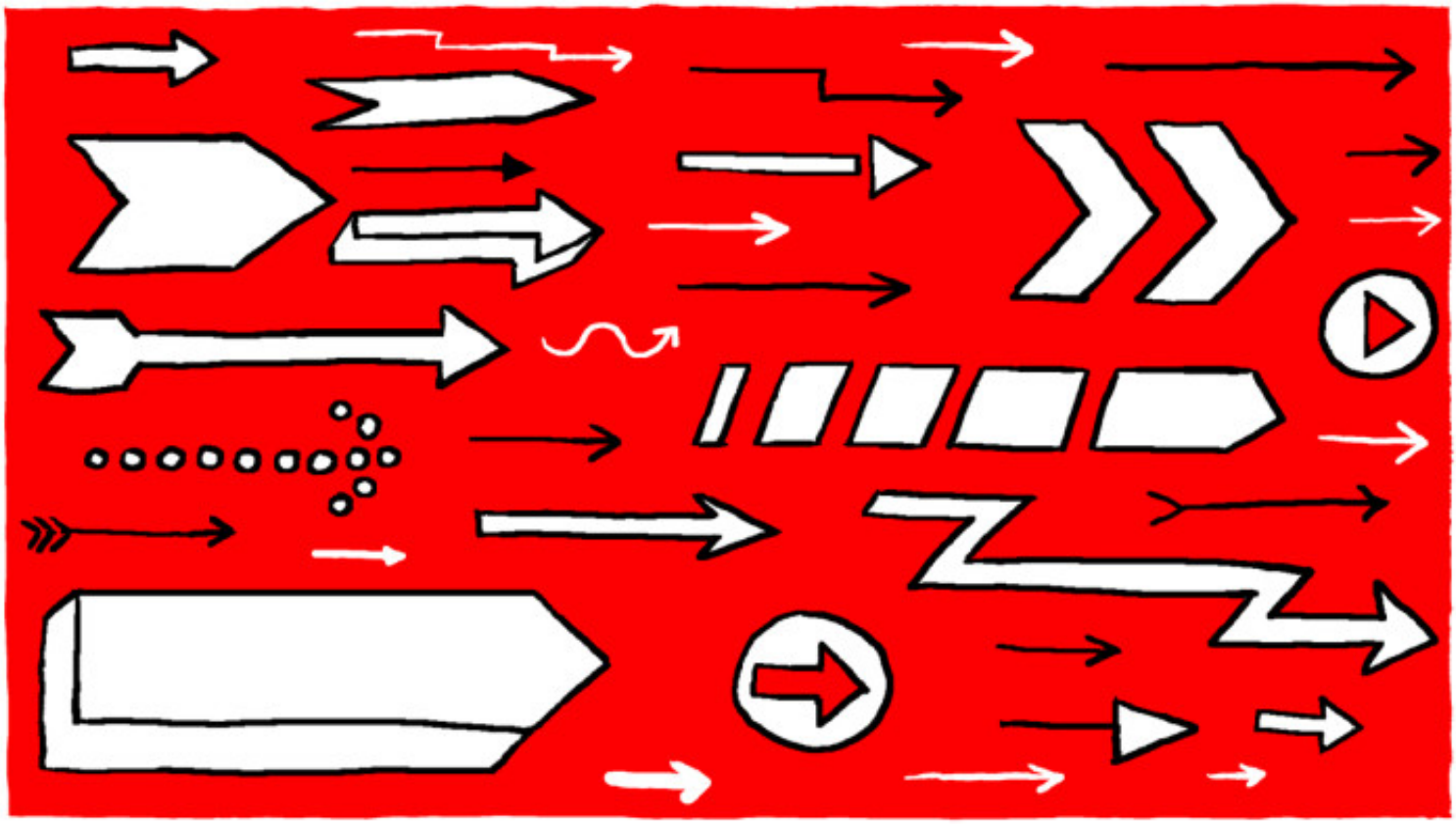
LEADERSHIP DEVELOPMENT

Most Doctors Have Little or No Management Training, and That's a Problem

by Jennifer Perry, Foster Mobley, and Matt Brubaker

DECEMBER 15, 2017



NICHOLAS BLECHMAN FOR HBR

Rising pressure to achieve better medical outcomes with increasingly limited financial resources has created an acute need for more physician leaders. Several studies (including this one) have shown that doctors want to be led by other doctors; they trust physician leaders to make the right decisions about redesigning health care delivery and balancing quality and cost. Fair or not, they believe it's harder for leaders without clinical expertise to see how cutting costs impacts quality of care.

Yet most doctors in the U.S. aren't taught management skills in medical school. And they receive little on-the-job training to develop skills such as how to allocate short- and long-term resources, how to provide developmental feedback, or how to effectively handle conflict - leadership skills needed to run a vibrant business.

A popular way of bringing physicians up to speed is to elevate them into management roles and team them with business executives. But this approach, called the "dyad model," is not an optimal long-term solution, for reasons we'll describe. Rather, we suggest a different approach: carving out a career path for younger physicians with leadership potential and creating a well-designed development pipeline so doctors emerge able to effectively lead large organizations of medical providers.

The Dyad Model and Its Limitations

What often happens with the dyad model is senior physicians are paired with business executives, either as co-leaders or with one reporting to the other, to run an organizational unit, region, or business segment (e.g., acute care hospitals, rehab clinics, physician practices, and urgent care centers). Some health care businesses use duplicate dyad management structures—one to oversee the clinical enterprise and another to oversee the

business and operations that support the clinical enterprise. It's important to note that, in all cases, these organizations still need a chief medical officer (CMO) who focuses solely on clinical operations, and who oversees quality, compliance, and other key aspects of care. The CMO should not be part of the dyad model.

The dyad model can help break down silos, improve the way clinical and operations leaders work together, and coordinate care. And this has produced good results at a number of organizations, including the Mayo Clinic (two leaders shared the top job until 2015), Cigna Medical Group, and Carle Foundation Hospital.

