



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.

Cost of Proactive vs. Reactive Treatment

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.

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



PROACTIVELY Diagnosing and Treating Resistance = **\$350.00**



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

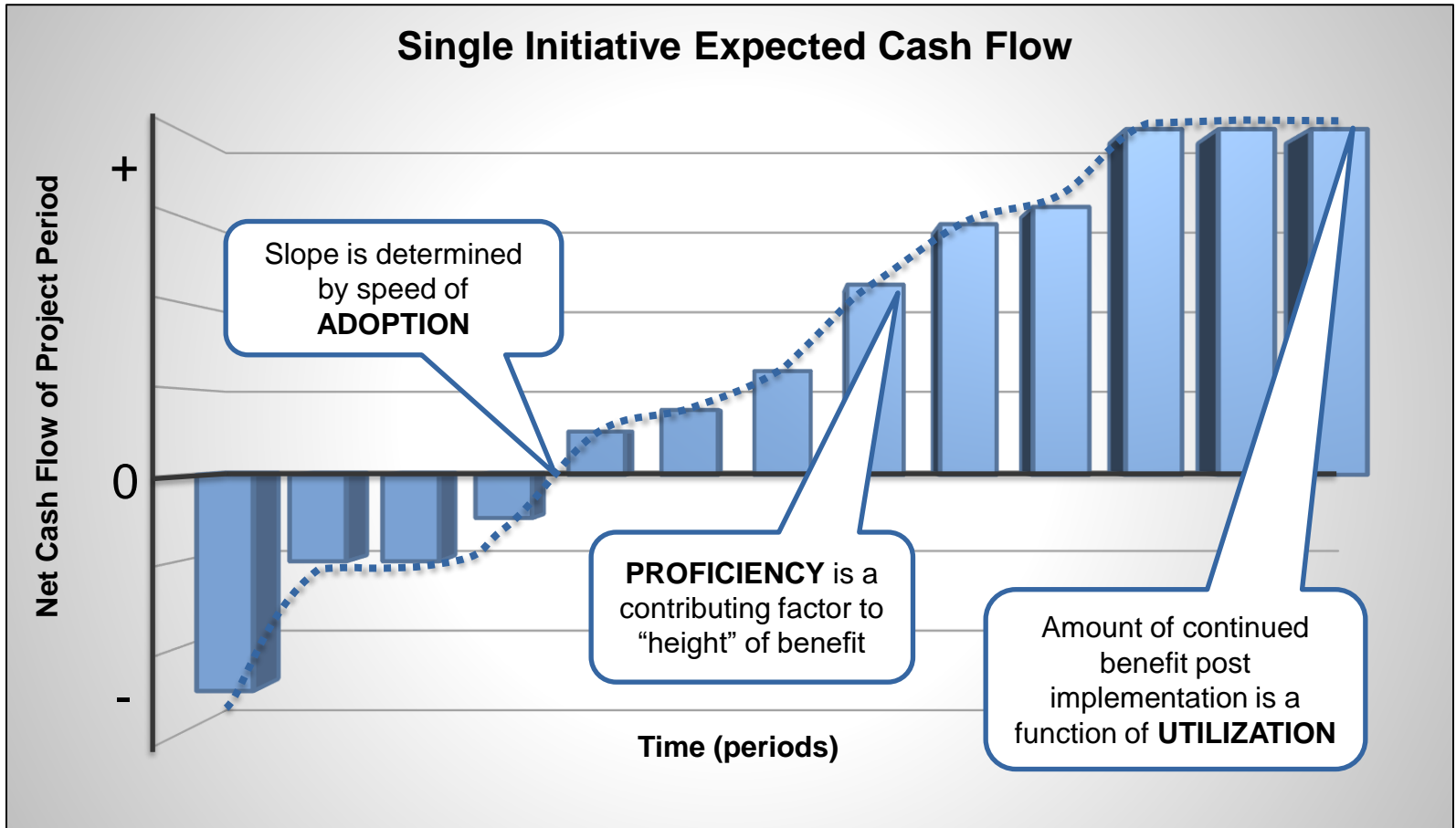
Factors That Impact Desired Outcomes

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

Factor	Questions	Points to Diagnose, Track, and Treat
ADOPTION	How quickly do people get on board?	<ul style="list-style-type: none">• Passive / Active resistance• Effective communication• Active sponsorship and coaching
PROFICIENCY	How much improvement occurs when people are on board?	<ul style="list-style-type: none">• Determined by competence of each individual who is doing their job a new way• Can be reduced as a result of resistance
UTILIZATION	How many people are on board (participation)?	<ul style="list-style-type: none">• How many people "opt out" of new way• Impacted by the breakdown of the personal change model (PCM)• Reinforcement and resistance management play big roles

Now lets see how these three human factors impact the Resistance Management ROI model.

