not just on *what* but also on *how* the future strategic direction will be followed. Most important, he raises the visibility and emphasis on leadership development. By approaching talent management at the highest level, the CEO is allowing this effort to easily permeate the rest of the system.

Before we can develop leadership talent, we must first clearly define talent or the aspects of leadership that are associated with high performance. In this chapter, we offer several ways to identify these characteristics, including the Nine-Box Technique and leadership competencies.

THE NINE-BOX TECHNIQUE

Originally developed and used by General Electric, the nine-box approach is now widely used in many industries, including health-care. This technique is a simple first step to defining talent in that it allows leaders to categorize performance levels for a group of managers. The approach involves the following:

1. *Identify a group of employees.* You may select your direct reports or all employees within the department or division.
2. *Place each employee name into the nine-box matrix* (shown in Figure 1.1). The matrix is divided into three performance levels—excellent, good, and fair—related to an employee’s “current performance” and “future potential.”

Figure 1.1 The Nine-Box Matrix

Current Performance
(How does this employee currently achieve results and perform his/her responsibilities?)

		Fair			Good			Excellent		
		(-) Fair	(+)	(-) Good	(+)	(-) Excellent	(+)			
Future Potential (How does this employee demonstrate his/her capabilities for a promotion?)	Excellent		III.		II.		I.			
	Good		IV.		III.		II.			
	Fair		V.		III.		III.			

Group I: Exceptional Leaders. These employees are the potential future leaders of the organization.

Group II: Distinguished Performers. These employees are potential future leaders who have demonstrated one or several competency limitations.

Group III: Solid Performers. These employees are essential partners to Distinguished Performers and Exceptional Leaders.

Group IV: Questionable Performers. These employees perform at acceptable levels but never go above performance standards.

Group V: Problem Performers. These employees perform and behave poorly. They need constant supervision, instruction, and correction, drawing away needed talent from critical areas.

Source: Adapted with permission from APQC. 2001. "The Matrix: A Tool for Succession Management." [Online information; retrieved 6/1/08.] www.apqc.org/portal/apqc/ksn/TheMatrix.pdf?paf_gear_id=contentgearhome&paf_dm=full&pageselect=contentitem&docid=107003. For more information, contact www.apqc.org.

As with other performance appraisals, leaders approach the Nine-Box Technique differently—that is, they use varying definitions for “excellent,” “good,” and “fair.” Thus, you should clarify the expectations for each performance level before embarking on this exercise.

Classifying Current Performance Levels

In considering an employee’s performance in a current position, first determine what the job is designed to accomplish, according to the job description. In our definition, a good performer is someone who is delivering on all parts of the job effectively. An employee who is underperforming in one or more areas may be considered a fair performer at best. If an employee is “raising the bar”—not only doing his defined job well but also accomplishing goals above and beyond his role—that employee may be considered an excellent performer.

In using the Nine-Box Technique to evaluate current performance, you may find that many employees fit into the gray areas of performance between the three distinct categories (excellent, good, or fair). As such, leaders may find it difficult to assign employees “cleanly” into one or another performance level. This can be particularly hard when the technique is used for a large number of employees, where two individuals may be considered “good” performers despite the fact that one of them can use a little improvement but does not quite fall into “fair.” What is helpful in this case is to add a plus/minus designation to each performance category. For example, Employee A’s overall performance is solid, but he occasionally misses critical deadlines or fails to include key players in his decision-making process. With a plus/minus designation, Employee A can be rated as “good (-),” indicating that his performance is not on par with the “good (+)” employees.

Determining Future Potential

Assessing future potential can be even trickier than categorizing current performance. Two considerations can make this process more straightforward:

1. *Where does the employee fit within the organizational structure?*
You can determine the individual's future potential in terms of career path or advancement. What is the likelihood that this employee will be promoted to a higher position?
2. *What does the employee need to be successful at his or her next role?* Consider the person's skills *and* motivation. What are the job expectations (skills, knowledge, and abilities) for the next role? Is this person focused on or working toward career advancement and success?

An employee with a high level of motivation and demonstrated relevant skills has “excellent future potential.” Similarly, someone who is not as ambitious but delivers strong current performance (or vice versa) can be considered to have “good future potential.” An individual who has either low motivation or low current performance generally falls under the “low future potential” category.

Evaluating Your Own Judgment

The next step is to use the results of the Nine-Box Technique to help you define talent. Here are useful questions to consider:

How confident am I in my judgments? Some employees' performance and potential are easier to pinpoint than others'. Judging these elements tends to become less complicated as the leader gains greater familiarity with the exercise and more opportunities to observe staff performance. If you are not confident about your categorization,

think about specific moments or tasks that involved the employees you have identified for this exercise. Use these “critical incidents” to anchor and refine your perspective and judgment.

