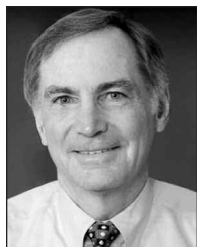


## From the Desk of Paul Betzold



Paul Betzold

The feature article in this issue of Searchlight reviews how organizations are working to develop quality improvement programs that demonstrate cost

effectiveness. For example, in healthcare the push to increase patient safety and operational efficiencies in an era of pay-for-performance is part of an industry-wide effort toward quality-driven healthcare.

Today's patients are more informed, demanding and place increased credibility on public reports such as rankings of the top 100 hospitals that help them decide where they want to go for care. Organizations that do not take steps towards quality improvement can be at risk for losing patients and contracts with insurance plans.

This trend has not gone unnoticed by hospital and health system Boards of Trustees, and is often a point of emphasis when our firm is retained to conduct a search for a new CEO.

As we work with search committees to develop an ideal candidate profile, leadership by the CEO in their organization's "quality journey" is often listed among the desired expectations of qualified candidates.

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**Anderson & Associates**

## Measuring Quality Across Industries -- How Leaders Fit into the Picture

3.4 defects per million items produced. That was the ambitious goal set by Motorola in 1986 when it developed a set of practices referred to as Six Sigma to systematically improve processes by eliminating defects.

Operational excellence has long been associated with the manufacturing industry. The underlying concepts of Six Sigma weren't "invented" in 1986, they were derived by combining methodologies dating back to the 1920s related to quality engineering. Quality control, continuous improvement, and Lean and Six Sigma processes have been used in plants for decades to help control costs while still providing high quality products.

This focus on quality has been essential for the manufacturing industry to achieve success and be competitive. As manufacturing has become globalized, the pressure has become extremely intense to make as many widgets as possible as quickly as possible with the fewest defects.

As other industries face increasing competition and costs, they have been using these traditionally manufacturing-related concepts to evaluate and improve their business processes and their bottom lines.

In particular, healthcare is taking quality improvement to the next level in order to remain competitive and to help reduce costs.

A recent Healthcare Informatics article discussed the trend of organized quality improvement across healthcare, "something that is desperately needed in a field that still

acts like a cottage industry rather than one of the largest and most important sectors of the American economy." According to the National Coalition on Health Care (NCHC), U.S. healthcare spending accounts for 16 percent of the gross domestic product and, by several measures, healthcare spending continues to increase at the fastest rate in history.

In 2006, employer health insurance premiums increased by 7.7 percent -- twice the inflation rate. NCHC's 2007 article "Facts on Health Care Costs," states "experts agree that our healthcare system is riddled with inefficiencies, excessive administrative expenses, inflated prices, poor management, inappropriate care, waste and fraud."

The pressure is on to become more efficient, transparent and accountable. What does this mean for our clients, including hospitals and healthcare systems? They need to do more, better, faster, and with fewer resources.

Our clients need effective, strategic leaders who recognize the urgency to create value for every healthcare dollar spent in order to succeed.

Hospital leaders have gone from being considered Administrators to CEOs and now must be strategic leaders to drive the changes that are needed. Healthcare is transforming from a management model that has been the status quo for decades to a new era of results-oriented and metrics-focused administration.

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### Our Vision

To be viewed as an outstanding executive search firm measured by the high performance of the candidates we place.

### Our Mission

To increase our clients' performance by improving their senior management.

### Our Objective

To connect our clients with the best talent who align with their culture and improve their performance.

## From the Desk of Paul Betzold *(continued)*

During the interview process, a candidate may be asked about his role in creating and supporting a culture that encourages and rewards initiatives focusing on delivery of high quality and cost effective patient care. Candidates may also be expected to share the results of those initiatives in terms of meeting regulatory and accrediting agency standards of organizations such as the Centers of Medicaid and Medicare Services, the National Quality Forum and the Joint Commission on Accreditation of Healthcare Organizations.

Clearly, Boards of Trustees are expecting their CEOs and other senior management to make quality a sustainable strategic focus of their healthcare organization in the same way that growth, financial performance and human resources have been emphasized in the past.

