



**Are Your Leaders Creating Positive or Negative  
Feedback-Loop Cultures of Performance?**



Increase Your Odds  
of Success with  
Leadership Alignment

**TOM OLIVO**  
Success Profiles, Inc

## Are Your Leaders Creating Positive or Negative Feedback-Loop Cultures of Performance?

In competitive sports, athletes learn that for all practical purposes, you are either getting better or getting worse because if your performance is staying the same, you are probably falling behind your competition.

Consider this fact of exercise physiology: The human body is the only machine ever created that can actually get better and stronger when stressed. Of course rest, repair, and proper nutrition are required for the body to grow and build strength to the next level of performance. Keep in mind that if the human body is over-trained or stressed without proper recovery time, the body will eventually wear down and break down over time.

*If an athlete's mind tries to write checks that their body can't cash, they will eventually develop overuse injuries.*

In very simple terms, the body's response to exercise illustrates two very different performance scenarios. One is a **positive feedback loop** of improvement and growth and the other is a **negative feedback loop** of diminishing performance and injury.

We believe that organizations are similar: overall performance feedback loops can either be positive (improving) or negative (declining). We begin with this simple question that all executives should consider:

**Are the leaders appointed below you creating sub-cultures of high performance or sub-cultures of declining performance?**

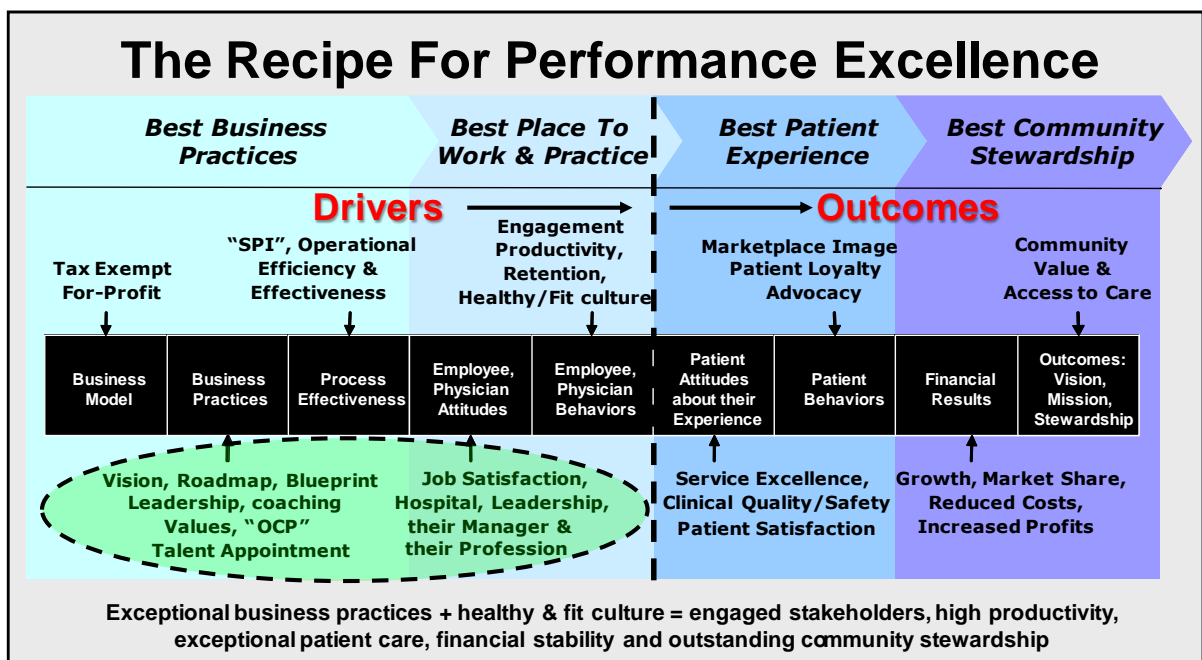
### **Contributing Factors to Feedback Loops:**

To better understand the relationship between activities and overall outcomes, **Success Profiles** developed a research-based meta-model framework to illustrate the cause and effect of business practice relationships in the healthcare business model. This model outlines the leading and lagging indicators of performance that allow for focus and leverage when resources are deployed to get the most effective outcomes and results. The overall goal is to provide the best community stewardship and access to quality healthcare by becoming a destination of choice for all stakeholders.

These outcomes would most likely occur:

- When the organization is financially successful with consistent net operating margin and market-share growth
- When the patient service and outcomes experienced are exceptional from a satisfaction and quality standpoint
- When the workforce culture creates high stakeholder satisfaction, loyalty, engagement and productivity
- When the business practices of leadership, coaching, talent appointment, transparency, and open communication create operational efficiency and effectiveness

Logically, in order to achieve the best outcomes on the right side of the model below (best patient experience, best financial results and community stewardship), leaders need to focus up-stream to the “drivers of performance” on the left side of the model and create the best business practices, best operational effectiveness, and best place to work. This leads to sustained performance improvement (SPI) and drives the desired results.