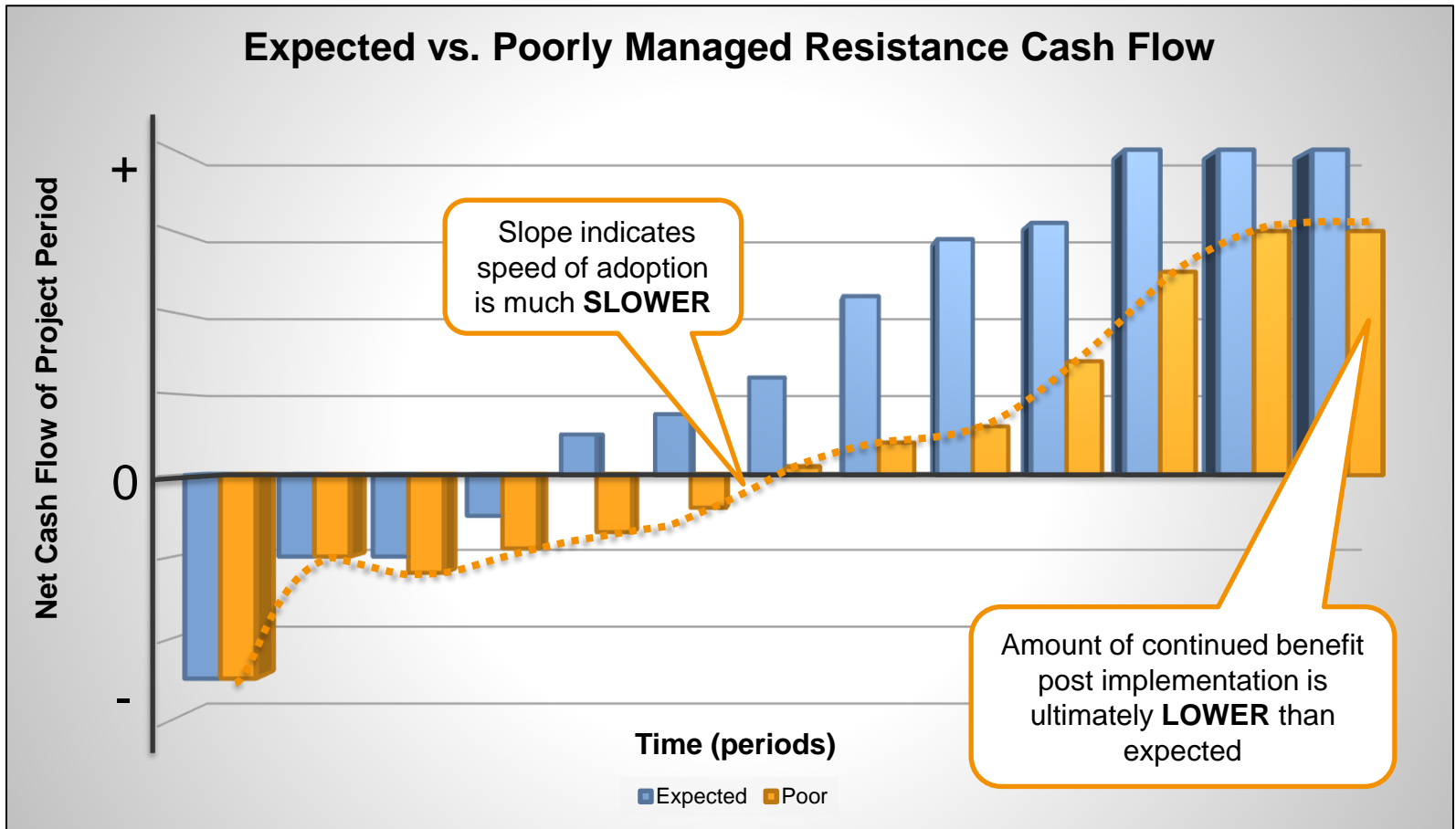
Resistance Management Model ROI- Baseline



Aggregate data used is from research firm Prosci Inc. Consists of 100s of health care initiatives over the past 10 years.

The speed of **ADOPTION**, **UTILIZATION**, and **PROFICIENCY** is what determines how fast we reach our intended outcomes!