How do my views compare with others? The Nine-Box Technique can give you a sense of how strict or lenient you are in assessing performance. In our experience with organizations that have used this model, usually about 10 percent to 20 percent of employees fall into the Exceptional Leader and Distinguished Performer categories. Similarly, at least 10 percent to 20 percent of employees typically belong in the Questionable Performer and Problem Performer groups. So if you rated half of your staff as “exceptional” or “distinguished,” and almost no one was assessed as “questionable” or “problem,” you need to set a higher bar for solid or high performance. Conversely, if no one was placed into the Exceptional or Distinguished categories, your standards are probably too high.

Are the expectations for excellent, good, or fair performance clear and communicable? Even if the categories are understandable to you, they may not be clear enough to everyone else. Your direct reports will only benefit from this exercise and your judgment if they know what specific behaviors and actions are associated with success. Articulating these details is a struggle for most leaders; they can recognize excellent work when they see it, but they find describing what they see to be much harder.

Fortunately, numerous competency models have emerged that can help you communicate the what, how, and why of outstanding performance. In fact, many organizations have established their own models for this purpose.

LEADERSHIP COMPETENCIES

Competencies are developed to create a common language for understanding performance standards. The term “competency,”

however, means different things to different people. For this book, we use the following definitions (Dye and Garman 2008):

- *Competencies* are employee characteristics that lead to behaviors that are associated with high leadership performance.
- *Competency model* is an integrated framework of competencies.
- *Core competencies* refer to a set of competencies that apply to all positions (i.e., not specific to a given job or job family) and are associated with high organizational performance.
- *Competency modeling* is a systematic process for identifying and articulating competencies at one or more levels (individual, team, job family, or organization).

“Competence,” although similar sounding, is not the same as “competencies.” Competence is the *minimum* ability to perform a task or role (often clinical roles). In contrast, competencies are used to describe *higher* levels of performance. That is, a person may need to improve in one or more competency areas, but he or she is nonetheless competent in the role.

As we explore in more detail in Chapter 2, the motivation of excellent leaders tends to be different from that of their peers. Competency models are particularly helpful in engaging these senior managers because these models address the motivations of exceptional leaders.

The Exceptional Leadership Competency Model

Our book *Exceptional Leadership* presents 16 competencies that distinguish top performers from strong performers (Dye and Garman 2006). Following is a summary of these 16 competencies.

Cornerstone One: Well-Cultivated Self-Awareness

- I. *Living by personal conviction* means you know and are in touch with your values and beliefs, are not afraid to take a lonely

or unpopular stance if necessary, are comfortable in tough situations, can be relied on in tense circumstances, are clear about where you stand, and will face difficult challenges with poise and self-assurance.

2. *Possessing emotional intelligence* means you recognize personal strengths and weaknesses; see the linkages between feelings and behaviors; manage impulsive feelings and distressing emotions; are attentive to emotional cues; show sensitivity and respect for others; challenge bias and intolerance; collaborate and share; are an open communicator; and can handle conflict, difficult people, and tense situations effectively. Emotional intelligence is often labeled EQ (emotional intelligence quotient).

Cornerstone Two: Compelling Vision

3. *Being visionary* 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/outcomes, have a broad way of looking at trends, and are able to design competitive strategies and plans based on future possibilities.
4. *Communicating vision* means that you distill complex strategies into a compelling call to act, inspiring and helping others see a core reason for the organization to make a change; discuss issues beyond day-to-day tactical matters; show confidence and optimism about the future of the organization; and engage others to join in.
5. *Earning loyalty and trust* means you are direct and truthful; are willing to admit mistakes; are sincerely interested in the concerns of others; show empathy and a generally helpful orientation toward others; follow promises with actions; maintain confidences and disclose information ethically and appropriately; and conduct work in open, transparent ways.

Cornerstone Three: A Real Way with People

6. *Listening like you mean it* means you maintain a calm, easy-to-approach demeanor; are patient, open minded, and willing to hear people out; understand others and pick up on their meaning; are warm, gracious, and inviting; build strong rapport; see the real meaning behind words others express; and maintain formal and informal channels of communication.
7. *Giving feedback* means you set clear expectations, bring important issues to the table in a way that others “hear” them, show an openness to facing difficult topics and sources of conflict, deal with problems and difficult people directly and frankly, provide timely criticism when needed, and offer clear and unambiguous feedback.
8. *Mentoring others* means you invest the time to understand the career aspirations of your direct reports; work with direct reports to create engaging mentoring plans; support staff members in developing their skills; encourage career development in a non-possessive way, allowing staff to move up or out as necessary; present stretch assignments and other demanding responsibilities; and pursue professional development to be a role model to others.
9. *Developing teams* means you select executives who have a team orientation, actively support group work, encourage open discourse and healthy debate on important issues, create compelling reasons and incentives for teamwork, set limits on the political activity that takes place outside the team framework, celebrate successes with the team, and commiserate as a group over disappointments.
10. *Energizing staff* means you set a personal example of good work ethic and motivation; talk and act enthusiastically and optimistically about the future; enjoy rising to new challenges; take on your work with energy, passion, and drive to finish successfully; help others recognize the importance of their

work; are enjoyable to work for; and have a goal-oriented, ambitious, and determined working style.

