

The Essentials of Succession Planning

Discover how the industry's top healthcare executives are utilizing succession planning as a key workforce strategy for developing today's talent and prepare for tomorrow's care delivery.

With hospital CEO turnover at an all-time high of 20%, and the average CEO tenure only four years, an increasing number of healthcare providers are utilizing succession planning as a vital component of the organization's overall workforce strategy. Leadership turnover can cost an organization anywhere from \$50K to \$1M. Major healthcare leaders from across the country recently met at the *Hospitals and Health Networks Executive Roundtable* to discuss succession planning - the solution to this pressing issue. By identifying, developing and nurturing the right talent, providers can greatly reduce these costs, increase engagement and drive high employee and patient satisfaction.

Think Beyond the C-suite

Susan Davis with Sacred Heart Health System said succession planning was one of the most important things that senior executives do in their jobs. She was part of an organization that took succession planning down to the director level at one point in her career. The succession plan was reviewed annually by the compensation committee. Davis said she had two people in mind to replace her. She evaluated their strengths and weaknesses and put together a structured program for each, exposing them to experiences to prepare them to step in if necessary.

Similarly, Michael Rowan at Catholic Health Initiatives (CHI) said his organization utilizes succession planning as a process across the entire organization, down to the vice president level. CHI reviews hundreds of professionals in the program. The weeklong process strives to understand how well each individual is doing in their current position and what next steps should be. The program focuses on talent at the systemwide level, giving CHI an opportunity to identify rising stars while simultaneously broadening an individual's skills.

Mark Sullivan, Executive Vice President and Chief Operating Officer with Catholic Health System, said his organization utilizes succession planning from the C-suite to the director level. While the program focuses on an individual's current role, it also examines potential future roles and the individual's career path. It specifically exposes up-and-coming talent to more services outside of the facility, extending beyond acute care. The program helps the organization overcome one of its biggest challenges, developing the next level of talent.

Key Skills for Future Healthcare Leaders

- Collaboration
- Relationship-building capacities
- Ability to adapt to a new care model and develop the optimal patient experience across the care continuum
- Critical thinking and strategy to create and execute new ideas

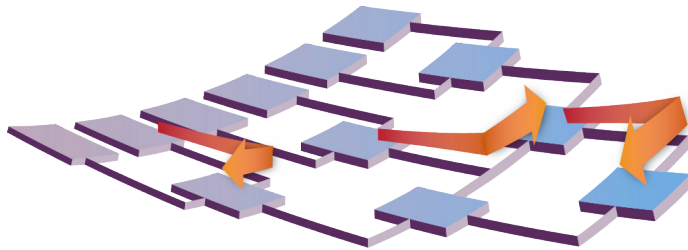
Succession planning is a powerful tool, enabling organizations to effectively shape its culture, mission and success. During the roundtable, Doug Smith, President and CEO of B. E. Smith, shared that the firm's most successful clients also have the most extensive succession plans. The correlation between succession planning and success can be traced to engagement. As a strategy, succession plans ensure executives are actively engaged in their own leadership development and training. The organization benefits as these professionals become stronger leaders.

Executive Brief



Necessary Skills

Succession planning will become even more important in the future. Diane Cross, Trustee at the University of Minnesota Health, said it will be vital for organizations to build the right skill sets in future leaders, especially since as many as 30 percent of healthcare leaders nationwide do not have a background in healthcare. Skills from IT, retail and other domains can be useful in the hospital setting, but it is important to develop a skills profile through succession planning rather than simply taking chances.



Executives at the roundtable agreed that leadership skills in healthcare are evolving. Susan Davis, President and CEO of Sacred Heart Health System, said new skill sets are necessary as healthcare is no longer centered on the hospital, but the patient. The panel identified several key skills for future healthcare leaders, including collaboration, relationship-building capacities, ability to adapt to a new care model and develop the optimal patient experience across the care continuum, as well as critical thinking and strategy to create and execute new ideas.

Population health management and wellness care are driving the demand for leaders with these evolving skills. According to Davis, the key to identifying these leaders is to focus on their future potential, not just the skills they currently possess. The next step is for

organizations to develop these leaders by providing them with experiences and opportunities for growth and education across the continuum of care.

Focusing on Culture

While skills and potential are important, cultural fit is also a key consideration in an organization's succession plan. Organizations strive to build and maintain a specific culture, and seek leaders who are truly committed to that culture. Succession plans should include a process to evaluate based on cultural fit and an individual's affinity for advancing the mission and values of the organization. This includes individuals who have skills which reflect the organization's culture including honesty, integrity and communication. Additionally, a critical success factor is an organization's ability to evaluate its own culture and recognizing when change is needed. During these periods, organizations must proactively identify the new direction and recruit or develop leaders who can lead that change, serving as a role model or inspirational leader.

Succession plans will vary from organization to organization, but one critical competency is necessary for any program to succeed. It must be supported from the top down, starting with the Board. This requires hospital leadership to mentor the Board so they understand the complexity of the organization and are better informed on succession planning decisions. Additionally, organizations must be willing to take risks and move potential leaders around to help enhance their skills and prepare them for future leadership roles. The rewards for investing in high performers are significant and wide reaching from recruitment and retention to engagement and satisfaction. It will strengthen leadership continuity and better position your organization for the future healthcare environment.

About B. E. Smith

Founded in 1978, B. E. Smith is a full-service leadership solutions firm providing Interim Leadership, Executive Search and Advisory Services. Veteran healthcare recruiters and regional healthcare experts partner with each client to create customized solutions. B. E. Smith's proven methodology has resulted in the recent placement of more than 900 leaders into healthcare organizations worldwide. The firm utilizes a comprehensive sourcing strategy incorporating the latest marketing techniques, association partnerships, social networking and one of the largest databases of skilled healthcare executives in the industry to deliver immediate results in today's complex healthcare environment. For more information, visit BESmith.com or call 855-254-8261.