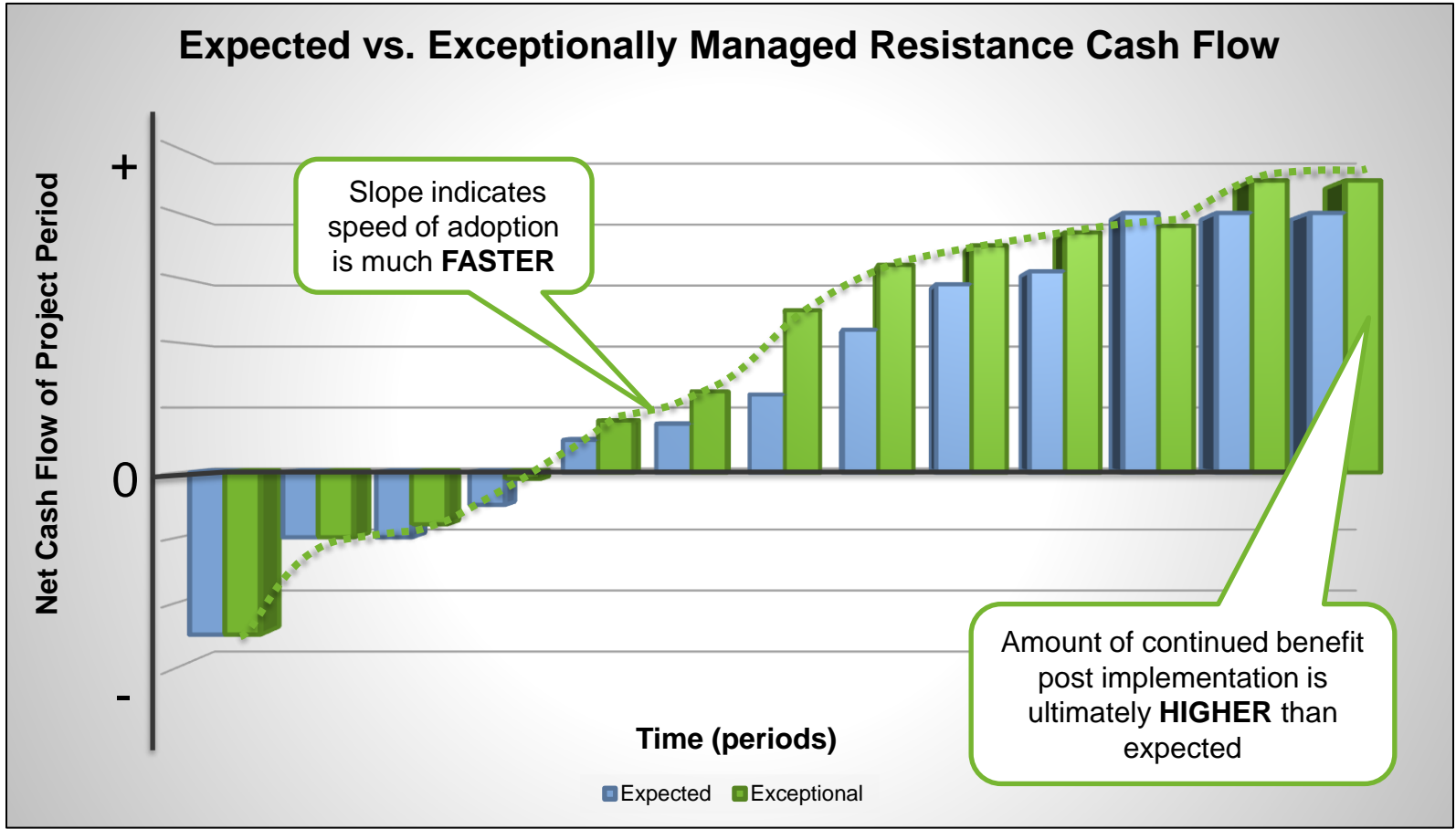
Expected vs. Poorly Managed



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.

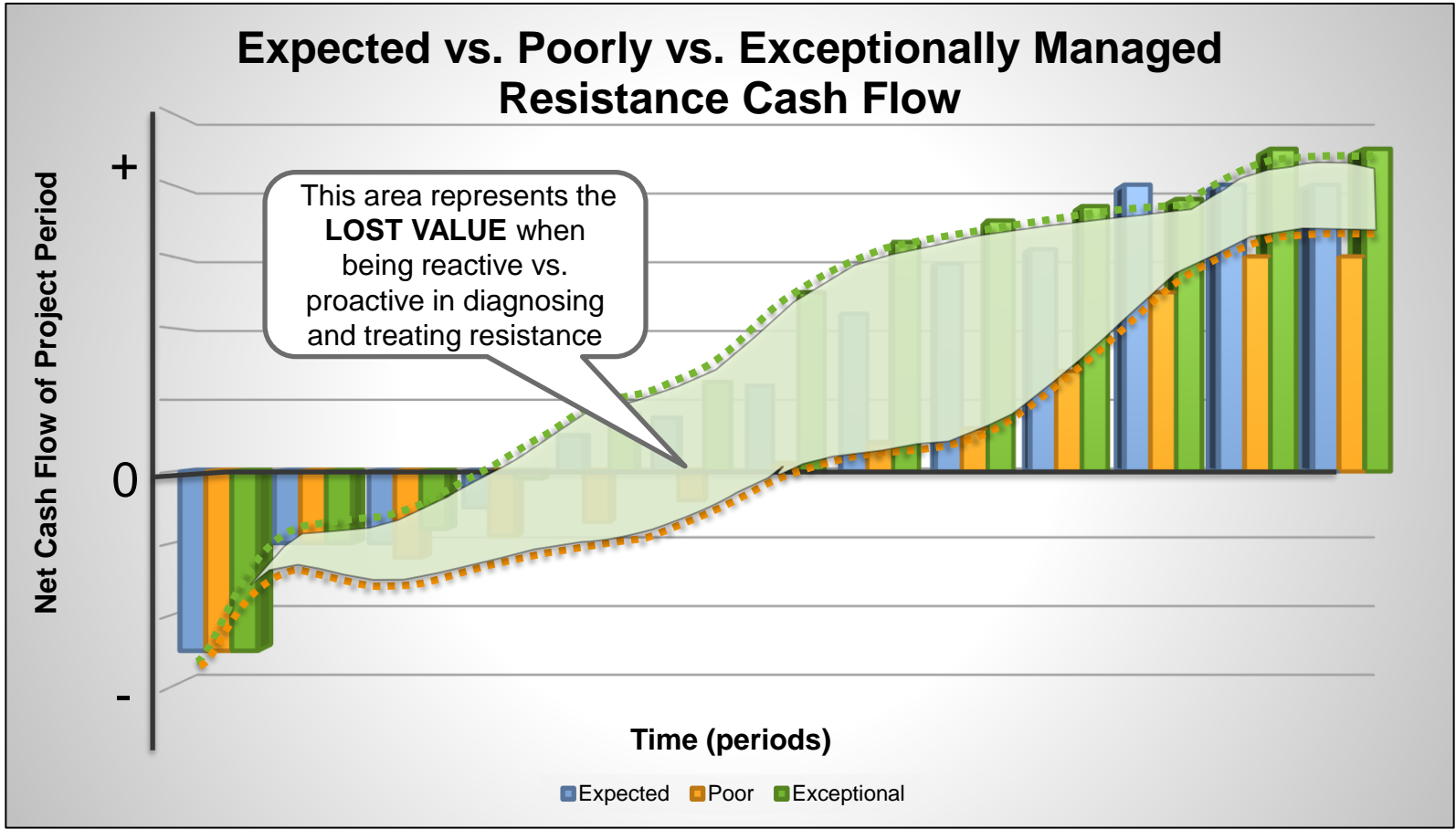
Expected vs. Exceptionally Managed



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 exceptionally managed resistance leads to exceeding performance and accelerates expected outcomes.

Comparison - Healthcare Initiative ROI



Aggregate data used is from research firm Prosci Inc. Consists of 100s of health care initiatives over the past 10 years.

As you can see in this summarized comparison, taking the needed steps to proactively diagnose and treat organizational resistance will pay off in dividends.

