

# The High Cost of Apathy: Why Leadership Coaching is Needed in Health Care

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Investment in management and leadership infrastructure, or more notably a lack of investment, has had a significant and adverse impact on the health care industry over the last 20 years. As a result, health care is at a crossroads. During this time, a human resource crisis has been building in health care that continues to intensify year by year and is negatively affecting not only the accessibility of health care but the quality of health care as well. For the health care industry to move beyond this crisis, executives must invest in developing an effective management and leadership team. This begs the question: What can health care executives do to build a strong infrastructure? One solution that must be considered is the utilization of leadership coaching in health care.

*“Don’t judge each day by the harvest you reap, but by the seeds you plant.”*

- Robert Louis Stevenson (1850-1894)

Investment in management and leadership infrastructure, or more notably a lack of investment, has had a significant and adverse impact on the health care industry over the last 20 years. As a result, health care is at a crossroads. During this time, a human resource crisis has been building in health care that continues to intensify year by year and is negatively affecting not only the accessibility of health care but the quality of health care as well. A shortage of workers—from radiology technologists to nurses to pharmacists, physicians, and administrators—has escalated since 1990 and is expected to continue into the near future.<sup>1</sup> Employee turnover rates in the health care industry are leading to mounting costs and placing a sizable strain on the existing staff of hospitals, physician practices, and other health care entities. The effects have been twofold in nature: (a) turnover rates in the health care industry aggravate the problem of a declining labor pool, and (b) the cost of replacing an employee in the health care industry continues to rise. To deal effectively with the crossroads that the health care industry finds itself at, health care leaders must seek to introduce creative recruitment strategies, increase retention rates, and contain turnover. This is easier said than done. Solutions, according to Numerof and Abrams, require that leaders understand the factors that underlie the current trends in health care.<sup>2</sup> This requires an investment in leadership development of managers and leaders who are responsible for the day-to-day operations of health care organizations. However, there continues to be a significant lack of management and leadership infrastructure in place that can systematically engage the industry on these issues through goal-directed, efficient, and effective problem solving. For the health care industry to move beyond this crisis, executives must invest in developing an effective management and leadership team. This begs the question: What can health care executives do to build a strong infrastructure? One solution that must be considered is the utilization of leadership coaching in health care.

## The Role of Leadership Coaching in Organizations

Leadership coaching, which can be used to fulfill several different roles within an organization, is a structured process and partnership between a coach and a client that encourages individuals to become intentional, lifelong learners and make changes in their behaviors and development that leads to positive outcomes in both their professional and personal lives. Coaches are trained to listen, observe, and customize their approaches to each individual. During the coaching process, the coach encourages self-discovery and holds the client responsible and accountable for making forward progress towards their goals.

One of the foremost roles that leaders in health care organizations should take is that of developing and retaining talent in organizations. One such option that leaders can consider is utilizing leadership coaching as a training and development tool. Caroline Horner noted that coaching in organizations today is less about fixing underachieving employees and more about recognizing those individuals who are competent to increase their personal effectiveness and reach their full potential.<sup>3</sup> Accordingly, executives who look to leadership coaching for the development and retention of employees in their organizations must take the approach that coaching: (a) assumes untapped potential in everyone and insists that it be discovered and developed, (b) focuses on identifying and strengthening assets in individuals, and (c) looks at people and the organization as possibilities for constant reinvention.<sup>4</sup> It begins with believing in people. As Stoltzfus pointed out in his book on leadership coaching, like Jesus' belief in us, the unconditional belief of a coach in a person's untapped potential unleashes the power of God for change in an individual's life.<sup>5</sup> And as Paul wrote to the church at Corinth, "From now on, therefore, we regard no one according to the flesh. . . . Therefore, if anyone is in Christ, he is a new creation. The old has passed away; behold, the new has come."<sup>6</sup>

Another role that leadership coaching must take in organizations is instilling a culture of continuous learning. Leaders of organizations that have proven to be the most successful in retaining their employees are those that view themselves as leading learning organizations—entities that have become the setting for individuals and teams who are able to adapt to continually changing environments by acting decisively while in uncharted territory, uncover opportunities where others see only chaos, and perform at their best when the stakes are highest. However, to meet these challenges and to sustain high performance in today's competitive environment, an organization must create a culture that promotes and supports learning at all levels and in any direction.<sup>7</sup> To support this learning in all directions, business executives are turning to leadership coaching as the leadership and management development tool of choice to create a culture within their organizations that develops and grows employees.

