



"How to Succeed in Succession Planning for Leadership in Healthcare Organizations"

New Jersey Hospital Association

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2:00 – 3:30 pm

Introductions

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Tracy is President and CEO of The Leadership Development Group. With a background combining business experience with innovative research on healthcare/physician leadership effectiveness, Tracy founded The Leadership Development Group, Inc. - a firm devoted to developing healthcare leaders and physician executives. TLD Group works with leaders to improve performance through succession planning programs, educational workshops, tailored on-site leadership development programs, such as The Applied Physician Leadership Academy. and tailored individual coaching for physician and healthcare leaders.

Tracy is an executive coach, organizational development consultant, frequent keynote speaker, Board member of the Physician Coaching Institute, and a Fellow of the American College of Healthcare Executives.

Your Presenter

Kathy Bernhard, MBA
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Kathy F. Bernhard is a senior consultant with TLD Group, an accomplished executive coach, facilitator and former senior HR executive with 30+ years of experience spanning industries including healthcare, pharmaceuticals, as well as non-profits.

Kathy's areas of expertise include executive coaching and assessment, the design, development and delivery of senior level leadership development programs, organization development, succession planning and mentoring.

Clients value Kathy's ability to identify and articulate the core issues preventing individuals and teams from realizing their performance potential, along with her ability to craft tailored development solutions to address these obstacles. They also appreciate her relationship skills and practical, results-oriented approach to solving business problems.

Objectives

- To understand how to position succession planning for competitive advantage
- To identify differentiators between “value-added” and “not so much value-added” succession planning

Agenda

- Succession Planning Then and Now
- Succession Planning Tools
- Sample Talent Review Agendas
- Accountability for Development
- Common Pitfalls
- A Best Practice - McKesson

What is Succession Planning?



Succession Planning

Deliberate and systematic effort to ensure leadership continuity in key positions, retain and develop human capital for the future, and encourage individual advancement

Adapted from William Rothwell

Succession Planning Then and Now

Then

- Replacement planning; risk management
- Mostly tactical
- Annual event / activity
- HR driven
- Often non-value added
- Not acted upon
- Results not measured

Now

- Strategic development; future focused
- Mostly strategic
- Ongoing process
- Owned by sr. leadership
- Mostly value-added
- Mostly acted upon
- Accountability for results

Succession Planning Tools



Succession Planning Tools

Basic

- Competency Model(s)
- Success Profiles
- Individual Profiles
- 9-Box Grid (Performance vs. Potential)
- Talent Reviews
- Individual Development Planning with Monitoring

Advanced

- Development & Retention Discussions
- Critical Positions
- Development Resource Guides
- Succession Risks
- Derailers
- Leadership Pipeline Turns
- Development Roadmaps and Experience Grids

Emphasis on dialogue and actionable development planning

Healthcare Leadership Competency Model



Note: Based on the National Center for Health Leadership (NCHL) Health Leadership Competency Model.

Sample: Administrator Success Profile

Key Roles & Responsibilities

- Senior-most executive responsible for total operations of a facility, including clinical, financial and infrastructure perspectives
- Serves as primary liaison between clinical staff, department heads and medical governing boards
- Ensures efficient, fiscally responsible and fully compliant operations providing the highest quality care and services to residents and families
- Focuses on the future and creates and communicates a vision compelling enough to inspire others to follow
- Keeps abreast of and often anticipates changes in models of care, regulatory environment, financial reimbursement models, etc. and serves as a catalyst for change where appropriate
- Ensures that system-wide initiatives are appropriately implemented locally

Essential Experiences

- Has held increasingly responsible health care administration leadership roles over a minimum period of 10-15 years
- Has a broad healthcare operational background, which may include nursing or other aspects of clinical care, finance, administration, etc.
- Ideally will have been involved in some form of organizational transformation
- Master's degree (MBA, MPH, MPA, MSN or the equivalent) plus NYS Nursing Home Administrator license required
- Experience with a multi-cultural and / or multi-generational workforce; international experience a plus
- Has led in an union environment and understands the nature of the labor / management relationship
- Has led through periods of organizational change such as changes in regulatory requirements, changes in models of care and reimbursement, growth and contraction of the workforce, labor conflicts, etc..

