Accelerating Outcomes

*Diagnosing and Treating* Organizational Resistance

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5 Key Takeaways From This Presentation

- Appreciating the importance of identifying both individual and organizational resistance early and the benefits of treating it sooner rather than later.

- The return on investment (ROI) of having assigned resources dedicated to addressing change resistance on any given initiative.

- Examples of tools used to diagnose and track the treatment of change resistance for healthcare specific initiatives.

- Understanding the primary reasons why managers and employees resist change and a set of tactics on how to address each.

- Industry specific data and benchmarks collected over the past 10 years demonstrating the actual cost savings and benefits of proactively investing in change management activities.
Imagine the following scenario: You are the owner of a rental property. One of your objectives is to keep down operational expenses so you can maintain your profit margin. A windy storm comes through and you get a call from your tenants stating water is coming down the wall from the ceiling.

**Proactively diagnosing and treating resistance to change will accelerate intended outcomes (in this case minimizing operational expenses).**

**REACTIVELY** Diagnosing and Treating Resistance  = $1050.00

**PROACTIVELY** Diagnosing and Treating Resistance  = $350.00
Factors That Impact Desired Outcomes

For any given organizational change, there are three ‘human’ factors that impact the amount of expected improvement from a solution.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Questions</th>
<th>Points to Diagnose, Track, and Treat</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADOPTION</td>
<td>How quickly do people get on board?</td>
<td>• Passive / Active resistance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Effective communication</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Active sponsorship and coaching</td>
</tr>
<tr>
<td>PROFICIENCY</td>
<td>How much improvement occurs when people are on board?</td>
<td>• Determined by competence of each individual who is doing their job a new way</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Can be reduced as a result of resistance</td>
</tr>
<tr>
<td>UTILIZATION</td>
<td>How many people are on board (participation)?</td>
<td>• How many people “opt out” of new way</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Impacted by the breakdown of the personal change model (PCM)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Reinforcement and resistance management play big roles</td>
</tr>
</tbody>
</table>

Now lets see how these three human factors impact the Resistance Management ROI model.
The speed of **ADOPTION, UTILIZATION, and PROFICIENCY** is what determines how fast we reach our intended outcomes!

Aggregate data used is from research firm Prosci Inc. Consists of 100s of health care initiatives over the past 10 years.
Research has shown that poorly managed resistance leads to under performance and deceleration of expected outcomes.
Research has shown that exceptionally managed resistance leads to exceeding performance and accelerates expected outcomes.
As you can see in this summarized comparison, taking the needed steps to proactively diagnose and treat organizational resistance will pay off in dividends.

Aggregate data used is from research firm Prosci Inc. Consists of 100s of health care initiatives over the past 10 years.
What Are Some Of The Lost Value Items?

Let us now look at some of the keys items that contribute to the lost value we are seeing between reactive and proactive resistance management.

**Employee Turn Over**

- For entry-level employees, it costs between 30-50 percent of their annual salary to replace them.
- For mid-level employees, it costs upwards of 150 percent of their annual salary to replace them.
- For high-level or highly specialized employees, you’re looking at 400 percent of their annual salary.

**Retraining Costs**

- Cost associated for delivering training and the staffs time to get trained again.

**Not realizing the cost savings or other benefits from the change**

- Bookshelf software (money wasted).
- Cost Savings/benefit realization delayed.
- Reverting back to old way (sustainability support).

When you do the math, the lost value far outweighs the cost of having resources proactively diagnose and treat resistance to the change.

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Who Are The Most Resistant Groups?

Participants in a 2015 study\(^{(1)}\) identified groups from which they experienced the most resistance.

Middle-level management was identified as the most resistant group by nearly half of the participants, followed by front-line employees and senior supervisors.

Manager Resistance Study

Participants in a 2015 study(1) indicated how much they felt resistance from Managers could have been avoided with effective change management.

52% of the study’s participants indicated that **more than half of the resistance** they experienced could have been avoided.

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Participants in a 2015 study(1) indicated how much they felt resistance from Employees could have been avoided with effective change management.