## **Positive Feedback Loop Cultures are created and spiral upward when:**

1. Employees connect with and buy into the vision, mission, and values of the organization. This is mostly the result of exceptional leadership practices. Evidence demonstrates that when the Right People are appointed to the Right Roles **the odds are 3:1 that they will succeed.**
2. Exceptional leadership creates a transparent and objective culture where information is openly shared with all stakeholders. This “open-book management” environment also fosters ownership, responsibility, and trust, with decisions pushed down to lower levels of management.
3. The positive environment results in genuine interest in continuously improving operational efficiency and effectiveness. Measurement systems become mature and sophisticated, and leverage is created by focusing on the key drivers of performance. Waste is eliminated and innovation occurs as an expected habit. Pride is experienced when stretch targets are set and achieved.
4. The high standards of business practices and operational processes contribute to creating a “destination of choice” to work for employees and physicians. When people are satisfied with their job, when they respect their immediate manager, the senior leaders, and the organization, they are more engaged in their profession, more productive at work, and more likely to stay with the organization longer.
5. A “great place to work” culture that is both “healthy and fit” creates an environment where service excellence is hardwired. The patient experience with quality (CMS standards), safety (no “never events”), and overall care (HCAHPS satisfaction) are all in the top Decile of performance. This results in widespread word-of-mouth patient advocacy and loyalty, which contributes to market-share growth as a destination of choice for patients to receive care.
6. The compounding effect of great business practices, operational excellence, a great place to work, and the best patient experience contributes significantly to a healthy net operating margin, service line growth, and increased profits. Finally, when these positive feedback loop events are enduring, there is the opportunity to provide the best community stewardship with the best facilities, equipment, technology, and access to quality care for all stakeholders.

The environment for a positive feedback-loop culture all begins with leadership. It is the ultimate driver throughout the value chain. When the Right People are appointed to the Right Roles, everything gets easier. When the wrong leaders are appointed in the wrong roles, when people are out of alignment, everything gets more difficult.

## Negative Feedback Loop Cultures are created and spiral downward when:

1. Employees don't connect with or buy into the vision, mission, and values of the organization. This is usually the result of poor or failing leadership practices. Evidence demonstrates that when leaders are out of alignment (the Wrong People are appointed to the Wrong Roles) **the odds are 3:1 that they will fail.**
2. Ineffective leaders tend to create opaque, subjective, and political cultures where information is only shared with select people on a "need to know" basis. This "accountability-based" environment leads to poor communication, fear, distrust, and disloyalty; the day-to-day decisions are commonly made at senior levels and systems are put in place to prevent people from making bad decisions.
3. The negative environment contributes to a genuine lack of desire to change or improve operational processes. Measurement systems are often immature, inconsistent, and unsophisticated, creating reams of raw data that is hard to analyze. The crisis of the month or quarter creates urgency with shifting priorities. Waste is accepted as "the way we do things around here" and change is viewed as a negative or disruption. Frustration is amplified when unrealistic stretch targets are set and people feel that there is no reward for working harder.
4. The poor business practices and inconsistent operational processes contribute to an unhealthy workplace where people display "warm chair attrition" (showing up and attending work without any passion). The organization develops a marketplace reputation as a lousy place to work. When people are dissatisfied with their job, when they lose respect for their immediate manager, the senior leaders, and/or the organization, they become disengaged in their profession, less productive at work, and more likely to leave the organization.
5. A poor place-to-work culture that is both unhealthy and unfit creates an environment where service excellence is very inconsistent. The patient experience with quality (CMS standards), safety ("never events"), and overall care (HCAHPS satisfaction) are all in the bottom quartile of performance. This results in widespread word-of-mouth patient complaints and disloyalty, often featured in the press, which erodes market share and causes out-migration of patients to other facilities for healthcare.
6. The cumulative effect of poor and inconsistent business practices, operational dysfunction, an undesirable place to work, and a substandard patient experience contributes significantly to a negative net operating margin, no growth, a low bond rating, unsecured days cash on hand, and decreased profits. Finally, when these negative feedback-loop events are long-lasting, there is a strong likelihood that the organization will either have to shut down or merge with a larger/healthier organization for survival. When this occurs, community stewardship is compromised.

The environment for a negative feedback-loop culture all begins with leadership. It is the ultimate driver throughout the value chain.

## **Executives should explore the following questions and interventions:**

- Are we consistently appointing the right leaders in the right roles with high odds of success)?
- Which of your leaders (down to department managers) are creating an environment where POSITIVE feedback-loop cultures exist?
- For POSITIVE feedback-loop cultures, recognize, reward, and reinforce the practices and have those leaders mentor others. Can others learn from them by using internal benchmarking?
- Which of your leaders (down to department managers) are creating an environment where NEGATIVE feedback-loop cultures exist?
- For NEGATIVE feedback-loop cultures, diagnose the contributing factors and prescribe the best improvement interventions to reverse the spiraling trend (in essence a departmental turnaround to get practices and performance to move positively).
- If improvement doesn't occur (or doesn't occur fast enough), consider what obstacles or barriers exist, both within and outside the leader's span of control, that may be contributing to the low performance.
- If with these interventions, improvement still doesn't occur, you need to consider finding more talented leadership and increasing the probability of success.

## **Final thoughts:**

The cause and effect framework serves as a reminder that if an organization has sub-optimized outcomes, it is most likely that a negative feedback-loop culture or contributing factor exists somewhere upstream in the service value chain.

1. If the overall patient experience is poor, check upstream with the workforce practices and degree of employee engagement.
2. If the workforce practices are poor and the overall employee engagement is low, check upstream with the business practices and operations processes.
3. If the business practices and operational processes are ineffective, check upstream with the appointed leadership.



For more information, please contact us at: *Right People Right Roles* 877-582-8884,  
[www.rightpeoplerrightroles.com](http://www.rightpeoplerrightroles.com)