



Keys to Successful Succession Planning at HonorHealth

An interview with Tom Sadvary and Steve Wheeler, HonorHealth

Tom Sadvary began his succession plan three months after becoming CEO of HonorHealth, an integrated healthcare system including five acute-care hospitals, extensive outpatient services, research, teaching programs, community services, and multiple primary care and specialty care practices in Phoenix and Scottsdale, Arizona.

Sadvary dedicated 30 years to leadership in the healthcare industry. Over the last four years, he also guided the successful merger of two longtime Arizona-based healthcare organizations into HonorHealth.

In 2005, Sadvary wasn't thinking about retiring. But he knew that if he was unable to continue leading due to illness or some other circumstance, he needed a strong succession plan that identified and fostered a future leader ready to take the helm when the time came.

Sadvary's meticulous succession planning and collaboration with his leadership team and board of directors eventually paid off—he announced his plans to retire in April 2017.

In 2016, after a thorough succession planning process, the board of directors appointed Todd LaPorte, HonorHealth Chief Administrative Officer and Executive Vice President, to move into the CEO role upon Sadvary's retirement.

Tom Sadvary and **Steve Wheeler**, HonorHealth Chairman of the Board, share their insights and experiences about their succession plan process below.

Q: When did you begin the process of putting together a succession plan?

TS: I started my own succession plan about three months after I became CEO in 2005. The formal succession planning process started

about two years ago after completing the company's strategic plan.

Some people believe you should create a plan when the person is about to leave. That's a myth; you do it when you don't have the threat or deadline when the person is leaving. I think it's incumbent upon an organization to identify at least one person who can potentially be a successor.

SW: Succession planning has always been a part of the board's ongoing agenda. In fact, it is one of a board's most critical responsibilities, not just for the CEO, but throughout the senior leadership ranks.

Once it became clear during our regular discussions with Tom that he was starting to seriously consider retirement, the board developed a more comprehensive, immediate, and detailed succession plan.

Q: What were the components of the plan?

TS: I see it as a four-phase process:

1. Establish competencies for the new CEO.
2. Search and evaluation process.
3. Internal search vs. national search.
4. Prepare for the transition: the plan is an organic document updated regularly.

Ultimately, it's the board's decision—the CEO is not going to appoint the successor. A CEO plays a viable role in helping to define the skills and experience that the new CEO will need, and to be in the background as an adviser to the board, if asked, but that role is limited and should be in a non-profit healthcare system like HonorHealth.

SW: Of the four phases Tom identified, I would highlight two. Because our board had just approved a far-reaching and transformative strategic plan focusing on overall community

health, it was important to seek competencies that aligned with our future goals, not simply the skills that had produced our past successes. Second, we needed to develop a fair and effective way to evaluate internal candidates against external prospects.

How is Todd being prepared for his new role? Has he been given any stretch assignments to help ease his transition?

TS: The transition plan for Todd has been purposeful. The plan includes time for additional coaching, time to assess the current organizational structure, executive talent and needs, giving him more exposure to internal and external constituents. This also includes spending time in best practice organizations in other parts of the country.

SW: In addition to the steps Tom outlined, individual board members began a series of one-on-one meetings with Todd both to become better acquainted and so that Todd could appreciate each director's areas of emphasis. And, to preserve continuity in board leadership, we also extended the terms of our officers, myself included, for an additional two years.

How does HonorHealth's vision fit with Todd coming in as the new CEO? Was that part of the process?

TS: Our strategic plan served as the framework for developing the competencies required for the next CEO. Our board believed that Todd's background and skill set matched those competencies. It is more common for a board to promote a strong internal candidate versus

conducting an outside search if the system has a track record of strong performance along with a compelling strategic direction.

SW: Actually, I would reverse and rephrase the question: "How does Todd's selection fit with HonorHealth's vision?" That was one of the primary areas of our evaluation. Because we had recently merged two entities into HonorHealth and thereafter significantly recast our mission and developed an implementing strategic plan, our new CEO had to be an enthusiastic and committed leader of change. Todd was one of the chief architects of our plan (and immersed in our culture and processes) so his support was never in doubt.

How will you measure the results of your succession plan?

TS: From my perspective, the ultimate measure of the succession plan includes:

- The results that HonorHealth achieves under Todd's leadership based on patient care, market share, financial, employee engagement, and other key measures.
- The extent to which HonorHealth is positioned for long-term success.
- The quality and tenure of the executive team.

SW: I agree with Tom. Our success will be measured by the extent to which we develop a robust, sustainable organization that transforms healthcare and demonstrably improves the health and well-being of our community.