However, dyads can create inefficiencies and duplication of resources (not to mention higher-than-necessary salaries) and delay decision-making. The model can also create confusion about roles and spawn outright conflict; we've seen power struggles between leaders with different priorities, who often issue conflicting messages to the areas they lead.

Finally, this model doesn't go far enough to prepare doctors to be organizational leaders. It doesn't require physicians to learn deeply about the business and gain critical financial, operational, and management skills - limiting their ability to grow into stronger leaders or advance further in the organization.

In an environment of intense cost pressures, we believe it's more economically sustainable in the long run for a health care organization to have a single, highly effective physician leader running the business and holding both clinical and administrative responsibilities, rather than bifurcating the role. There are two reasons: One is you don't need to pay two leaders to do the job that one highly capable leader could do. The second is, it can reduce physician turnover (and thus the cost of recruiting) and boost morale. While having such a big job may sound like a heavy burden - being responsible for clinical stewardship, key

strategic and operational decisions, and financial management - when physician leaders' development is effective, their roles are clear, and they know how to focus their attention, they can handle the job without burning out.

But to do this, organizations need a cadre of physician leaders who are interested in taking on management roles and have the necessary business skills to lead effectively.

Building a Physician Leadership Pipeline

Based on work with dozens of health care organizations, we have adapted the leadership development model of Ram Charan et al to outline a leadership path for physicians.

This pipeline moves physicians through five levels of leadership - each allowing them to take on greater responsibility and gain the experience and skills necessary for succeeding at the next level. Over time, they develop the capacity to lead beyond the clinical enterprise and a more holistic view of the organization's needs.

Each level involves a specific focus and set of skills:

Individual Practitioner: This level comprises practicing physicians who are part of a practice, group, or solo private practice and are focused primarily on patient care. Technical proficiency is valued most in this individual contributor role.

