



Best Options for Filling Executive Positions in Independent Hospitals

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Some of the most critical decisions hospital boards and C-suite executives make is how to identify, select, and hire senior-level executives for their organization. Although this decision appears to be straightforward, it is not that simple. With increased turnover in the C-suites of hospitals, it is becoming more difficult and complicated to identify the ideal candidate with the experience, skillset, and cultural fit that the organization needs. Moreover, the challenges of offering a compensation and benefits package that responds to market and institutional demands are mounting.

Some critical factors in this challenge include:

- The lack of consistent leadership development and succession planning that generates a pipeline of qualified internal candidates.
- The increasing number of retirements among long-tenured and successful administrators, especially hospital CEOs.
- The growing demand for experienced and qualified senior administrators, which often exceeds the current supply, especially in certain markets (often rural).
- The daunting task of assimilating an executive compensation plan that leaves room for incentive-driven pay while maintaining a competitive position.

Key Board Takeaways

- Determine a strategy to fill a critical position well *before* the need arises. Internal recruiters should be trained and ready to recruit for the role or recommend internal candidates. Several sources for talent should be identified, including the organization's succession plan, outside firms that place interim executives, as well as experienced search firms that conduct executive and senior-level searches for hospitals. The ideal approach is to use a team, combining the expertise of both internal and external recruiters.
- Establish leadership development plans for internal candidates for future senior-level positions. These plans should be on the executive team's agenda and regularly reviewed, tweaked, or changed as appropriate, and ready for activation when needed.
- If there are no internal candidates to promote, initiate an outside search utilizing either the human resources department, an interim placement firm, or an executive search firm, or a combination of all.
- Ensure that key senior-level roles that are critical to the organization's success receive significant attention, including allocating the appropriate resources (time, money, and experienced personnel) to conduct the search to ensure that the "right" person is hired. The cost of replacing a new hire is substantial and estimated as doubling the initial cost of the recruitment process.
- If needed, consider an interim executive. The interim executive should provide sufficient expertise and leadership to keep the organization operating efficiently while the search for a highly skilled, permanent placement is occurring. In some cases, the interim placement may be offered the position if it is a mutually good fit. Nevertheless, interim executives can often take more politically challenging tasks as a part of their responsibilities and pave the way for the permanent executive to assume his/her duties.
- If the internal hospital resources are not the best option to recruit executive-level candidates, retain an experienced outside source. Professional search firms can prevent a mis-hire or a bad hire, and most have a lengthy guarantee, such as the placed executive staying with the organization for at least a year. Utilizing a healthcare consulting firm that possesses the expertise in executive search offers additional benefits to the arrangement.

So, what are some strategies that hospital boards and executives can develop to meet the demand for hiring qualified and experienced executives to fill these critical positions? This article looks at three primary classifications of candidates to consider for an open executive position—internal, interim, and external—to help boards create the best plans for their organizations.

Internal Candidates

Ideally, an organization will have a strategic leadership succession plan to identify an equipped replacement for an open position. The succession plan should focus on the crucial senior-level roles and include training and preparing a successor to take the job when it becomes vacant. Often, a designated “heir” will step into an interim role during a period of consideration of outside recruitment options.

The hospital board should drive and direct the succession planning for the executive team encompassing all senior positions, particularly in the C-suite. Further, the plan should undergo periodic review. Each person identified needs to have a development and training program in place to prepare them for the future role. When an individual is elevated, even on an interim basis, it is necessary to fill their opening, which initiates the “domino effect.”

Unfortunately, most organizations do not have an ongoing, strategic succession plan for all their key leadership roles. When an opening occurs, they must then decide whether an internal candidate could perform the functions. If there is no one, they must recruit a candidate from outside the organization. Recruitment of an outsider can be disruptive, especially for loyal existing employees who, not knowing where their future lies, tend to exit needlessly.

Interim Executives

Although some temporary roles may be filled internally, another solution to address the immediate needs of the organization is to engage an interim leader from an outside source, such as a healthcare consulting firm. Interim placements are qualified and experienced candidates with in-depth knowledge of the industry and role. Deployment of the interim executive can be rapid, and he or she can hit the ground running based on having filled the position successfully in other institutions. Interims are flexible and will work for a short period, typically a year or less, depending on the needs of the hospital.

