

A blurred background of a business meeting with a microphone in the foreground. The text "Your Next CEO" is overlaid on a dark grey rectangular box in the center of the image.

Your Next CEO



The New CEO

Competition, finance reform and the ever-changing demands of the marketplace have put increased pressure on hospital boards to contemplate an important question: What kind of CEO will be most successful in navigating these turbulent times?

Health care organizations are being asked to deliver new and innovative strategies and build talent capabilities to support their implementation. As a result, the traditional approach to CEO succession planning has become outdated. Today, best-in-class boards are considering a new type of CEO — one who disrupts and innovates with new skills and competencies to deliver results and meet the needs of the future.

Consider these two examples: David Feinberg, CEO of Geisinger Health System in Pennsylvania, recently said: “I think my job ultimately is to close every one of our hospitals. We really need to work to keep people healthy. ... I’m trying to put myself out of business” (*The Wall Street Journal*, Sept. 27, 2015).

MedStar Health CEO Ken Samet is also changing the way patients access care at a magnitude and pace unmatched elsewhere in Maryland and Washington, D.C. “We are disrupting the largest health care system in the region,” Samet said. “This is not a little



experiment. It's serious enough that we're willing to disrupt our own business model" (*Washington Business Journal*, June 19, 2015).

These are bold statements from health system CEOs, but they set the tone of the changing healthcare landscape. If your board is trying to hire a CEO who will position your hospital system for the transformation of health care in the U.S., you might want to consider revamping your approach to succession planning.

The right candidate

What should boards look for in a CEO? The ideal CEO will need to be:

- Willing to change the business model of the hospital system.
- Willing to reinvent the hospital as a valuable community resource that provides more than healthcare by pursuing a population health strategy.
- Willing to co-create with the board, physicians, patients and the entire community.
- Willing to learn from failure and make midcourse corrections.
- Willing to embrace conflict to create innovative solutions.

With those characteristics in mind, how can boards identify and groom the right CEO?

The best boards develop well-thought-out succession plans to ensure CEO successors have what it takes to thrive in what futurist Ian Morrison calls "life

in the gap" — this challenging period when hospital systems are being pressured to lower costs and improve quality while being paid largely on a fee-for-service basis.

According to Gregory Button, Korn Ferry's Healthcare Services global leader: "Our clients are increasingly seeking highly adaptable and intellectually agile CEO candidates who are not afraid to challenge the status quo. This requires significant emotional intelligence, a tolerance for ambiguity and the proven ability to course-correct when needed."

By following a proactive succession plan, boards can ensure the right successor is identified to carry their organization into the future, mitigate risks and improve prospects for long-term growth and viability.

Smart Search

What does a strategic CEO succession plan entail? A best-in-class planning process is composed of the following steps:

1. Review strategy and

implications: It all starts at the top.

The board must first review the strategic plan for the system. Health systems are preparing for volatility, uncertainty, change and ambiguity by recruiting CEOs with new and different skill sets than traditionally sought.

2. Build a future-focused success

profile: The next step for the board is

to develop a detailed profile for the CEO. This profile must include future-focused behaviors, competencies, board expectations, knowledge, skills and experiences that connect the strategy to the CEO's expertise. Research indicates that in order to thrive in an ever-changing and uncertain landscape, future health system CEOs should possess critical skills aligned to four main competency clusters (see "CEO Competencies").

3. Assess current talent: An assessment process enables boards to take part in regular briefings and to monitor the growth and development of potential internal candidates through board presentations, field observations and site visits. The board should also make sure it considers external recruits to bolster the CEO talent pipeline.

4. Narrow the field: The candidate pool is then narrowed based on an assessment of candidates against the success profile. This step gives the board an opportunity to evaluate the performance of internal and external candidates against CEO requirements.

5. Select the CEO: The full board meets to implement a thorough assessment of the finalist candidates, including:

- In-depth interviews that probe for the skills and talents essential for the role.
- Well-rounded assessments that provide insight from superiors,

industry peers, colleagues, customers and direct reports.

- Online personality and intelligence testing to evaluate intangible and cognitive qualities.

The board ranks the candidates based on the required competencies. The rankings, in combination with the detailed written evaluations by the board's governance committee, are used to drive the board's final decision.

6. Make a successful transition: Upon selection of the CEO's successor, a thorough transition plan is developed to ensure a strong start. A solid transition spans a full year and contains the following:

- Intensive knowledge sharing with the current CEO, C-suite and other key senior executives.
- Information gathering with other key stakeholders.
- A written transition plan to project a sense of stability and a positive perspective.
- Relationship building with the board through one-on-one meetings.

Ultimate Responsibility

In today's volatile world, the stakes are higher than ever to find the right CEO for your health system. Boards of health systems do not have the luxury of hiring a short-term fill-in without the required competencies to lead during change and disruption.

A regularly reviewed and closely followed succession plan is essential to exercise the board's most important responsibility: CEO selection. The costs of shortchanging this process are easy to see when health systems are caught off guard by events. The payoff is reflected in the system's seamless momentum as it moves from one leader to the next

ABOUT TLD GROUP

The Leadership Development Group (TLD Group) is a global health industry talent development consultancy. We develop leaders to take on the myriad challenges facing the industry to position their organizations and the industry as a whole for success. Our targeted solutions are designed to engage and empower leaders from within, between, and across the health ecosystem – and include coaching, consulting, leadership academies, and our speaker's bureau. Our worldwide faculty of over 500 organizational development practitioners, academicians, coaches, and consultants with deep expertise across the health industry, enables us to offer targeted insights and deliver highly impactful results.

(p) 973-722-4480

info@tldgroupinc.com
www.tldgroupinc.com