51% of the study’s participants indicated that more than half of the resistance they experienced could have been avoided.
### Primary Reasons Managers Resist Change

<table>
<thead>
<tr>
<th>Organizational Culture</th>
<th>Lack of awareness and knowledge about change</th>
<th>Lack of buy in</th>
<th>Misalignment of project goals and incentives</th>
<th>Lack of confidence in their own ability to manage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk adverse culture</td>
<td>Lack of knowledge on details of the change</td>
<td>Believed change would fail or was a bad solution</td>
<td>Pace of change</td>
<td>Inability or fear to be a leader of change</td>
</tr>
<tr>
<td>Past negative experiences with change</td>
<td>Not given the reasons for change</td>
<td>Comfortable with the status quo</td>
<td>Metrics that did not align with promotion parameters and pay/bonus scales</td>
<td>Lacked skills to manage resistance</td>
</tr>
<tr>
<td>Groupism vs. organizational dedication</td>
<td>Not understanding “what is in it for me”? (WIIFIM)</td>
<td>Did not want increased accountability &amp; visibility</td>
<td>Other misaligned incentives</td>
<td>Unable to communicate difficult messages to direct reports</td>
</tr>
<tr>
<td>Mistrust between departments and reporting levels</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Primary Reasons Employees Resist Change

**Lack of Awareness**
- Failure to communicate details about the change
- Employees could not answer “what's in it for me”? (WIIFIM)

**Change specific resistance**
- Increase in workload
- Lack in involvement by employees, incentives, and accountability
- Employees focused on the solution

**Fear**
- Fear of job loss
- Uncertainty of the future
- Losing power, status, influence, or compensation

**Lack of support from management or leadership**
- Leaders would not be a good role models for the change
- Direct supervisors will not support the change
- Lack of trust in executive leadership due to “flavor of the month” projects

**Resistance due to change saturation**
- Overwhelming number of concurrent changes
- Previous failures during project implementation
In January 2016, Hospital100 conducted a survey\(^{(2)}\) of senior executives from hospital and healthcare systems to identify strategic priorities & challenges.

**2016 Healthcare Priorities**

24% Independent Hospital

19% Health System With Fewer Than Five Hospitals

38% Health System With Five Or More Hospitals

17% Integrated Delivery Network

3% Other

**Type of Organization**

**Tax Status**

90% Non Profit

4% For Profit

6% Government / Public

**Annual Revenue**

39% More than $1 B

33% $401 M - $1 B

24% $101 M - $401 M

4% Under $100 M

4% $101 M - $401 M

\(^{(2)}\)Hospital 100 2016 Survey- [http://www.hospital100.com/files/2016/Hospital-100-Leadership-Survey-Results.pdf](http://www.hospital100.com/files/2016/Hospital-100-Leadership-Survey-Results.pdf)
# 2016 Healthcare Priorities

Below is a summary of Hospital 100’s 2016 survey top 5 priorities.

<table>
<thead>
<tr>
<th>#</th>
<th>Priority</th>
<th>Key Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Physician Alignment</td>
<td>• Expense reduction</td>
</tr>
<tr>
<td>2</td>
<td>Patient Engagement</td>
<td>• Fixed vs. total cost of care</td>
</tr>
<tr>
<td>3</td>
<td>Quality Initiatives</td>
<td>• Revenue cycle performance</td>
</tr>
<tr>
<td>4</td>
<td>Growth</td>
<td>• Sustained profitability</td>
</tr>
<tr>
<td>5</td>
<td>Cost Management/ Process Improvement</td>
<td>• Process improvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Alignment with systems</td>
</tr>
</tbody>
</table>

All of the key initiatives above depend on buy-in from individuals. Let’s explore a means to diagnose, track, and treat for a scenario related to expense reduction.
Expense Reduction Scenario: Hospital System

Below are the details of an actual scenario we will be referencing over the next few slides.

- **Client:** NE US Hospital System

- **Objective:** To increase revenue and reduce costs while maintaining quality care and staffing levels.

- **One Specific Initiative:** Improving the staffing model for the radiology department.

- **Financial Metrics:** Overtime, agency fees, temp staff, onboarding costs

- **Impacted Groups:** Imaging Staff, Radiologists, Recruiting, Compensation, Quality Mgmt., Accounting, Contract Mgmt., Medical Staffing

- **Target Benefit:** Realized value of 300k year over year.