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 ⁽³⁾

- 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

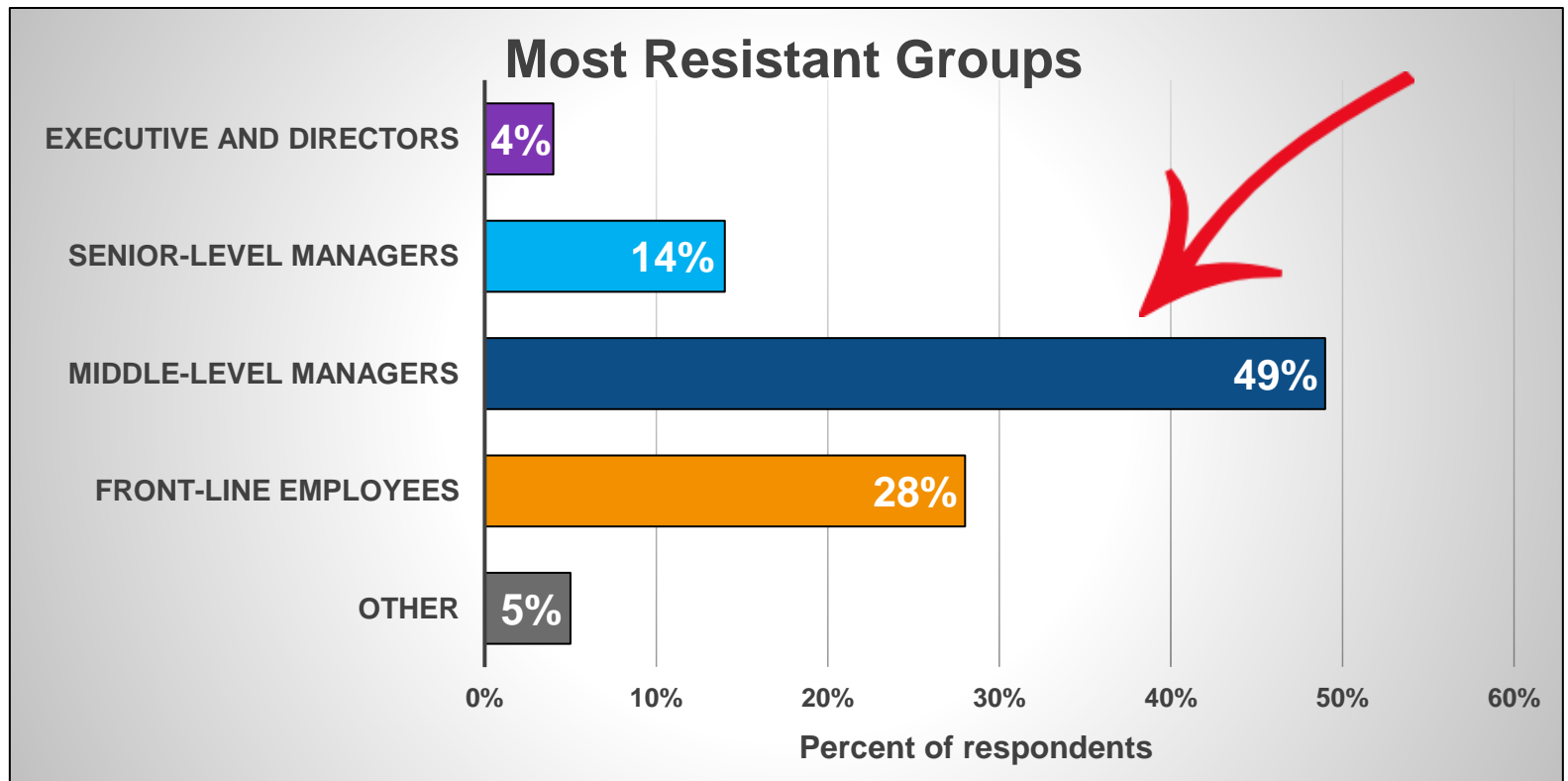
- Bookshelf software (money wasted).
- Cost Savings/benefit realization delayed.
- Reverting back to old way (sustainability support).

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

⁽³⁾ <http://www.ere-media.com/tlnt/what-was-leadership-thinking-the-shockingly-high-cost-of-employee-turnover/>

Who Are The Most Resistant Groups?