MD Leader: This level involves running a medical group, hospital program, or an academic medical center (AMC) division (as a medical director of a service line or group of MDs, or a leader of a clinic or residents/fellow program in AMC) and managing other physicians or a program. These leaders learn to oversee and delegate work, and develop and coach others. Emotional intelligence is an important skill to develop at this level.

Market MD Leader: This role is responsible for a business segment or region, and oversees other MD leaders or a broader scope of clinical/MD staff (such as regional or market physician leader or chief of an AMC faculty division). This is where you often see dyad models emerge, as the role involves both clinical oversight and greater business responsibilities. The leader must learn how to manage financials, develop a longer-term view, and build knowledge of how to devise strategy. Communication and collaboration skills are paramount.

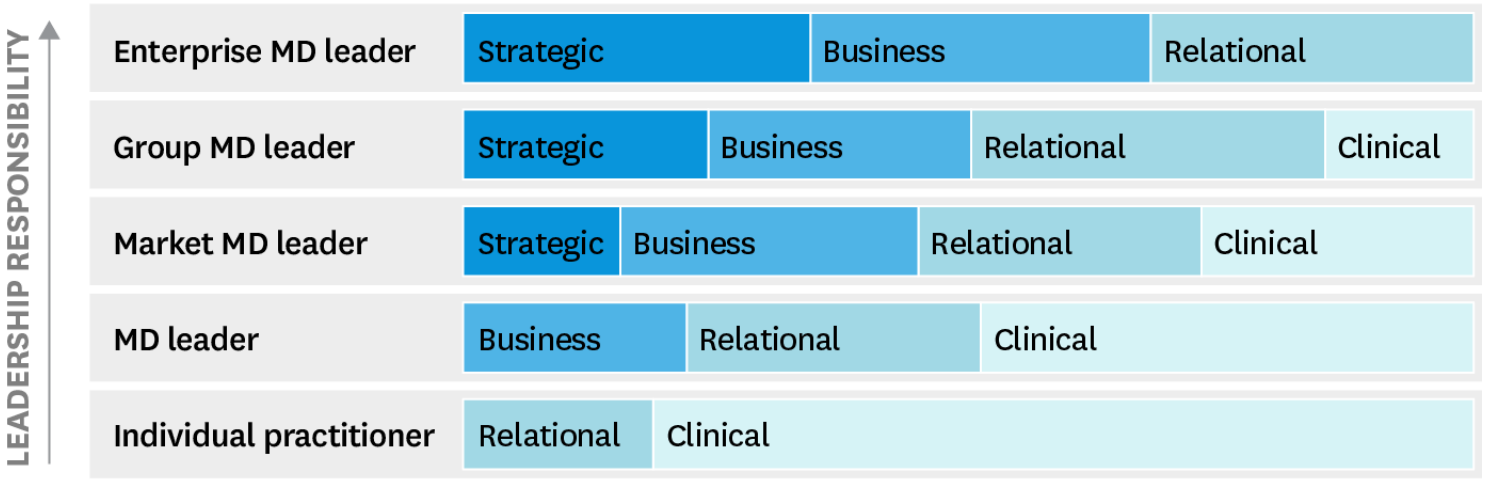
Group MD Leader: This role oversees a group of businesses, often as group president or chief medical officer for a corporation or chair of an AMC faculty department, with responsibility often expanded to include both clinical and business outcomes. Here the leader must be proficient in evaluating strategy, portfolio assessment, and factoring in the complexities of both internal and external business requirements, in addition to the skills gained in prior roles.

Enterprise MD Leader: This top leadership role, such as CEO, is responsible for an entire enterprise, including its strategic direction and overall organizational results. Leaders at this level emphasize visionary thinking, discerning key external trends, strategic positioning, and developing mission-critical priorities.

At each level, the mix of strategic, business, relational and clinical skills required to lead is quite different.

The Skills Physician Leaders Need at Different Stages of Their Career

Greater leadership responsibilities demand a shift in skills.



