



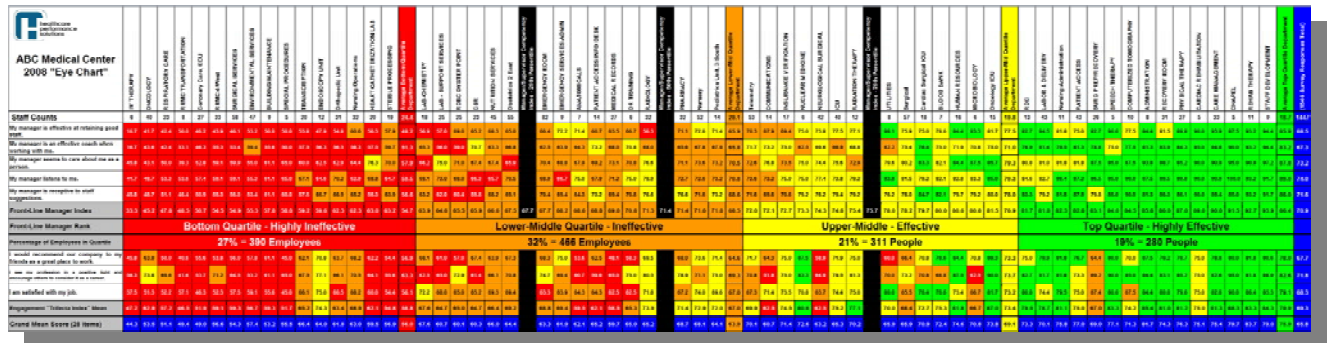
Sharing Best Practices Knowledge

TO MEET THE EXTRODINARY CHALLENGES YOU ARE FACING TODAY
YOU MUST DEMONSTRATE EXTRAORDINARY BUSINESS PRACTICES:

Span of Control and Leadership Talent: Their Impact on Creating High Performing Departments

Healthcare is the most challenged industry in America. With the increasing pressure brought about by the current economic conditions it is no surprise that hospital executives are examining all possible options to secure their short-term and long term success. One area that is overlooked is the relationship between a leader's **span of control** and that leader's **demonstrated talent** to the overall **performance** of their department.

To determine the impact of this relationship, we recently conducted a research analysis using data from 12 healthcare organizations. The *compelling* results are presented in the following pages.



The Eye Chart is a visual tool that illustrates critical performance information in an easy-to-understand graphical format. In essence, it takes raw data and transforms it into business intelligence.

For the purpose of this study, we define as **'Healthy Culture'** a department that demonstrates high *employee satisfaction, loyalty and engagement* that is mostly created (i.e., driven) by capable leadership. This performance level is illustrated by demonstrated performance and rank order distribution within the top half of the Success Profiles **Performance Management Eye Chart** (aka Yellow or Green performance).

The Performance Management Eye Chart is created using data from an organization's employee satisfaction survey (bottom up front-line leader assessment). It is a visual tool that compares leadership performance and cultural engagement at glance. The Eye Chart shows which departments have healthy mini-cultures of excellence (yellow and green) and which ones are struggling or are failing (orange and red).

We have found that business leaders do not relate well to nor are they motivated by statistical coefficients and academic correlations. They need practical and applied causal links and measures of performance that they can readily see and relate to logically and emotionally. Do the measurement tools need to be scientifically valid and reliable? YES. Should the data be presented in a way that is less effective, often confusing (with information overload) and difficult to interpret? NO.

Thus our solution: the Eye Chart suite of Business Intelligence tools.

Study Parameters

- **Total number of organizations within the study:** 12 healthcare organizations
- **Total number of departments:** 849
- **Definition of a large span of control:** 20 or more staff reporting to one leader/manager
- **Percentage of all departments that are classified as having a “large span of control:** 33% or 284
- **Distribution of leadership talent/ability** (number of leaders are there at the various ability/talent levels): Please note that these numbers have essentially been consistent with all of our other research.
 - “A” level leaders = 76 (27%)
 - “B” level leaders = 143 (50%)
 - “C” level leaders = 42 (15%)
 - “D” level leaders = 23 (8%)

Questions and Answers

- **Question:** What percentage of leaders with large spans of control tend to perform in the **top half** and **bottom half** of the Performance Management Eye Chart?

Answer: There are 40% in the **top half** and 60% in the **bottom half**. Logically, managing a large span of control is a more difficult obstacle to overcome.

- **Question:** From question #2...what percentage of the top half performers within the Performance Management “Eye Chart” PMEC (top GREEN and upper-middle YELLOW quartiles) are also “A” and “B” level talent?

Answer: 88% or 102 managers are performing in the top half of the PMEC and are also “A” or “B” level talent.