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

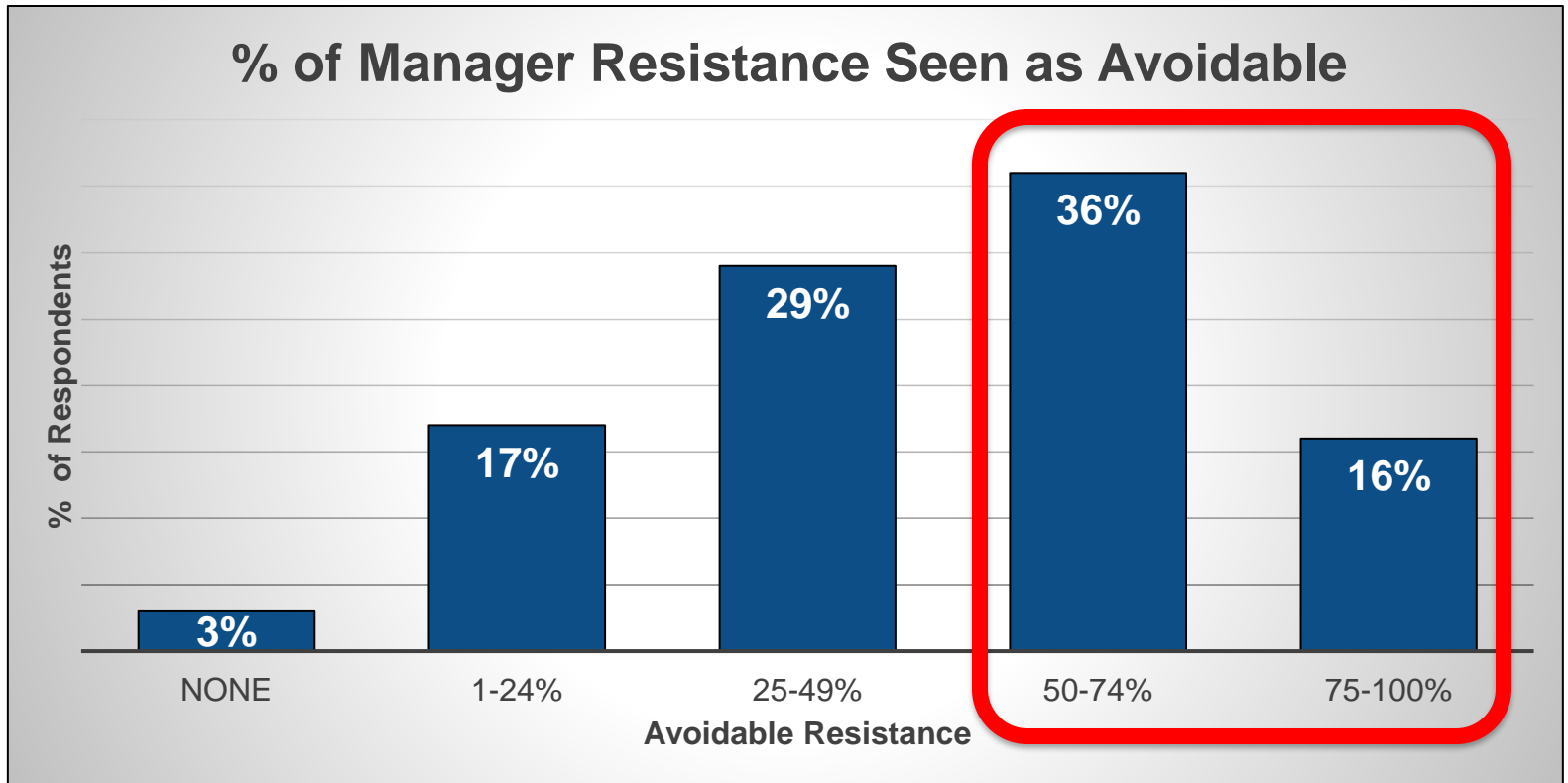


⁽¹⁾ 2016 Prosci Inc. Best Practices in Change Management- 2016 Edition

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.

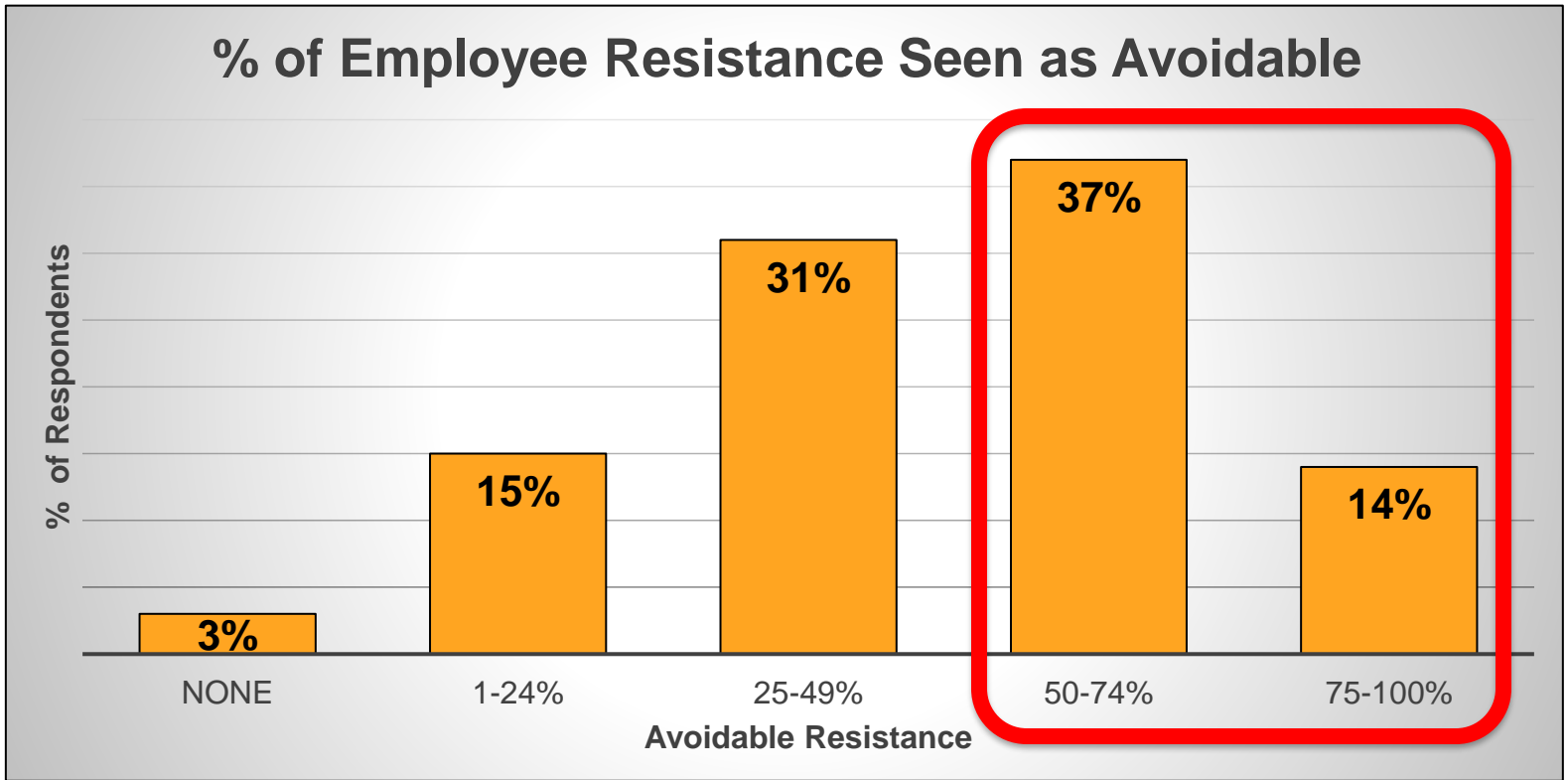


⁽¹⁾ 2016 Prosci Inc. Best Practices in Change Management- 2016 Edition

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

Employee Resistance Study

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



⁽¹⁾ 2016 Prosci Inc. Best Practices in Change Management- 2016 Edition

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



Organizational Culture

- Risk adverse culture
- Past negative experiences with change
- Groupism vs. organizational dedication
- Mistrust between departments and reporting levels