Developmental Preparation

- Reputation for ability to run an efficient, high quality operation within budget and with minimum operating disruptions while providing the highest level of resident care and compassion
- Knows the value of prudent risk-taking and is viewed as a leader who makes it safe to fail in the process of risk-taking and learning
- Has the courage of his / her convictions and is committed to quality resident-centered care and service
- Is a true collaborator, partner and a strong communicator with staff, peers, senior executives and union representatives
- Is a consummate multi-tasker, is nimble, can switch gears quickly and can make a decision without complete information
- Known for empowering others to act and facilitating teamwork without siloes
- Known for ability to deal with volatility, uncertainty, change and complexity

Pat Sample, Vice Chairman and Founder

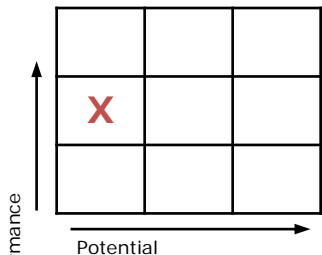


- 61 years old
- 31 years of service
- Responsible for the evolution of the EITM vision, the development of Mid-Market Business Unit and the definition of long-term growth strategy
- Chairperson of the Advisory Board of XXX University's Center of Excellence in Information Technology
- BS, Mathematics, Queens College
- MA, Computer Science, NYU

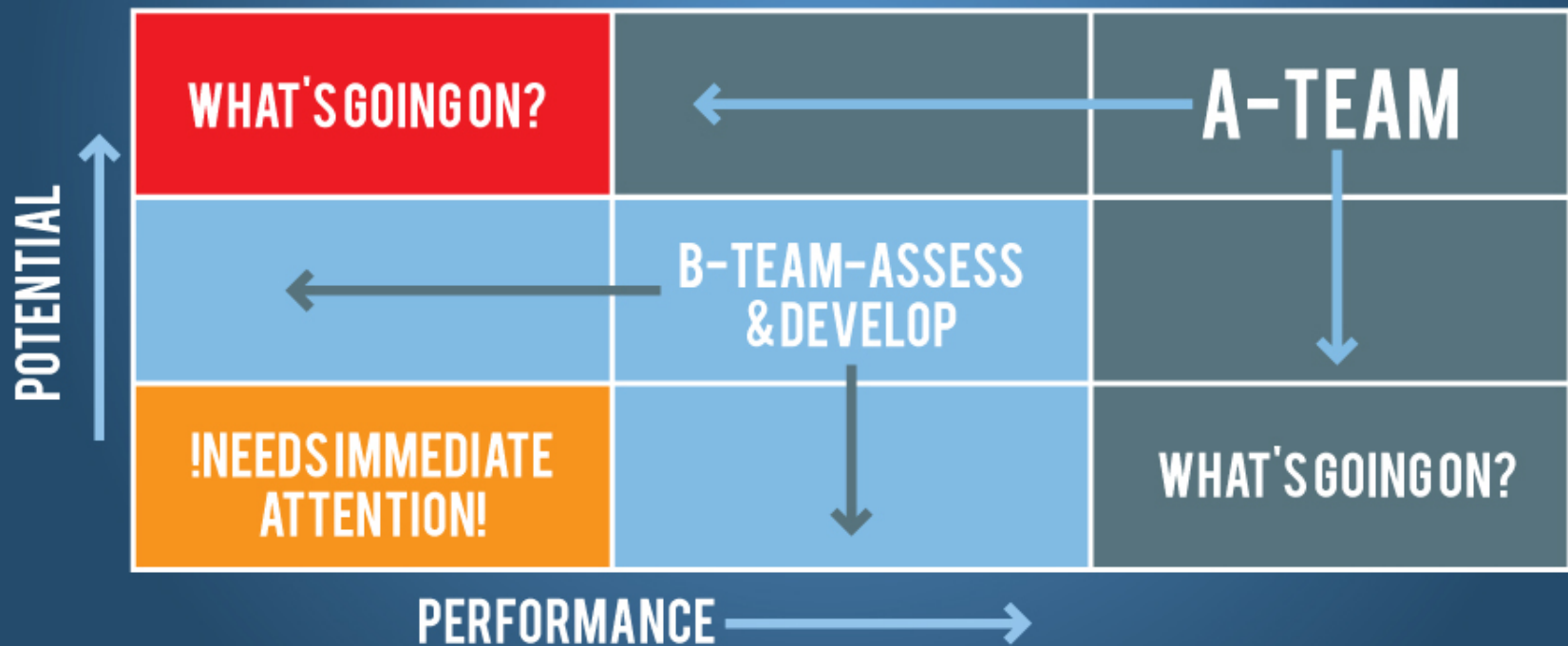
Overall Strengths	>Very broad knowledge of every aspect of company's products >Experienced development leader >Father figure to many in development
Development Concerns	>None
Development Actions	>Mentor to others
Current Challenges	>Company Evangelist
Possible Career Moves	>Retirement
Retention Risk	High _____ Medium _____ Low X _____