The key advantages of using an interim executive include:

- Maintaining organizational momentum when a mission-critical executive leaves by filling the position with a highly experienced and often overqualified individual
- Assessing and advancing clinical, financial, and operational performance (in essence, this person serves as an outside consultant and evaluates improvement needs)
- Initiating and implementing essential initiatives to maintain the position’s efficiency
- Preparing the way for a smooth transition to the permanent replacement
- Enhancing the position’s longer-term effectiveness through the generation of new ideas and processes
- Eliminating a lapse in fulfillment of the placement due to a temporary vacancy
- Relieving the immediate pressure of having to fill the

position too quickly, which could lead to hiring a less-qualified candidate

Bringing in interim expertise to fill executive positions has its advantages. Although the cost of a temporary can be higher than the placement of a permanent employee, the return may be justifiable if the interim can also serve as an advisor in areas that go beyond the responsibilities the permanent position entails. This additional expertise helps pave the way for the newly hired or promoted permanent hire to be more effective from the outset. Interim advisors may also be able to implement corrective measures without fear of internal political reprisals, which would alleviate the burden on the permanent occupant from having to make uncomfortable decisions.

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The well-qualified interim who fills the executive position will combine the performance of the duties with his or her consulting experience and guidance. Rather than “biding their time” during the search for the permanent placement, the interim will actively assess areas where improvements are needed and implement tried-and-true solutions. In this event, the cost of a temporary arrangement will be justified.

External Candidates

Searches for senior executives rarely yield fast turnarounds and take a long time to conduct appropriately. This effort includes the development of a recruitment strategy to locate the best candidates on a regional or national basis. Understanding the “culture” of the hospital, along with the nuances of the position, are essential components of the search process.

Searches are generally conducted by either an external source, such as a search consulting firm, or internally, relying on the hospital human resources department. Even a combination of the two sources is feasible. There are several practical matters to consider about capacity.

Does the internal staff have experience in conducting senior-level searches? Do they have the time to focus on developing and executing the recruitment plan, including targeting and proactively recruiting and marketing the position to potential candidates? Most senior-level searches take dozens of hours to generate and identify qualified candidates. Moreover, internal HR departments typically are thinly staffed and unable to devote the time to this critical task. Further, they are not always knowledgeable in the details of the position and what makes it function successfully within the hospital’s culture.

Not all executive search firms are the same, however, and call for careful comparison. Before engaging a firm, there are several appropriate questions to ask of those under consideration:

- Do they have experience with similar-sized hospitals and healthcare clients?
- Do they provide leadership evaluation methods or other tools as part of their recruitment process?
- How vast is their healthcare executive network that they can tap for potential candidates or referrals?
- Do they recruit qualified candidates who are not currently seeking a new position who may be a good match for your organization?
- Do they have dedicated and trained researchers and candidate sourcing capabilities?
- How well do they understand independent hospitals, and who are their previous clients?
- How extended is their guarantee of a placed executive?
- How robust are their background and reference check processes?

Executive search firms generally provide their services across all industries. This approach may be perceived positively in some scenarios, but it is not the best approach for healthcare positions. Conversely, search firms that complement their recruitment expertise with the working and

ongoing knowledge of the hospital executive positions’ responsibilities and activities are the best suited to conduct these positions. With their experience and connections from likely having provided consultative and/or interim management for those positions and facilities, they can conduct the search and pair the characteristics of the hospital with the “right” person.

Filling (and retaining) executive positions within independent hospitals can be a challenging proposition. From the mere identification of qualified candidates to more intense screening to ultimately convincing a targeted candidate to accept the offer— all these things can be daunting tasks. Opening up the hospitals “tool chest” to consider various alternatives, including the three primary considerations above (internal candidates, interim executives, and external candidates), will help ensure that the process of recruitment and retention of the “right” candidates results.

With proper strategic planning around succession planning for senior-level executive positions, independent hospitals can be properly prepared to fill key open positions when they occur. This will maintain continuity and minimize disruption to hospital operations and enable the organization to continue to accomplish its mission.

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