Lack of awareness and knowledge about change

- Lack of knowledge on details of the change
- Not given the reasons for change
- Not understanding “what is in it for me”? (WIIFIM)



Lack of buy in

- Believed change would fail or was a bad solution
- Comfortable with the status quo
- Did not want increased accountability & visibility



Misalignment of project goals and incentives

- Pace of change
- Metrics that did not align with promotion parameters and pay/bonus scales
- Other misaligned incentives



Lack of confidence in their own ability to manage change

- Inability or fear to be a leader of change
- Lacked skills to manage resistance
- Unable to communicate difficult messages to direct reports

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



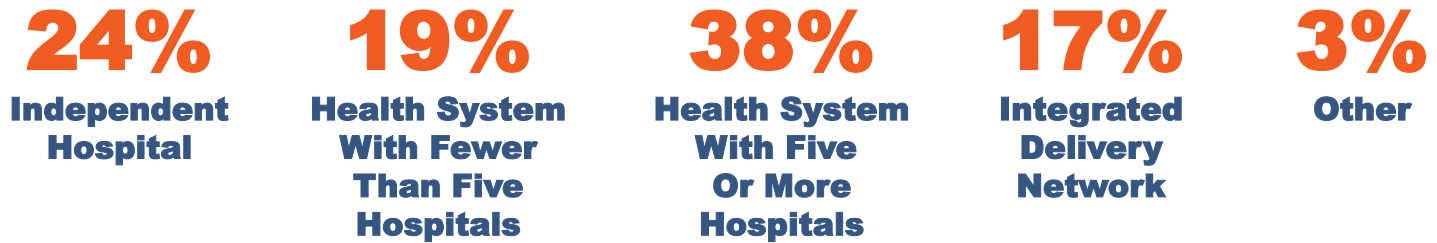
Resistance due to change saturation

- Overwhelming number of concurrent changes
- Previous failures during project implementation

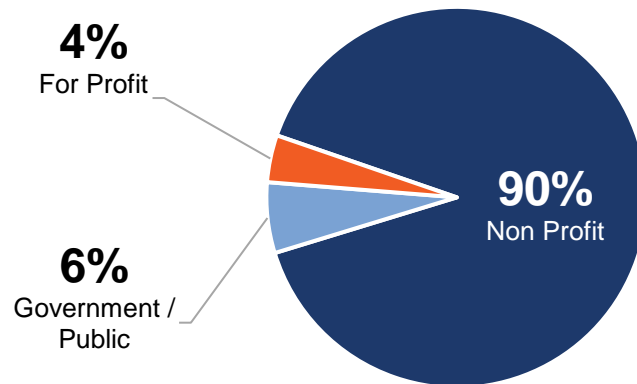
2016 Healthcare Priorities

In January 2016, Hospital100 conducted a survey⁽²⁾ of senior executives from hospital and healthcare systems to identify strategic priorities & challenges.

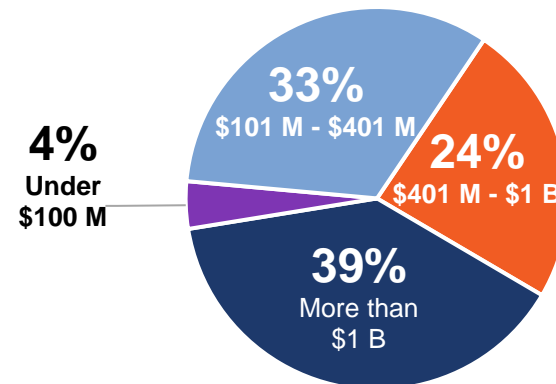
Type of Organization



Tax Status



Annual Revenue



⁽²⁾Hospital 100 2016 Survey- <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.

#	Priority	Key Initiatives
1	Physician Alignment	<ul style="list-style-type: none">Expense reductionFixed vs. total cost of careRevenue cycle performanceSustained profitabilityProcess improvementAlignment with systems
2	Patient Engagement	
3	Quality Initiatives	
4	Growth	
5	Cost Management/ Process Improvement	