Nancy Mercurio, president of Leadership Training Systems, stated that organizations are choosing coaching because it allows both the individual (who sets his or her goals) and the coach to easily track results as they monitor performance together. Further, and perhaps even more importantly, organizational leadership can observe results of the coaching process in the form of improvements in individual behavior, performance, and effectiveness.<sup>8</sup> These observed outcomes are supported by Cohen who stated that working with a coach provides significant tangible and intangible results for organizations. These results include:

- Support for succession planning, creating successful new leaders, and support for newly promoted individuals;
- Increased satisfaction and motivation of employees and increased productivity;

- Better understanding of organizational issues (via aggregate feedback);
- Increased retention of high performing employees; and
- Increased organizational effectiveness via more effective leaders.<sup>9</sup>

For health care organizations, utilizing leadership coaching for the purpose of retaining high performing employees and increasing organizational effectiveness via more effective leaders is a major key to overcoming the human resources crisis that is affecting the industry. This is supported by Starcevich who has stated that development, growth, and retention of employees and increased effectiveness of leaders is the single most important reason that organizations should undertake coaching initiatives.<sup>10</sup> Unfortunately, this has not been a priority among senior executives in health care organizations. Starcevich goes on to state that, in a survey of 133 executives and individuals involved in coaching, 79% of respondents felt coaching was given no higher than a medium priority in their organizations and, of that percentage, 20% rated it a low priority.<sup>11</sup> However, if health care executives were aware of the return on investment (ROI) that leadership coaching can bring to their organizations, they may think differently.

### **Leadership Coaching and Organizational ROI**

Why measure return on investment obtained from leadership coaching? There are at least three legitimate reasons why return on investment should be measured. First, when organizations choose not to measure coaching, it undermines the value and impact that coaching has on the organization and calls into question what value the organization wants to gain from it. In addition, research published in June 2007 showed that few companies measure the return on investment of coaching despite spending a considerable proportion of their learning and development budgets on it every year.<sup>12</sup> Lastly, measuring return on investment is imperative because a leader's singular job is to get results.<sup>13</sup> But how does one go about measuring a return on investment from leadership coaching?

Bird pointed out six steps that should be used to measure an organization's return on investment from leadership coaching programs:

1. Leaders must define and put a cost on business strategies and identify the critical issues facing their organization.
2. There should be an alignment of coaching to address the business goals that leaders value the most. Only then should leaders and coaches agree on desired results, objectives, and specific measures of success.
3. Build evaluation methodologies into the coaching process at the outset and integrate this with existing business and human resource processes to help keep things clear and simple.
4. Create shared ownership of the evaluation by engaging evaluators from many levels and functions within the organization.
5. Leadership must manage perceptions and expectations, provide best practice examples, and communicate quick business wins.
6. Leadership must remember to hold on to the strategic value and intent throughout.<sup>14</sup>

When leaders believe in the monetary and intangible value coaching adds to an organization and expect to achieve transformational change, it will happen.