Vice Chairman Successors

Ready Now	>Would not replace
Acting	
1-3 Years	
3-5 Years	



THE 9-BOX GRID



9 - Box on Performance and Potential

Potential - Likely Future Contribution

Promotional	Potential Performer (Develop) 3	Major Player (Challenge) 8	High Performer (Take Action) 9
Growth	Under Performer (Develop/Address) 2	Solid Professional (Leverage) 6	Major Player (Challenge) 7
Improvement	Problem Performer (Address) 1	Solid Professional (Leverage) 4	Valued Professional (Leverage) 5
	Does Not Meet Expectations	Meets Expectations	Exceeds Expectations

Performance

REVERSE ENGINEER



Contingency Planning

<u>Unplanned Temporary</u>	<u>Unplanned Permanent</u>
<u>Planned Temporary</u>	<u>Planned Permanent</u>

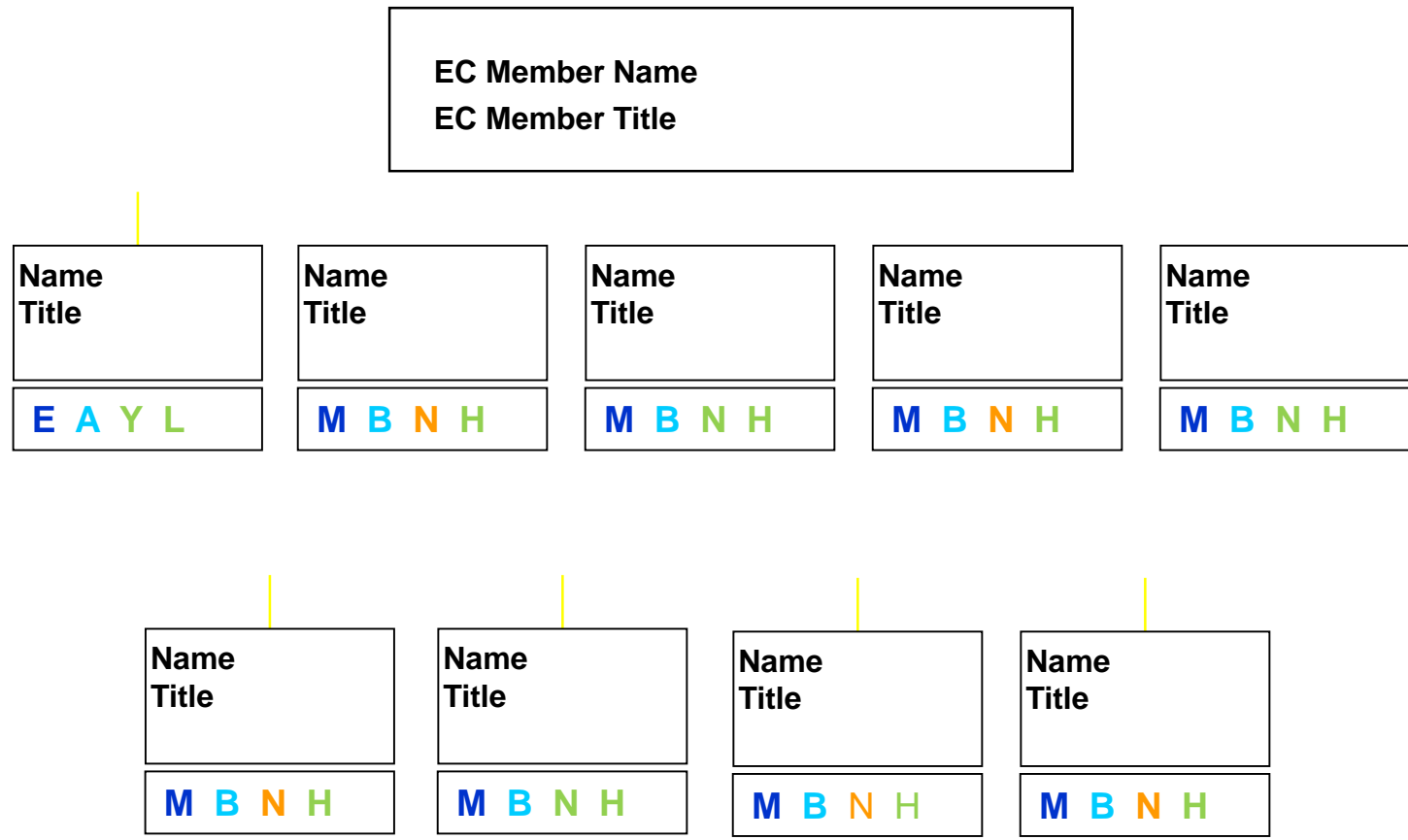
Sample Talent Review Agenda

- Each business leader presents profiles and 9 - Box for their direct reports, high potentials and critical positions
 - Facilitated dialogue to confirm or modify 9 - Box placement; must be supported with evidence
 - High level agreement on development actions / next steps
 - Review of Contingency Plans

Next Level: Sample Talent Review



Succession Organization Chart



Performance

- Exceeds Expectations (E)
- Meets Expectations (M)
- Below Expectations (B)

Potential

- Successor to Executive Committee(A)
- Potential to expand responsibility (B)
- Well Placed (C)

Ready Now Successor

- Yes (Y)
- No (N)
- To Be Determined (T)

Retention Risk

- High (H)
- Moderate (M)
- Low (L)

Strategic Issues / Talent Issues - Example

Strategic Issues

- Losing elders to competitors
- Cost pressures accelerating
- Pressure to transition to electronic record-keeping

Talent Issues

- Three long service leaders eligible to retire by 2015; risk of loss of institutional knowledge
- Need to infuse talent with strong fiscal skills, technical savvy, creativity and openness to change
- Difficult to recruit for xxx location

Lenses: The Four Succession Risks

- Vacancy Risk – Risk of critical leadership positions being vacant
- Readiness Risk – Risk of underdeveloped successors
- Transition Risk – Risk of poor assimilation of executive talent into organization
- Portfolio Risk – Risk of poor deployment of talent against business goals

Talent Review: Key Strategic Questions

- What do we do about the lowest performers?