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

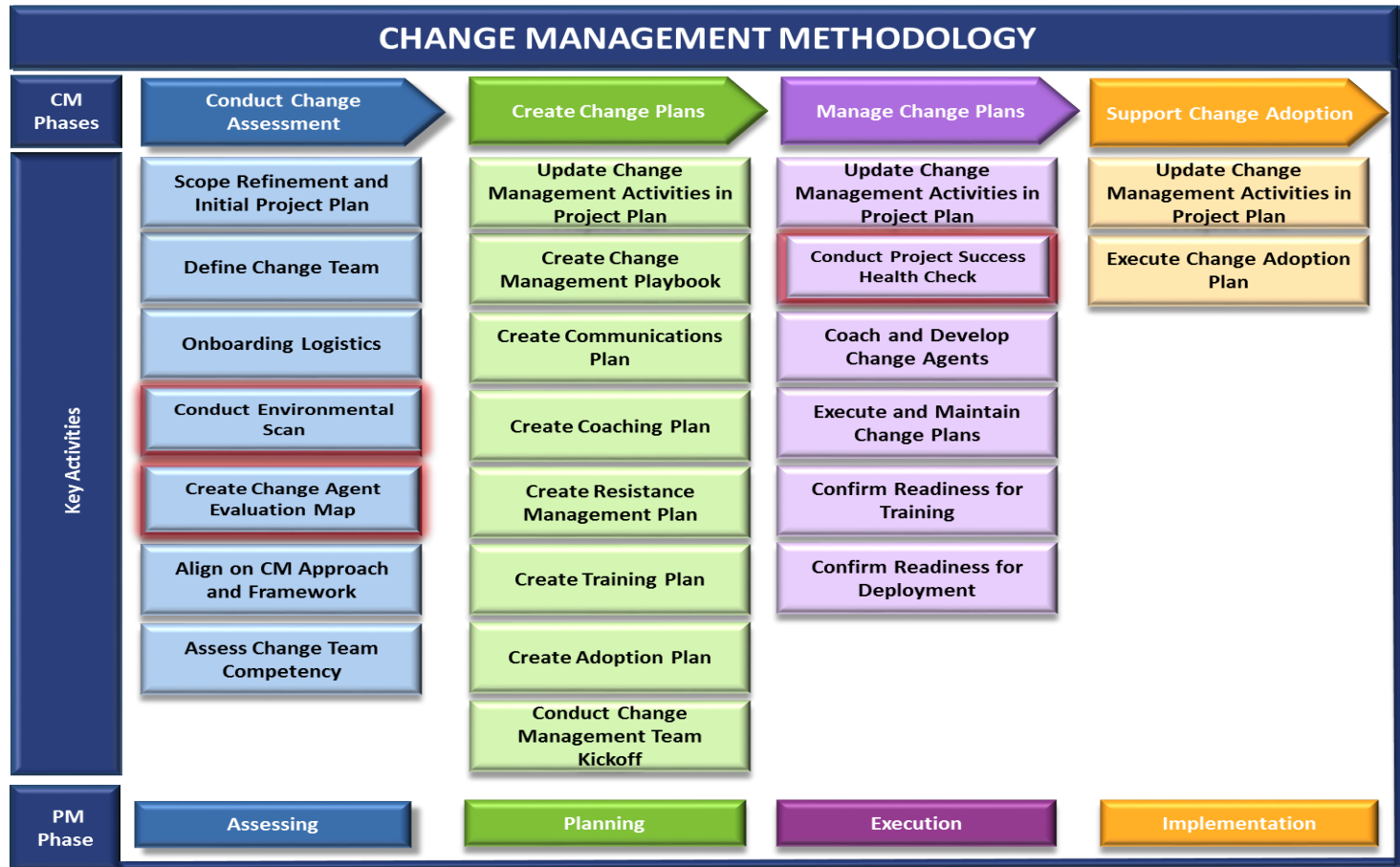
Below are the details of an actual scenario we will be referencing over the next few slides.

- ❑ **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

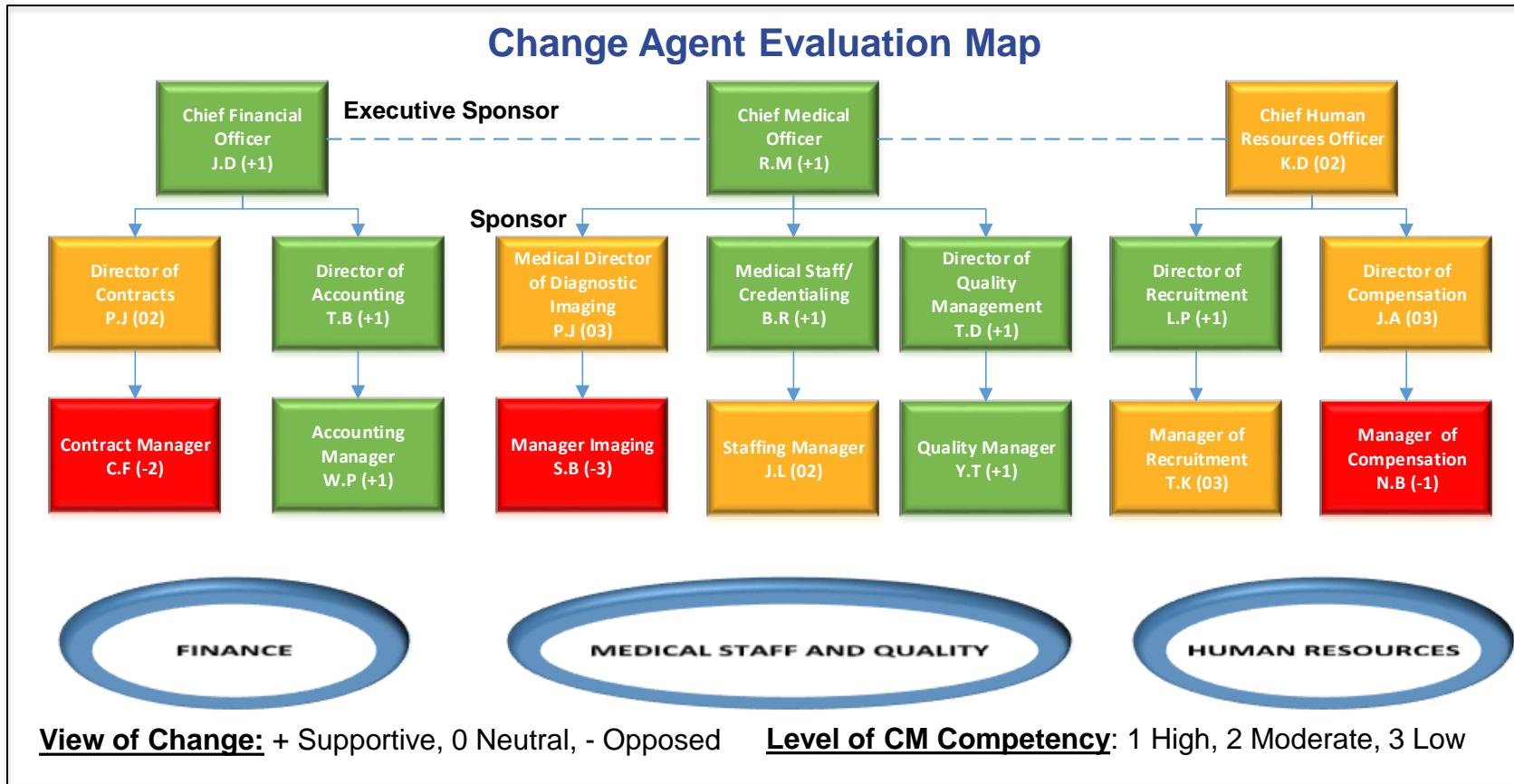
First, you need to apply a change management process (like the one below) to facilitate diagnosing, tracking, and treating resistance.