SOURCE FMG LEADING

Creating a pipeline like this can help health care organizations recruit early-career physicians, develop their skills, and move them over time into key leadership positions. Consider the example of Sound Physicians. The Tacoma, Washington-based company is one of the nation's largest providers of hospitalists and post-acute care, with more than 2,500 physicians in nearly 350 healthcare systems throughout the U.S. To support rapid growth, Sound Physicians sought to accelerate the development of its physicians' leadership skills. The firm believed its dyad approach would not produce nearly the number of leaders that it needed.

Since putting a leadership pipeline in place, the firm now sees improved morale and overall engagement, lower turnover, and a greater ability to attract new business partners (by being able to place more physicians and physician leaders in the field). TeamHealth, a provider of more than 1,000 physicians and 20,000 clinicians to healthcare institutions in the U.S., has seen similar results after starting to develop physicians through these five levels.

Addressing Leadership Deficits

Without a well-designed development pipeline in place, doctors often get promoted directly into leadership roles, skipping levels and moving, for example, from an individual contributor to a market MD leader or group MD. This can lead to poor management oversight, operational decisions that fail to control costs, and morale problems. Our pipeline approach allows health care organizations to ensure that doctors have the skills they need as they advance in their careers. It also helps identify and address leadership skill deficits early. Specifically, the pipeline can prevent the three most common ones we see: an inability to manage and develop others, poor relationship management skills, and lack of strategic perspective.

Managing and Developing Others

Leading requires the ability to plan one's own work and the work of others. It also requires knowing how to delegate and mentor. This means physicians must learn to work more collaboratively — a style that isn't nurtured in a command-and-control environment. One-on-one coaching is one way to address this gap, but for large organizations it's often more economical to develop a program to help a broader group of physician leaders at once.

This is what Sound Physicians found out. When we first met Dr. Rob Bessler, the physician CEO and founder, he was looking to reduce physician turnover and increase the growth of the business. (The company had been purchased by a private equity firm that believed Sound Physicians could scale its business.) His vision was to build the next generation of physician leaders. Dr. Bessler tried a number of off-the-shelf leadership programs, but they had little impact on turnover and did not interest physicians.

Sound Physicians needed a customized physician leadership development program that focused at the bottom three levels: individual practitioners, MD leaders, and market MD leaders. The company identified the key leadership competencies (behaviors, beliefs, and knowledge) its physician leaders needed to support its values and direction. It then created a foundational leadership course that covered an array of management and leadership topics. The course brought together cohorts of physician leaders from each region. The structure allowed them to learn from one another, and the course was tailored to their organization's unique roles, culture, and challenges. Dr. Bessler particularly valued the peer-to-peer training, which brought together leaders with similar challenges.

The result? A survey one year later found those who went through training gained confidence in their ability to lead, were more engaged in their work, and improved the way they interacted with others. Now all incoming doctors to Sound Physicians participate in this leadership development program, and they are building strong leaders throughout the organization.

Developing Robust Relationship Management Skills

Several studies on physician leadership have noted the importance of social awareness, social skills, and the relationship aspects of leadership. Of course, practicing physicians interact with patients, but the interactions tend to be episodic and individually focused, with the doctor clearly in charge. Most physicians have been trained to keep emotion out of the job, and are not comfortable showing vulnerability in the workplace. So their work experience doesn't adequately prepare them for managing complicated workplace relationships and being seen as authentic leaders.

One way to address this gap is to give physician leaders better feedback at all levels. Yet we frequently see that health care organizations are reluctant to give performance reviews, especially to physicians. They are often viewed as professional class and not "staff." What's more, physician leaders tend to loath providing feedback to other physicians.

A great example of a physician who, through feedback, became a better leader is Dr. James (not his real name), who leads the emergency services department at a major academic medical center. After 20 years of individual clinical experience, he was appointed chair of the department (an MD leader role in our pipeline), where he was faced with a mandate to improve quality, efficiency, and morale in the department.

His new role required him to work in new ways with nursing leadership and other clinical departments that interacted with the emergency department. But he soon discovered a culture of silos and finger pointing that made this challenging.