- What is the overall “talent health” of the organization as a whole at senior levels, and for each organization reporting to a member of the Senior Leadership Team?
- Who are the potential internal successors for each of the Senior Leadership Team roles? What contingency plans are there?
- Given the future needs of the organization, do we have enough talent in the pipeline to fill those needs?
- What is the strategy for sourcing and attracting appropriate external candidates with the potential to succeed members of the Senior Leadership Team?
- Are the % in each box the right ones?
- What are the implications for our business strategy?

A Word About Derailers

- Best practice organizations translate common research-based derailers into organization-specific derailers
- *Answers the question: “What is career-limiting around here?”*
 - Define very specific behaviors
 - Include as part of normal assessment / appraisal processes
 - Inoculate against them early through heavy feedback and coaching

Accountability for Development



Don't Let This Be You!

“Development plans typically crash at the intersection of good intentions and busy managers” – Marc Effron

The C-Suite Conversation

CFO:



What happens if we develop our people and they leave?

CEO:



What happens if we don't and they stay?

“Train people well enough so they
can leave, treat them well enough so
they don't want to”

- Richard Branson

Common Pitfalls



Traps to Avoid

- Over reliance on current performance
- Don't link potential criteria to strategy
- Don't know what potential looks like
- Fail to make differential development investments
- Lack managerial courage to deal with low performers and blockers
- Fail to stay close enough to successors
- No accountability for development actions leads to no development
- Nothing really happens except the passage of time

Best Practices: McKesson

- Create Development Roadmaps
- Use Leadership Pipeline “Turns”
- Create Development / Experience Grid

McKesson Development Roadmap - Sample #1

EXHIBIT 6

Product/Market GM: Development Roadmap

Positions that Prepare People for the Role

- Product Manager
- Marketing Director
- VP, Sales (Med Surg or Similar)
- SVP, Customer Ops

Experiences Needed

Product marketing
Sales or sales management
Managed a team of professionals
Exposure to financial statements and/or budgeting
Strategic projects (corporate or functional role)