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.



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

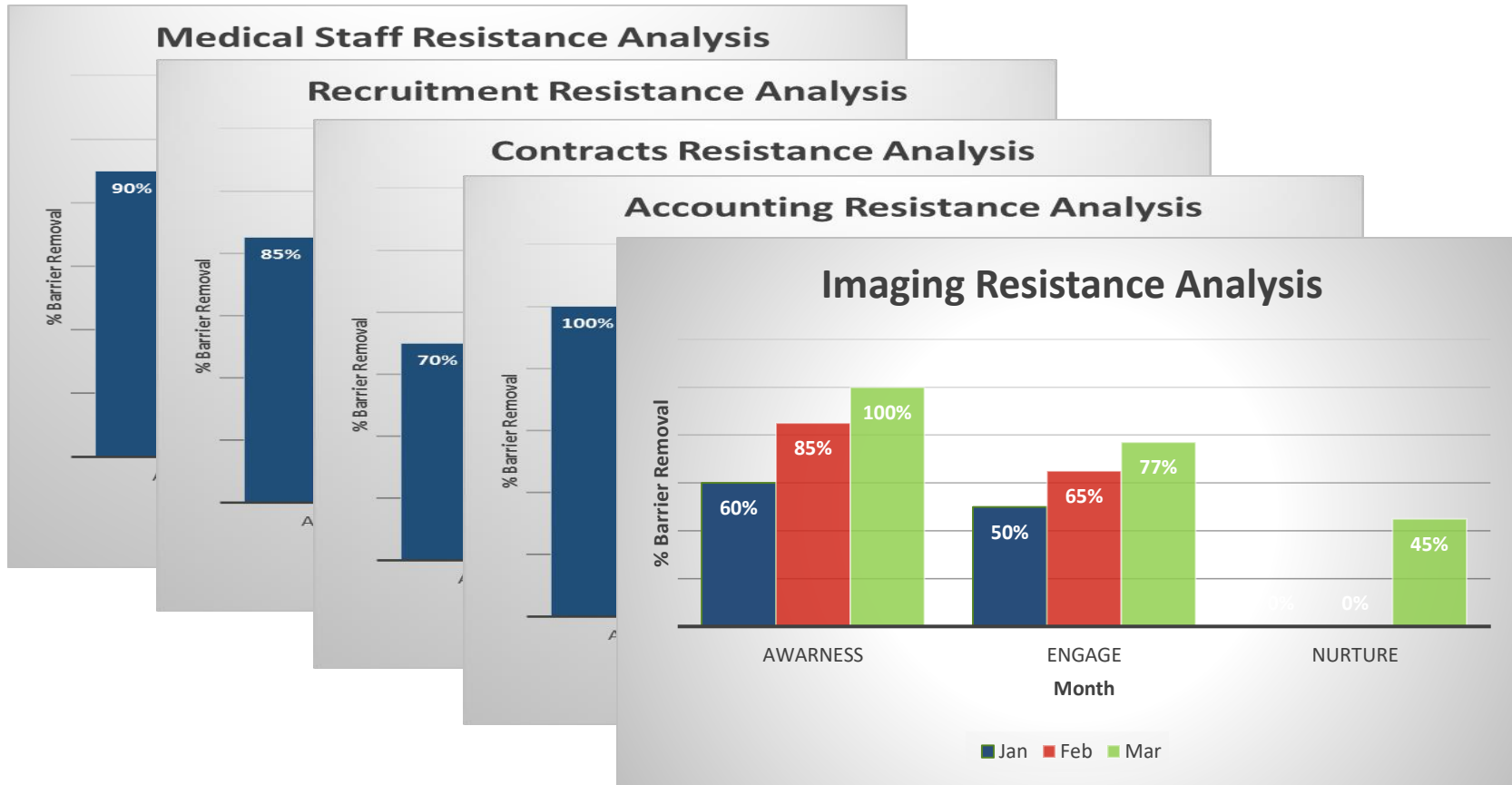
Radiology Staff	January 2015			February 2015			March 2015		
	Aware	Engage	Nurture	Aware	Engage	Nurture	Aware	Engage	Nurture
Dr. Marks	4	4		4	5		4	5	5
Dr. Scott	2	1		4	4		4	4	4
Dr. Dupa	5	5		5	5		5	5	5
John Perry	4	4		4	4		4	4	4
Dale Roberts	1	2		1	3		5	3	
Jane Issac	5	3		5	4		5	4	4
Evan Segall	5	2		5	2		5	4	
Jill Rider	5	1		5	1		5	1	
Diane Lee	5	4		5	4		5	4	5
Mike Haldeman	2	1		4	3		5	3	
Rene Rope	4	5		4	5		4	5	2

1 Non Existent
 2
 3 Partially
 4
 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.

Resistance “Treatment” Tactics 1/2

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.



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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<http://www.lonestarhfma.org/events/hfma-lone-star-spring-conference>