We at Anderson & Associates applaud this trend and are pleased to include it in our candidate identification and assessment process for our CEO, CFO, COO and other senior management searches. ♦

*(Executive Search Consultant Paul Betzold leads Anderson & Associates' healthcare practice. A former President & CEO of the Presbyterian Healthcare System (Southern Piedmont Region of the Novant Health System), Paul specializes in recruitment in areas that include hospitals, health systems, associations, foundations and senior services organizations.)*

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## Close Up: Anne Irwin Ward

**Role:** Executive Search Associate. Activities include research support, candidate identification, client contact and other engagement activities.

**Year joined Anderson & Associates:** 2006

**Experience:** Prior to joining Anderson & Associates, Anne worked for Banc of America Investment Services, Inc., and as a clinical social worker.

**Personal:** Anne has lived in Charlotte 20 years and graduated from Queens University with a B.A. in Psychology. She earned her Master in Social Work from the University of North Carolina at Chapel Hill. She recently completed the Arts and Science Council's Cultural Leadership Training program and now serves on the advisory board of Arts and Science Council South and board of Festival in the Park.

**Favorite pastimes:** Biking, traveling, attending local arts events, reading.

**Most admired executives:** Marian Wright Edelman "is the most impressive person I can think of that many people have not heard of. Edelman established and is president of the Children's Defense Fund (CDF), the nation's strongest advocate for our most disenfranchised children, with particular attention to the needs of poor and minority children and those with disabilities. I think she is someone we all should want to be when we 'grow up'."



Anne Irwin Ward

## Measuring Quality *(continued)*

One of Anderson & Associates' clients, McLeod Regional Medical Center in Florence, SC, has transformed its leadership to adapt successfully to this new era. The hospital receives calls daily from numerous individual hospitals requesting site visits.

In a recent Premier, Inc. press release, Rob Colones, McLeod Health's President and CEO was quoted saying "Of course it's gratifying to see the interest of hospitals across the nation in what we're doing here at McLeod. More importantly, it demonstrates the real commitment by people throughout healthcare to continuously improve what we do. We all want the same thing: a safe, effective healthcare system that strengthens the communities in which we live."

Healthcare leadership will be critical to the ongoing success of their organizations. An American College of Healthcare Executives (ACHE) survey shows that the CEO turnover has ranged in recent years from 14 to 16 percent annually. And as discussed in a previous Searchlight article, the aging of the population as baby boomers enter retirement has created greater competition to recruit and retain skilled executives. Healthcare organizations that recognize these forces now can begin implementing quality assessment and pay-for-performance measures to attract, reward and ultimately retain high performers.

The healthcare organizations that have

successfully addressed the challenges of increased competition coupled with a shrinking talent pool have taken several steps. They have identified areas to improve, such as clinical care quality, patient and employee satisfaction and various operating efficiencies.

Many have systematically improved various quality measures by implementing techniques or a combination of processes from Lean Healthcare, Six Sigma, Total Quality Management or Malcolm Baldrige award criteria. They have demonstrated their commitment to evaluation and change by allocating funds for certification and training and having a consistent, forceful message from the top – one of the key requirements for implementation of large scale change.

With purchasers, payors and consumers demanding more accountability for quality, healthcare organizations are responding. Stephanie Alexander, an executive with Premier Healthcare, says in an issue of Healthcare Informatics, "in the longer term, consumers are going to be demanding it (pay for performance); and that's going to drive how CEOs run their organizations."

We anticipate an urgent need for healthcare organizations to have senior leaders who can leverage resources to achieve the optimal balance between cost and quality, and who are skilled at collecting and acting on organizational data. ♦

Anderson & Associates is a Charlotte, NC-headquartered retained executive search firm. Founded in 1992, the firm focuses on recruiting in four key industries: healthcare, financial services, manufacturing and non-profit.

For more information, call 704.347.0090 or visit our website at [www.andersonexecsearch.com](http://www.andersonexecsearch.com).