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By Rulon Stacey, Ph.D., FACHE, Partner, *Guidehouse*, and Wayne F. Cascio, Ph.D., Distinguished Professor, *University of Colorado*



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COVID-19 brought out the best in many healthcare leadership teams, but it also revealed shortcomings in some leaders' ability to manage through a crisis.

Faced with challenges ranging from intense use of resources, faltering finances, and the need to pivot quickly to new models for operations, many CEOs and other senior leaders rose to the occasion. They pivoted quickly to convert education buildings into surge hospitals and negative pressure wards into COVID-19 units, secure personal protective equipment for their teams, ramp up telehealth services, and ensure communications kept communities informed. They also took steps to support employees' emotional well-being.

However, in our discussions with dozens of hospitals and health systems across the country, we were surprised to find that some senior team members who had proven reliable prior to COVID-19 were suddenly overwhelmed when it came to leading through a pandemic. Further, many senior leaders openly expressed their frustration with their senior-leader peers. While the initial surge of coronavirus cases has passed in many states, it's likely that many areas will experience waves. Moreover, even in the absence of a continuance of the pandemic, it is clear that the problems associated with leading in a crisis will not fade away and that many organizations will have to address this issue one way or the other. Thus, board members are left to ponder: What do we do about senior leaders who didn't measure up?

The need for hospital boards to evaluate senior leaders post-COVID is critical. If a senior leader doesn't operate well under pressure, can that leader bring discipline to the organization during recovery efforts and afterward? Board members do not have the luxury of waiting three to five years to see if a leader's ability to perform under pressure can be improved with coaching and development—not when an organization's viability may depend on having the right executives in the right roles at the right time.

## Leading in Times of Crisis

Leading through any crisis effectively—including a scenario as sudden and far-reaching as the coronavirus pandemic—is an integral component of strong leadership. According to board members and CEOs we spoke with, the impact of senior leaders who did not adapt well to the pressures of COVID-19 is reverberating throughout their organizations.

A Gallup poll conducted during the height of the pandemic found that fewer than half of healthcare employees strongly agreed that their leaders had communicated a clear plan of action for COVID-19.<sup>1</sup> Just 44 percent strongly agreed that their organization

1 Vibhas Ratan and Dan Foy, "[What Healthcare Workers Need from Leaders in COVID-19 Crisis](#)," Gallup, April 22, 2020.

cares about their overall well-being—and this is important because employees who believe their organization cares about their well-being are twice as likely to report that they feel well-prepared to do their jobs. They are also less likely to suffer from burnout.

This element of healthcare leadership may never have been recognized as “missing” prior to COVID-19, which heightened the pressure to perform. After all, performance assessments rarely evaluate a leader’s ability to operate effectively under pressure. Now, as hospital boards assess senior leaders’ performance during the first months of the pandemic, they must determine: Why was this leader unable to respond to the crisis of the moment? Is this leader in the right position? Most importantly, can we continue to work with this leader?

These are essential questions because the mindset senior leaders bring to a COVID-19 environment also sets the tone for financial and operational recovery. A Guidehouse analysis found that 89 percent of hospital and health system executives predict their organizations’ revenues will be lower at the end of 2020, and just 11 percent believe federal funding will cover COVID-19 costs.<sup>2</sup> Senior leaders also play a significant role in regaining consumers’ trust, which will be critical to recovery. Thus, a survey by the Alliance of Community Health Plans and the Academy of Managed Care Pharmacy found that 72 percent of consumers already have delayed or plan to postpone healthcare procedures during the pandemic, and 42 percent feel uncomfortable going to a hospital for treatment.<sup>3</sup>



### **Key Board Takeaways: Driving Behavior Change during a Pandemic**

Once board members discuss performance during COVID-19 with senior leaders, they should make a plan for improvement that involves frequent evaluations and discussions. Consider the following steps:

- Assess progress monthly, and keep records of effective or ineffective behaviors.
- Seek opportunities to evaluate senior leaders in real time as they communicate with department-level leaders and cross-functional teams.
- Solicit feedback from other leaders and staff about the senior leader’s ability to communicate critical information, demonstrate resilience, and instill confidence in employees.

If performance has not improved after a quarter or two, boards need to consider whether the senior leader is the right fit for the organization in a post-COVID environment.

2 Guidehouse, “[Hospitals Forecast Declining Revenues and Elective Procedure Volumes, Telehealth Adoption Struggles due to COVID-19](#),” May 21, 2020.

3 Robert King, “[Survey: 72% of Consumers Have Changed Healthcare Use Since COVID-19 Pandemic](#),” Fierce Healthcare, May 21, 2020.

## New Dimensions of Healthcare Leadership

The future mandates that healthcare's senior leaders drive higher levels of execution and discipline in their organizations, particularly when there is great pressure to perform effectively. The pressures hospitals will face over the next few years extend beyond the pandemic. The entire healthcare environment has changed—and so has the yardstick for performance measurement. It's one reason why more companies across industries—from Adobe to GE, Gap, and Facebook—are moving to monthly or quarterly check-ins rather than annual performance reviews.<sup>4</sup> Agility in today's dynamic climate demands that leaders reset strategic priorities quickly in response to evolving business conditions and successfully rally their teams for the hard work ahead.

How can boards begin discussions with senior leaders around COVID-related performance and work toward better positioning their organizations to navigate a “new normal”? Here are 11 questions board members should ask:

1. How does this executive perform his or her job responsibilities under pressure? Is the individual emotionally stable in the face of extreme job demands?
2. Is this executive able to shift priorities rapidly as business conditions change?
3. Is the executive open to new ideas or new ways of doing things? Does this individual view the pandemic as an opportunity to make the organization better and to evolve over time?
4. Does this senior leader strive continuously to improve performance by critically evaluating his or her own responses to the internal and external challenges associated with COVID-19?
5. Is this executive resilient? How does he or she handle failure?
6. Does this senior leader know what kinds of support his or her direct reports need to maintain their well-being?
7. To what extent does this senior leader communicate and actually provide support to direct reports?
8. Does the executive have a deep understanding of how the coronavirus pandemic is affecting team dynamics, cross-functional teamwork, and the effectiveness of the organization?
9. Does this senior leader model healthy work habits?
10. Does he or she ensure that people throughout the organization are aware of immediate challenges as well as new or emerging internal and external priorities?
11. Is this executive an inspirational and supportive leader who continues to drive for superior performance?

Adding these 11 questions to traditional key performance indicators for healthcare's senior leaders will empower boards to initiate tough conversations with executives and provide the level of direction and support needed to boost long-term performance.

*The Governance Institute thanks Rulon Stacey, Ph.D., FACHE, Partner, Guidehouse, Director of Graduate Programs in Health Administration, University of Colorado Denver, and a former Chairman of ACHE, and Wayne F. Cascio, Ph.D., Distinguished Professor and the Robert H. Reynolds Chair in Global Leadership, University of Colorado Denver, for contributing this article. They can be reached at [rstacey@guidehouse.com](mailto:rstacey@guidehouse.com) and [wayne.cascio@ucdenver.edu](mailto:wayne.cascio@ucdenver.edu).*

4 Pavithra Mohan, “[Ready to Scrap Your Annual Performance Reviews? Try These Alternatives,](#)” Fast Company, April 13, 2017.