Let us now examine some sample reports, that can be produced, when using a defined process and tool to diagnose and track resistance.
Expense Reduction Scenario: Process

First, you need to apply a change management process (like the one below) to facilitate diagnosing, tracking, and treating resistance.

The highlighted activities capture the information needed to generate the baseline and ongoing health check reports. Let us look at these now.
Diagnosing and Tracking Resistance

Taking the responses from your assessment you can produce a visual snapshot of the impacted organization’s management and current hot spots.

Change Agent Evaluation Map

Chief Financial Officer
J.D (+1)

Executive Sponsor

Director of Contracts
P.J (02)

Director of Accounting
T.B (+1)

Medical Director of Diagnostic Imaging
P.J (03)

Medical Staff/Credentialing
B.R (+1)

Director of Recruitment
L.P (+1)

Director of Compensation
J.A (03)

Chief Medical Officer
R.M (+1)

Sponsor

Director of Quality Management
T.D (+1)

Director of Recruitment
T.K (03)

Chief Human Resources Officer
K.D (02)

Change Agent Evaluation Map

Contract Manager
C.F (-2)

Accounting Manager
W.P (+1)

Manager Imaging
S.B (-3)

Staffing Manager
J.L (02)

Quality Manager
Y.T (+1)

Manager of Recruitment
T.K (03)

Manager of Compensation
N.B (-1)

View of Change: + Supportive, 0 Neutral, - Opposed

Level of CM Competency: 1 High, 2 Moderate, 3 Low

Diagnosing and tracking a heat map like this enables you to focus on addressing the RED and ORANGE areas.
Diagnosing and Tracking Resistance

Empowering department supervisors to track their staff’s individual resistance over time will provide critical information.

### Project “Health” Check

<table>
<thead>
<tr>
<th>Radiology Staff</th>
<th>January 2015</th>
<th>February 2015</th>
<th>March 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Aware</td>
<td>Engage</td>
<td>Nurture</td>
</tr>
<tr>
<td>Dr. Marks</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Dr. Scott</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Dr. Dupa</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>John Perry</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Dale Roberts</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Jane Issac</td>
<td>5</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Evan Segall</td>
<td>5</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Jill Rider</td>
<td>5</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Diane Lee</td>
<td>5</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Mike Haldeman</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Rene Rope</td>
<td>4</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

Legend:
- **1** Non Existent
- **2** Partially
- **3** Fully
- **4** Partially
- **5** Fully

Department supervisors can use this information to determine on which staff they need to apply “resistance tactics.”
Diagnosing and Tracking Resistance

Summarizing department “health” checks provides executives visibility into where pockets of resistance are occurring.

Sponsors and leaders can use these score cards to gain awareness of which supervisors need their support as well as understanding change adoption readiness.
So how do you treat individual resistance to change? Let’s look at the first set of tactics that direct supervisors should apply when addressing change resistance with staff.

**Resistance “Treatment” Tactics 1/2**

- Listen and understand
- Focus on the “what” not the “how”
- Remove barriers
- Communicate clear choices / consequences
- Create hope
Resistance “Treatment” Tactics 2/2

Now let us look at the second set of tactics that direct supervisors should apply when addressing change resistance with staff.

- Show the benefits in a real tangible way
- Make a personal appeal
- Convert the strongest dissenters
- Create a sacrifice
- Use money or power
Mistakes To Avoid

Let us now look at the most common mistakes made during a change.

**Top 5 Leader Mistakes**
- Failed to remain active and visible throughout change
- Underestimated or misunderstood the people side of change
- Failed to communicate message about the need for change
- Delegated the sponsorship role
- Failed to support the change in words and action

**Top 5 Manager Mistakes**
- Role Abdication
- Communication Mistakes
- Failing to support staff
- Ill Prepared
- Resisting Change
What You Can Do To Take Action Now

Head back to your organization and...

- Consider addressing change resistance formally on your initiatives.

- Start being proactive in diagnosing and treating resistance to change. The longer you wait, the more costly it will be.

- Seek advisory assistance if you need help implementing the techniques and tools discussed today.
Any Questions?

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