Dr. James had already developed some business and leadership skills from taking on administrative and lower-level leadership roles in the five years before he was named department chair. But he needed to work on his influence skills, broaden his strategic perspective, and deepen his ability to lead change.

Through 360 degree feedback, he learned that certain elements of his leadership style that had previously been effective were no longer serving him well. In particular, his strong bias for action, when applied to a department chair role, came across as a tendency to move too quickly before sharing the big picture or rationale for key decisions.

After getting this feedback, he worked far more effectively with colleagues. He also developed a cross-functional leadership team that gave him input on his strategy and coordinated operational oversight. The end result was a more aligned and collaborative

leadership team for the department.

Acquiring a Strategic Perspective

Many physician leaders who are promoted to lead an entire enterprise or a business segment (level four or five on our pipeline) lack the necessary experience for the job. They aren't skilled in managing and blending functional and business strategies, portfolio assessment, factoring in short- and long-term tradeoffs, and taking a longer-term strategic approach to decisions. These shortfalls can render such leaders ineffective.

Faced with such challenges, Dr. Ronald DePinho resigned in March as CEO of MD Anderson Cancer Center in Houston. In his resignation, he said that the center "needs a new president who will inspire greater unity and a sharp focus on navigating the tectonic changes in healthcare delivery and economics." His lack of strategic perspective and inability to balance the institution's financial, business, and clinical demands revealed he wasn't right for the role.

In contrast, consider Dr. Kevin Tabb, CEO of Beth Israel Deaconness, who is known for his ability to think strategically. He was instrumental in forging a merger with Lahey Health, another large Northeastern system. Dr. Tabb has effectively moved through the different levels of leadership, gaining experience through a variety of roles with increasing responsibility and scope, first at GE's health care technology business and then at Stanford Hospital & Clinics, where he moved up the ranks to chief medical officer before becoming CEO at Beth Israel Deaconness. In following this development path, Dr. Tabb gained the experience and skills he needed to be successful in a broader, more integrated role.

A Tall Order

We believe every healthcare institution that wants highly effective physician leaders should start building a pipeline to develop physicians at key stages of their career. But we also realize this is no easy task.

One way to start is by focusing on the leadership level of greatest need. After diagnosing how current leaders at each level are faring, their organization can zero in on the weakest areas and build stronger skills development programs there.

For any program to work, it must gain physicians' trust. This means it must address issues that matter to them and be grounded in evidence. A good way to design the program is to get an influential group of physicians into a room to discuss the skills they're interested in developing and involve them in the program's design.

By beginning to build a sustainable program, healthcare institutions can bolster leadership competencies at all levels, in ways that physicians will welcome.

Jennifer Perry is principal of the health care practice of FMG Leading, a human capital strategy firm.

Foster Mobley, Ed.D., is founder and chairman of FMG Leading.

Matt Brubaker, Ed.D., is CEO at FMG Leading, a human capital strategy firm.

This article is about LEADERSHIP DEVELOPMENT

⊕ **FOLLOW** THIS TOPIC

Related Topics: LEADERSHIP TRANSITIONS | HEALTHCARE

Comments

Leave a Comment

POST

15 COMMENTS

John Gregory Vincent a year ago

Part II...At the end of the day the healthcare organizations that will thrive will have two things being said about them. Patients will be saying, "That is the only place I want to go to" AND employees will be saying, "That is the only place I want to go to work at." You need both and without effective multi-level leadership you will have neither.

REPLY 0 0

JOIN THE CONVERSATION

POSTING GUIDELINES

We hope the conversations that take place on HBR.org will be energetic, constructive, and thought-provoking. To comment, readers must sign in or register. And to ensure the quality of the discussion, our moderating team will review all comments and may edit them for clarity, length, and relevance. Comments that are overly promotional, mean-spirited, or off-topic may be deleted per the moderators' judgment. All postings become the property of Harvard Business Publishing.