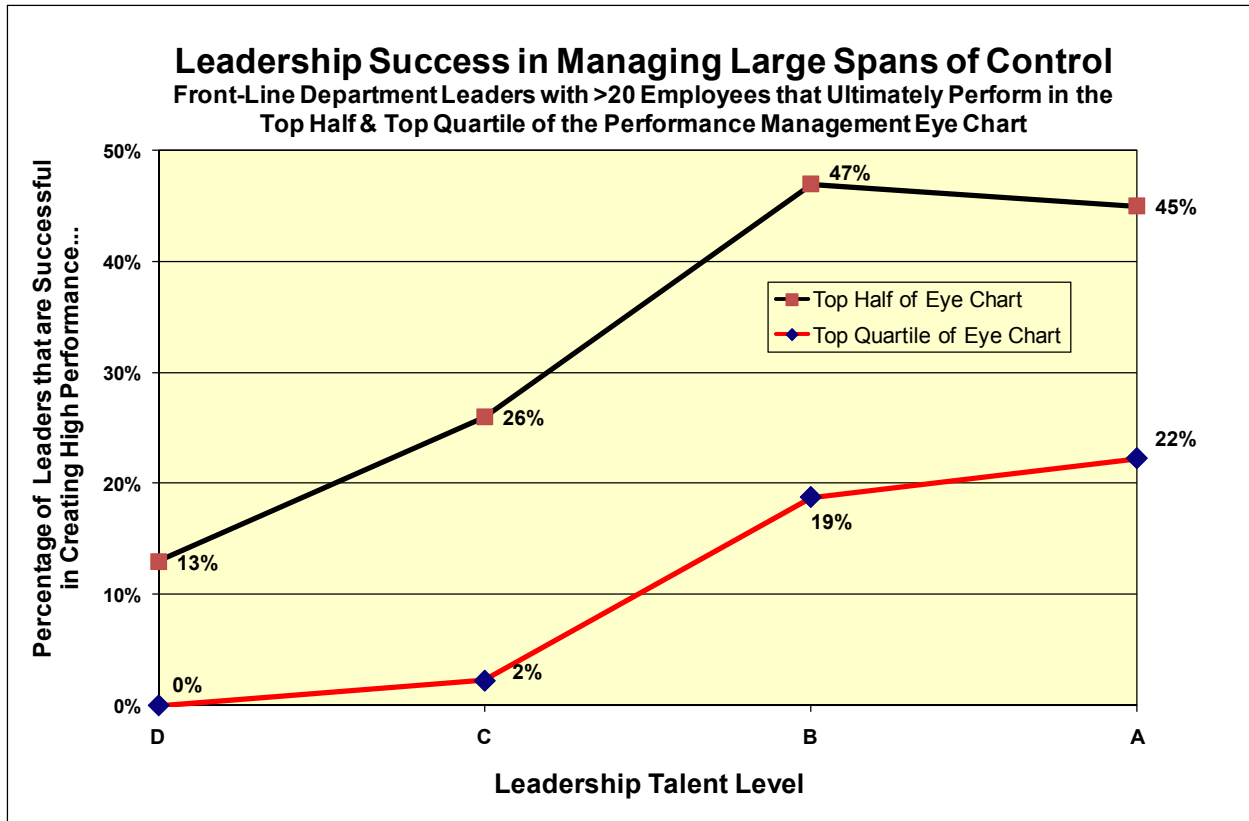
- **Question:** Of all departments with a large span of control...what percentage of leaders are performing in the “Top Quartile GREEN level?”

Answer: 45 managers or 16%

- **Question:** From question #4...what percentage in the “Top Quartile” Green also have “A” and “B” level talent?