Cornerstone Four: Masterful Execution

11. *Generating informal power* means you understand the roles of power and influence; develop compelling arguments or points of view based on your knowledge of others' priorities; establish and maintain useful networks up, down, and sideways in the organization; develop a reputation as a go-to person; and directly and indirectly influence the thoughts and opinions of others.
12. *Building consensus* means you frame issues clearly and from multiple perspectives, separate issues from personalities, skillfully use group decision methods (e.g., nominal group technique), draw quieter group members into discussions, find shared values and common adversaries, and facilitate discussions rather than guide them.
13. *Making decisions effectively* means you make decisions based on an optimal mix of ethics, values, goals, facts, alternatives, and judgments; use decision tools (e.g., force-field analysis, cost-benefit analysis, decision trees, paired comparisons analysis) effectively and at appropriate times; and have good timing related to decision making.
14. *Driving results* means you mobilize people toward greater commitment to a vision, challenge people to set higher standards and goals, keep people focused on achieving goals, give direct and complete feedback that keeps teams and individuals on track, quickly take corrective action as necessary to keep everyone moving forward, show a bias toward action, and proactively work through performance barriers.
15. *Stimulating creativity* means you see broadly outside of the typical, are constantly open to new ideas, are effective with creativity group processes (e.g., brainstorming, nominal group technique, scenario building), are alert to future trends and can craft responses to them, are knowledgeable in business

and societal trends, know how strategies play out in the field, are well read, and make connections between industries and unrelated trends.

16. *Cultivating adaptability* means you quickly see the essence of issues and problems, bring clarity to ambiguous situations, approach work using various leadership styles and techniques, track changing priorities and readily interpret their implications, balance consistency of focus with the ability to adjust course as needed, balance multiple tasks and priorities such that each gets appropriate attention, and work effectively with a broad range of people.

Other Competency Models

Table 1.1 lists a number of other competency models available for healthcare leadership. The list is not exhaustive, but it does include most of the models widely used today. These models vary in focus and in methods of development, but each provides insights into effective leadership performance. Ultimately, the value of a competency model is its ability to foster more robust and meaningful conversations about performance and performance improvement.

APPLICATION TO THE C-SUITE

In many healthcare C-suites, performance is evaluated solely with operational measures, and little if any attention is paid to the executives' approach or style. As a result, some senior managers never receive meaningful feedback on their leadership competencies. Worse, practices in the C-suite set the tone for the approaches used in the rest of the organization. Initiatives in the C-suite to adopt competency models, the Nine-Box Technique, or any other standards will influence all other organizational leaders to apply more effective approaches to performance assessment and development.

Table 1.1 Healthcare Leadership Competency Models

<i>Source(s)</i>	<i>Target Population</i>	<i>Goals</i>	<i>Method of Model Development</i>	<i>Structure</i>
Ross, Wentzel, and Mityng (2002)	General (healthcare students and administrators at all levels)	Provide an in-depth treatment of competencies relevant to health administration	Author experience, review of prior models	24 competencies in 4 clusters
ACMPE (2003)	Medical group management professionals	Develop and disseminate resources to advance the development of the profession	Subject-matter expert panel and validation with incumbent sample	5 competency clusters
AUPHA (Hilberman 2004)	Graduate students and early careerists	Support pedagogy enhancement in graduate health administration education	Review of related competency models, consensus of expert panel	35 competencies in 3 clusters
Garman, Tyler, and Darnall (2004)	Early, mid-, and senior-level healthcare managers	Identify behavioral competencies that distinguish higher from lower performers	Content validation with subject-matter experts	26 competencies in 7 clusters

Table 1.1 continued

NCHL (2004)	General (healthcare management and related fields)	Develop a benchmark model of core competencies for the profession	Qualitative meta-analytic review of prior competency models (Calhoun et al. 2004); refinement based on practitioner input	26 competencies in 3 clusters
Healthcare Leadership Alliance (2005a, 2005b)	General (healthcare management at all levels)	Develop and disseminate resources for core and specialty competencies in health administration across sub-disciplines	Collaboration of five major health administration professional associations (ACHE, AONE, HFMA, HIMSS, and MGMA/ACMPE)	300 competency in 5 clusters
Dye and Garman (2006)	Senior-level executives	Support self-development in areas that differentiate the highest performers from other strong performers	Experiences of senior executive search consultants	16 competencies in 4 clusters

Note: See Garman and Johnson (2006) for the complete references for these sources.
Source: Adapted from Garman and Johnson (2006).

In contrast, leaving lower-level management to figure out and support its own methods will inevitably lead to less-effective results.¹

If you are in the C-suite, ask yourself and your peers how talent is being defined, evaluated, and monitored within the senior management group. Most important, consider how your practices are being modeled in the organization at large.

NOTE

1. Survey research sponsored by the American College of Healthcare Executives supports this assertion. Healthcare organizations with top-down approaches to succession planning and leadership development were viewed as more effective than organizations where these activities only went on at lower leadership levels. See Garman and Tyler (2006).

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