Selection Criteria

Influence (L4)
Strategic Thinking
Leadership (L4)
Decisiveness & Judgment (L4)
Results Orientation & Energy

Competencies Developed in Role

Influence (Level 5)
Decision Making/Judgment (L5)
One-McKesson Orientation
Innovation & Risk-Taking
Marketing Know-How
Building Organization & Talent

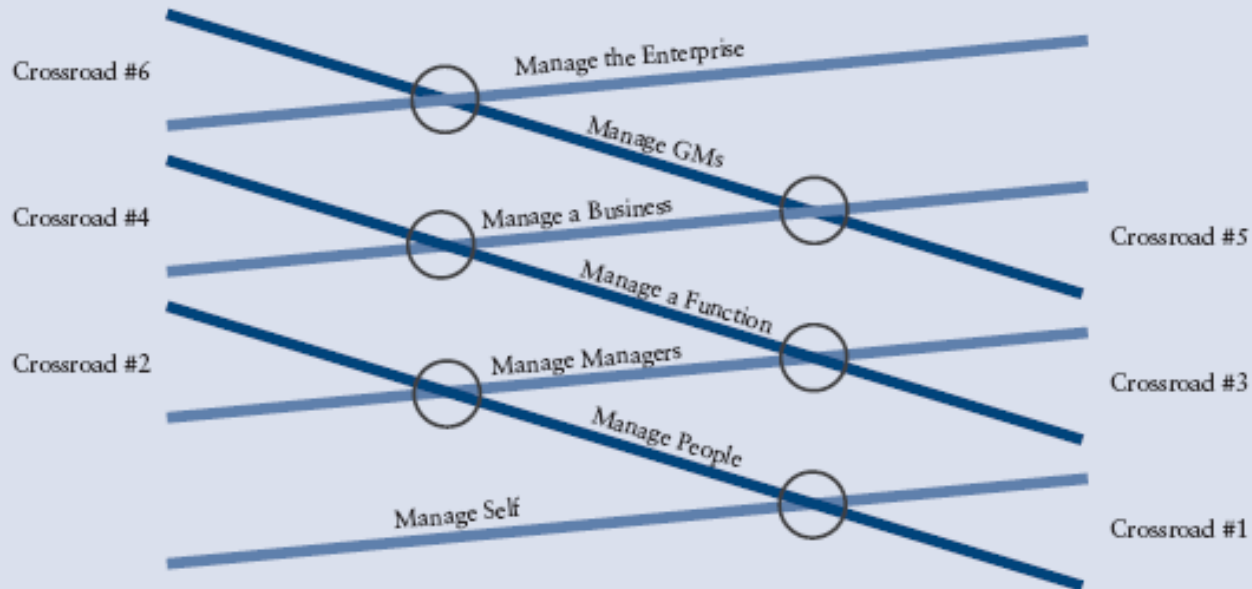
Potential Next Job Moves

- Larger Product/Market GM Role with Operations
- SVP, Sales Ops or VP Distribution Ops
- President Rx Pack
- President, Med Management