Still, many companies choose not to measure the ROI from leadership coaching. However, those who do continue to be astonished by the results that indicate clearly the worth of executive

coaching. Alastair Robertson, manager of Accenture's worldwide leadership development division in Boston, has stated that employers are shocked at how high their ROI numbers are for coaching. One large employer in the hospitality industry provided leadership coaching to its top 200 executives with the savings to the company being approximately \$45 million.<sup>15</sup> Still another study showed that executive coaching at Nortel Telecommunications produced a 529% return on investment and significant intangible benefits to the business. When the financial benefit from employee retention was included, the overall ROI rose to 788%.<sup>16</sup> Clearly, business executives are discovering the benefits of working with a professional coach to improve the leadership skills of their employees. The result has been a transformation in the way coaching is applied and perceived.<sup>17</sup>

### **Applying Leadership Coaching in Health Care**

To say that the work life of a health care professional is stressful tends to be a grand understatement. Very few industries demand from their employees what health care demands from those who make up their ranks. Consequently, many health care organizations have experienced or are experiencing problems such as: high turnover which is costing millions of dollars and affecting staff morale; clinical staff members who are well trained and talented yet are very frustrated, angry, and depressed; a lack of respect among co-workers that is affecting patient care; and employees who are implored to do more with less and stretch insufficient resources among numerous groups. Imagine, however, a health care industry in which all of the above statements were reversed: turnover would be low, people would feel fulfilled with their work, co-workers would function as a cohesive unit, and patients would receive quality care. It is possible for health care organizations to function in this type of environment. However, to reach this state, the needs of leaders in health care organizations must be met first. Why? Ultimately, it is the leader who will drive the organization forward. Coaching leaders so that they are in touch with who they are, know what they desire for their organizations, and have a willingness to do whatever it takes, both morally and ethically, to get to where they want to go, will be the leaders who succeed.

Richard Huseman has stated that in working with health care executives he has found that people in the industry are very bright and caring individuals yet health care is one of the worst run businesses in the world.<sup>18</sup> As a result, there is a need to transform health care organizations. However, the transformation of hospitals and physician practices into performance-driven, business-oriented entities is a daunting task due to a lack of management and leadership infrastructure. The current group of health care leaders is running a race that will only frustrate, exhaust, and ultimately lead them to leave the industry. Why? The lack of management and leadership infrastructure, according to Huseman, has led to an exhausted and frustrated group of individuals who cannot execute the transformations necessary to create an effective health care system. Only people who are trained and prepared to manage and lead can make the changes happen that are needed in health care.<sup>19</sup> But how does one develop as a health care leader? Gerbarg listed investment in coaching as one of the keys to the long-term success of health care organizations.<sup>20</sup>

One key element of leadership coaching for health care leaders is the development of emotional intelligence. Tusso stressed the importance of health care leaders developing a sense of awareness where one recognizes their skills and limitations, self-management where one learns to control emotions, social awareness where one learns to develop a sense of empathy towards others, and

relationship management where one develops the ability to move people in a positive direction.<sup>21</sup> Further, Henochowicz and Hetherington pointed out that leaders also have the unenviable task of coordinating activities of headstrong, ego driven medical professionals who have an innate distrust of non-medical personnel.<sup>22</sup> This requires the development of conflict management skills that Brooks maintained can be learned through leadership coaching.<sup>23</sup>

### **Concluding Thoughts**

For too long there has been indifference on the part of senior health care leadership when it comes to leadership and management infrastructure development and the costs have been extremely high. Accordingly, health care executives must exhibit core competencies to accomplish change goals. They need to be trained in the disciplines of coaching to more effectively manage others, including employees, trainees, and even patients. Health care leaders, in order to build a sustainable management and leadership infrastructure, must focus on the human dimension of interpersonal and organizational structures. Coaching is an essential tool in making that transition a reality. There is a growing realization that it is the immediate leaders at every level of a health care organization who determine results. According to the Baptist Health Care Leadership Institute, the most frequently cited reason employees are unhappy and quit in health care is their immediate leader.<sup>24</sup> On a more positive note, the most frequently cited reason that employees are energized, work hard, and love their jobs is their immediate leader. More and more, health care organizations are moving to a focus on leadership coaching to plant seeds of change as the means to drive success in the future and overcome the apathy of the past.

## Endnotes

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