Answer: 44 managers or 98%....see graph below

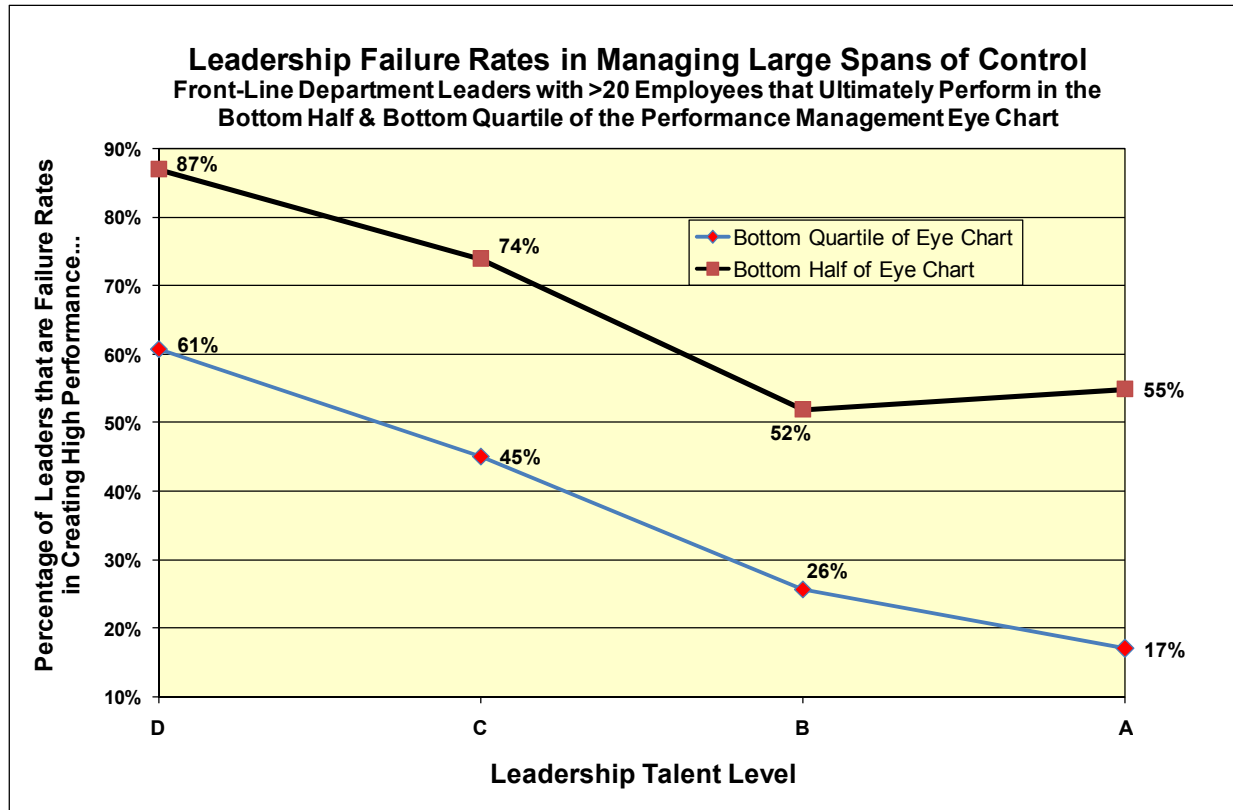
Leadership Success Rates



Top Quartile of Eye Chart: *With a large span of control (>20 people), 22% of all “A” level leaders will ultimately perform in the top GREEN quartile. Approximately 18% of “B” level leaders will ultimately perform in the top GREEN quartile. Only 2% of “C” level leaders and virtually none of the “D” level leaders will perform at the top GREEN quartile (exceptional) level..*

Top Half of Eye Chart: *With a large span of control (>20 people), 45% of all “A” level leaders will ultimately perform in the top half of the Eye Chart. Approximately 47% of “B” level leaders will ultimately perform in the top half. 26% of “C” level leaders and only 13% of “D” level leaders will create good performance in the top half of the Eye Chart.*

Leadership Failure Rates



Bottom Quartile of Eye Chart: *With a large span of control (>20 people), 17% of all “A” level leaders will ultimately perform in the bottom RED quartile. Approximately 26% of “B” level leaders will ultimately perform in the bottom quartile. Approximately 45% of “C” level leaders and 61% of “D” level leaders will perform at the bottom RED quartile (failing) level..*

Bottom Half of Eye Chart: *With a large span of control (>20 people), 55% of all “A” level leaders will ultimately perform in the bottom half of the Eye Chart. Approximately 52% of “B” level leaders will ultimately perform in bottom half. 74% of “C” level leaders and only 87% of “D” level leaders will create sub-optimized poor (ORANGE) to failing (RED) performance.*

The Ultimate Takeaway

- If you want or expect high (exceptional top quartile) performance (aka a healthy culture) within a high span of control department (with greater than 20 employees) you must appoint either an “A” or “B” level leader. The odds of success for a “C” or “D” level leader are probably less than 2%.
- In fact, only 9% of “C” level leaders and 3% of “D” level leaders performed in the top half of the “Eye Chart” at all.
- Essentially it appears to be slightly more difficult to manage large numbers of people than it is to manage pure high degree of difficulty functions. This is because some high DoD departments in our research database are a little smaller.

About Us

Success Profiles, Inc: Established in 1991, *Success Profiles* designs and provides organizational performance measurement instruments and database management services directly to clients and indirectly to management consulting firms and industry specific professional associations. The service offerings are designed to create “Actionable Knowledge and Business Intelligence.” *Success Profiles* provides the measurement tools and performance management methodology to help executives make better – more informed leadership decisions with reasonable probability of success.

Healthcare Performance Solutions (HPS): HPS is a consulting and advisory services firm that helps hospitals and health systems improve organizational performance (one department and one leader at a time). Established in 2002, HPS has been retained by over 200 hospital systems to improve workforce optimization, employee engagement, patient outcomes, productivity, and the net operating margin. The core purpose of HPS is to improve the health of healthcare, one organization at a time.

Tom Olivo is the President of Success Profiles, Inc. and the founding partner of Healthcare Performance Solutions (HPS), located in Bozeman, MT



For an in-depth analysis of the subject matter discussed in this report, related case studies, and/or to review our complete service offerings, please contact us at: *Success Profiles, Inc.*
877-582-8884, www.successprofiles.com

