

SUCCESSION PLANNING

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CURRENT STATE OF HEALTHCARE SUCCESSION PLANNING

Consistent results from B.E. Smith Leadership Intelligence Reports indicate considerable room to grow in succession planning (SP). Typically, one-third of organizations say they have a program in place. About half of those portray the program as informal. Only 25% apply SP broadly to all levels of management – most focus only on the top echelon.

Several factors inhibit many organizations from making a more expansive commitment to SP:

- Budget constraints. SP programs are frequently viewed as too expensive in today’s highly cost-sensitive environment and are either cut or underfunded. This situation tends to be particularly evident among smaller hospitals and health systems.
- Limited time. With executives stretched thin and staffing tight, hospitals often say they cannot devote

sufficient time to the endeavor. The result is no program or an intermittent one that often results in annual reviews with limited development attention between them.

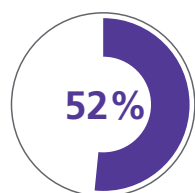
- Varying skill levels. Not all executives are equally adept at SP. Some shy away from participation altogether. Variable competency creates program inconsistencies.
- Decision avoidance. Good SP necessitates making clear and sometimes difficult decisions on individual leadership capabilities, potential, and succession paths. In some organizations, the hard choices are avoided or deferred. Limited investment is allocated equally to all leaders rather than focusing on those with the highest potential and their individual needs.

THE CASE FOR STRONG SUCCESSION PLANNING

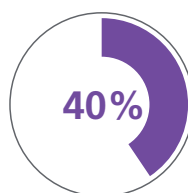
SP programs have grown more valuable and urgent over the past few years. As an executive recruiting leader, B.E. Smith witnesses from the front lines the extremely competitive healthcare talent market. It is understandable, then, that 52% of respondents to the recent B.E. Smith Intelligence Report named “finding quality candidates” for executive vacancies as “extremely/very challenging.” National unemployment is low, and healthcare faces shortages of physician and nurses. Our survey also uncovered a potential turnover risk with 40% of leaders actively

considering a job change within a year. In fact, 79% were approached about a credible opportunity in the past year.

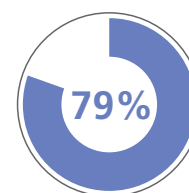
Even with an extensive national network and innovative recruiting resources, B.E. Smith still finds the talent search challenging. SP programs help organizations minimize turnover and avoid having to dip “lower in the candidate pool” when recruiting. Demonstrable benefits include cost savings, lower strategic risk, and higher employee engagement.



Named “finding quality candidates” for executive vacancies very challenging



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SUCCESSION PLANNING STRATEGIES

COMMIT AT BOARD AND SENIOR LEVEL

Strong commitment from the Board and C-suite is the foundation for a vibrant SP program sustained over the long-term. Top level support ensures consistent management priority, attention to critical talent needs/gaps, consensus on succession plans, and sufficient funding.

BUILD COMPREHENSIVE PROGRAM USING MULTIPLE TOOLS

The best programs embed SP deeply in the organization. That means constructing career plans for two important groups. First is emerging first- and mid-level leaders. Such inclusivity builds deep bench strength and creates extended advancement pathways. Clinical leaders are the second target. Value-based care is placing a high premium on strong physician and nursing leadership.

A comprehensive program also involves deploying a variety of proven SP tools. Our surveys show that organizations vary in use of instruments such as mentoring, training, leadership assessments, and executive coaching. Interim leadership should also be part of the equation. Seasoned interims alleviate pressure to elevate executives before they are ready and frequently serve as excellent mentors for colleagues and emerging leaders.

Consultants can bring fresh perspectives to the design and execution of SP programs. But organizations often overlook the substantial internal resources available. Search beyond the obvious participants and involve a broad range

of people who can contribute in various ways. That approach will achieve a multi-faceted, consistent program that is very cost efficient.

MAKE IT PERSONAL

A solid matrix of tools enables what may be the most important SP best practice. Succession roadmaps and associated development plans must be personalized. Each path is different, and employee learning and motivational characteristics vary widely. Yet too often we see programs that construct nine-box analyses and rank leaders, but then apply undifferentiated execution strategies or implement “cookie-cutter” externally-developed programs.

Individualized plans optimize chances that executives will be prepared to succeed when called upon to advance. Personalization also encourages flexibility to manage career progress that is often what B.E. Smith calls a “lattice” rather than traditional ladder. In addition, new and evolving leadership roles are forcing SP to be more individual and dynamic.

TRANSPARENCY AND COMMUNICATION

Transparency in SP programs is crucial to gaining organizational buy-in and consensus. It builds understanding of policies and trust in the process. Communicate openly and frequently, especially regarding changes in decision criteria or status of particular individuals or positions. High-visibility sustains programs and avoids their marginalization as just “mandates from HR.”

CONCLUSION

Investment in SP doesn't have to be expensive, and it pays many dividends. Applying the best practices described here will foster a program that reduces recruiting costs, provides a robust talent pipeline, and boosts leadership engagement and retention. In today's environment, those benefits provide a real strategic advantage.

B.E. Smith: Integrated Healthcare Leadership Solutions

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