

PROTECTING YOUR LEADERSHIP CULTURE

## SUCCESSION PLANNING: BUILDING LEADERS

With hospital chief executive turnover at an all-time high of 20 percent, and his or her average tenure being less than four years, chances are most hospital and health system board members will undergo a significant leadership transition during their board service. The board is responsible for overseeing the recruitment of a new CEO, and succession planning helps trustees to ensure leadership continuity and organizational success.

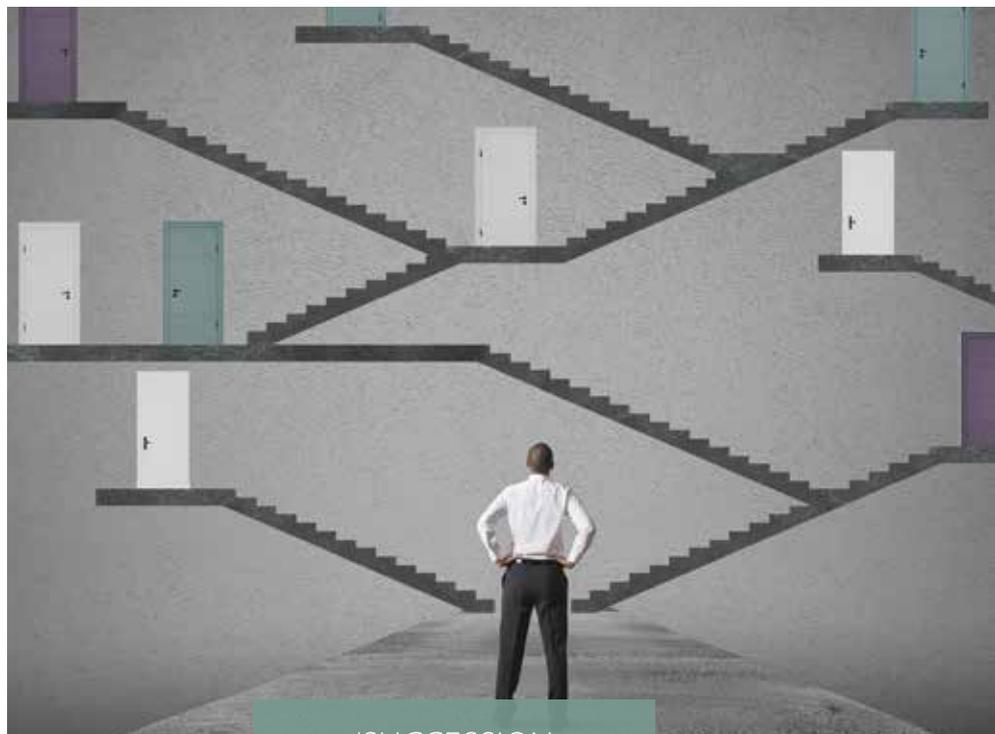
Despite its importance, succession planning is lacking in hospitals today.

According to a survey conducted earlier this year by the American College of Healthcare Executives, only 52 percent of hospital respondents said their organizations regularly conduct succession planning for the CEO position. Similarly, only 51 percent said they conduct succession planning for other top leadership roles.

“Succession planning remains underutilized by hospitals and health systems despite being a useful tool for growing internal leadership. It’s important for boards to understand how valuable succession planning can be,” says Deborah Bowen, president and CEO of ACHE. She says succession planning is increasingly being recognized as an effective leadership strategy. “The good news is that formal succession planning has increased in the last decade,” she says. “It’s moving in the right direction.”

### Trustee

Protecting Your Leadership Culture is a four-part series that examines how organizations can ensure smooth leadership transitions. This series will explore interim leadership, the CEO search, executive compensation and succession planning.



‘SUCCESSION PLANNING NEEDS TO BE A PROGRAM HARDWIRED INTO THE CULTURE.’

Finding time to develop formal succession plans can be a challenge for boards and senior leaders, but it belongs at the top of the priority list, experts say.

“Succession planning has to be an organizationwide effort,” says Mark Madden, senior vice president, executive search, B. E. Smith. “It needs to be a program hardwired into the culture, supported

by the board, the CEO and the entire organization.” Additionally, “human resources must be given the opportunity to be a strategic business partner

in the succession planning process,” he says. Succession planning requires a system in place to identify and develop top talent through mentoring, education and strategically placing potential

leaders in new roles to enhance their skill sets. Among other things, boards should help to develop a timeline for CEO succession and other key positions. It's also important to routinely assess the hospital's position in the marketplace, as well as its future business needs, to help to determine the attributes and skill sets needed for future leaders.

To start the succession planning conversation, boards need to ask senior leaders two questions:

- How are senior leaders identifying and developing top leaders?
- What is the organization doing now

to assess and develop the skill sets that will be needed in the future?

According to Bowen, a formalized succession plan can be a differentiator among organizations in the marketplace. Employees want to know what opportunities for advancement exist within the organization and what steps they need to take to advance. The bottom line, Bowen says: "There are many complicated problems in health care that aren't easily solved. Succession planning is one thing that can be done and broken down into manageable segments," she says.

## KEY CONSIDERATIONS FOR SUCCESSION PLAN DEVELOPMENT

**1 Assess workforce demographics.** Hospitals and health systems should have a clear understanding of workforce demographics within the organization, as well as the community at large. This includes the age, turnover rates and union participation within the organization's talent pool.

**2 Enhance communication about internal advancement opportunities.** Senior leaders and human resources must promote advancement opportunities within the organization so all employees are aware of career possibilities.

**3 Conduct leadership behavioral surveys to determine future management trends.** Behavioral surveys can provide insight into management's views of the organization and the changes needed to contribute to its success in the future.

**4 Routinely seek input from directors and managers.** Directors and managers should be asked on a regular basis to identify potential talent within the organization. This process can be incorporated into the performance-measurement process.

**5 Assess the organization's talent.** It's critical to regularly evaluate the organization's talent pool to ensure that the right people are in line for succession. This process will also help to identify talent gaps and organizational needs for the future.

Source: "Developing an Effective Health Care Workforce Planning Model," American Hospital Association, the American Organization of Nurse Executives and the American Society for Healthcare Human Resources Administration, 2013

### CASE STUDY

#### VICTOR BUZACHERO CORPORATE SENIOR VICE PRESIDENT SCRIPPS HEALTH SAN DIEGO

We have a full inventory of our people, their interests, skill sets and how long they've been with the organization and the industry. Each year, we sit down with our executives to assess their direct reports and others in their areas of accountability. We look for good fit within the organization and the potential for growth. We also discuss who our potential replacements are — the individuals we feel would be the best fit.

In addition to this process, we conduct an organizational assessment. We look at the strengths and weaknesses of the organization, what we are known for within the marketplace and what areas we need to improve. This process helps us to assess the skill set of the organization and competency within the marketplace in relationship to our strategic plan. Among other things, it helps us to determine whether we have the right people to meet our current and future needs. We then develop a specific action plan to ensure we have the skill sets we need to achieve our goals. We are trying to create a stable, deliberate process that creates executive continuity and addresses change in our industry.