The “Turns Model” from The Leadership Pipeline

EXHIBIT 1

The Career Crossroads Model

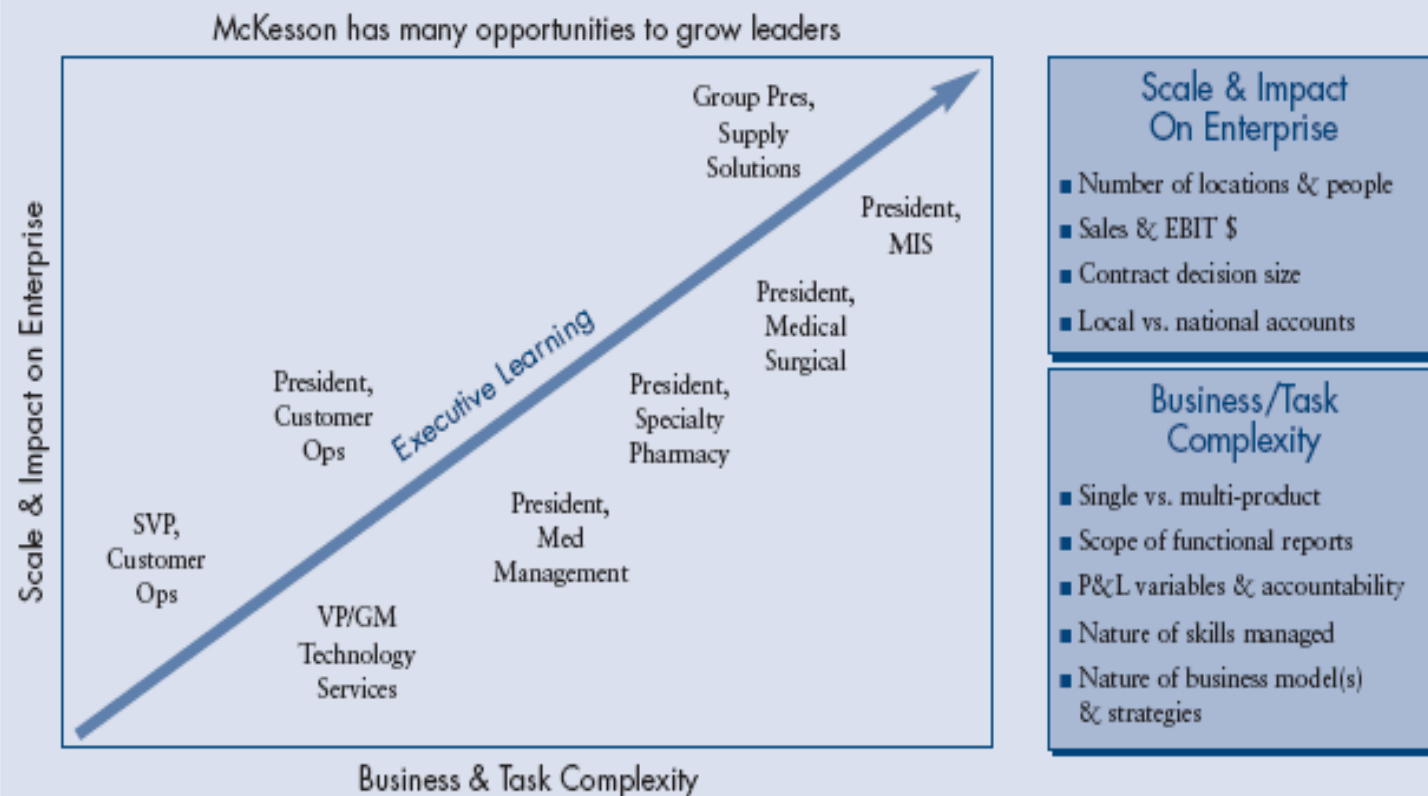


Source: W. Mahler and S. Drotter

McKesson Development Experiences Grid: Scale vs. Strategic Complexity

EXHIBIT 4

Development Experiences Grid: Scale vs. Strategic Complexity



McKesson Development Experiences Grid: Impact of Various Experiences on Competencies

EXHIBIT 5

Development Experiences Grid: Impact of Varied Experiences on Competencies

Development occurs through multiple assignments in McKesson



Final Thought

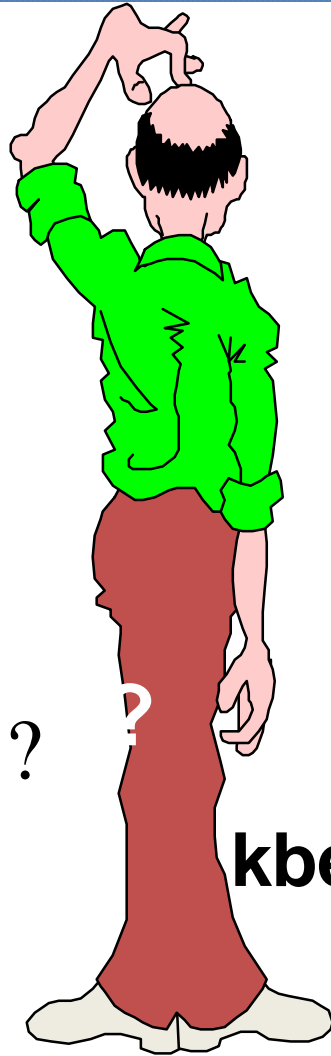


Succession Planning

What steps can you take to make succession planning a value-added competitive differentiator for your organization?

Your Questions?

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References

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- 5) Charan, Ram, Drotter, Stephen, and Noel, James, "The Leadership Pipeline: How to Build the Leadership-Powered Company," Jossey-Bass, 2001.