

Searching and Preparing for a New CEO

Governance support professionals typically report directly to the CEO so when there is a change in this key leadership position, it has a significant effect on their work. Ensuring that the organization is prepared with a succession plan, understanding the search and selection process, and being ready to welcome in a new CEO can help ease this challenging time. This article provides a basic checklist for organizations that need to conduct an executive search, as well as tips governance support staff can use throughout the process.

Where to Start?

First, it's important to ask: Does the CEO have a current, written succession plan already in place?¹ If the answer is yes, this plan should provide all of the details the board needs to conduct a successful search for a new chief executive. If the answer is no, the board should work with the CEO to develop a plan if there is time before the CEO departs. Developing a good plan takes time; ideally, two years prior to the CEO's transition, and potentially one or two years post-transition for the CEO to be available to his or her successor in an advisory capacity. The search itself can take up to a year to find the right candidate.

If there is not time to do so, the board should implement an emergency succession plan, which is usually a very basic decision on who should immediately step in as interim CEO to oversee the

¹ For more complete background information on developing a succession plan, refer to [Elements of Governance®: Succession Planning, 3rd Edition](#).

Lessons Learned from an Executive Assistant (*Who Has Experienced Five Changes in CEO Leadership*)

- Establish a search committee to lead this process and report back to the board.
- If your hospital/health system decides to hire an executive search firm, take the time to find a search firm that is the best fit for your organization. Interview several companies, ask for references, and be sure to call those references. Also, remember that the responsibility of the search firm is to help you locate the perfect leader for your organization. Be mindful that search firms make money from connecting a candidate to an organization and, in most cases, receive a percentage of the "package" offered to the candidate. Don't go in blindly. Know exactly what you want and need for your organization.
- Allow a rounded selection of associates and directors to interview candidates and have a voice. Since governance support staff report to the CEO, think through whether or not you want to sit in on the interviews. For example, this executive assistant decided not to in order to avoid forming an opinion (good or bad) of the candidate. However, she did greet candidates and walk them to their interviews so she could meet them.
- Be transparent with everyone at the organization about the search process.
- As the governance support professional, assist the board with setting up interviews, travel, etc. Take as much off of their plate as possible. Many already have a full-time job and could use someone to do the lifting.

organization during the search process. The person selected for this should know about it in advance and be prepared for this likelihood through high-level training with the CEO and board. (Part of the emergency plan also needs to include how to/who should fill the hole made by the interim CEO.)

For hospitals that are part of a system, the CEO selection process typically is a joint responsibility of the hospital board and system executives. Before commencing succession planning, the board should review the system governance authorities matrix to understand its role and

responsibilities in the executive search process.

The basic steps in the executive search process usually include:

1. Convene an executive search committee, or identify the board committee responsible for conducting the executive search process. This committee can include medical staff officers, elected officials (for public hospitals), and other members of the community as the board feels necessary.
2. Review with the full board the current CEO job description and determine skills, experience, and competencies necessary

for the new CEO. The strategic direction and future vision of the organization should be closely considered during this step, to ensure that the new CEO's skills and expertise can move the organization forward, rather than assuming that skills needed in the past are still sufficient. Update the job description to reflect this if necessary. If the organization is in a crisis situation such as avoiding default on bonds or a near-term challenge, the selection criteria may be more narrowly focused on these acute concerns. It is important, however, to keep line of sight on the longer-term and select a candidate who can see the organization through both the immediate and long-term challenges.

The following steps are typically handled by the search committee:

3. Identify potential internal candidates based on the search criteria established in step 2 and ask them to apply.
4. Determine whether to hire an executive search firm to evaluate external candidates. For those organizations looking to hire top talent capable of moving the organization towards its future vision, it is recommended to conduct a national search, and search firms can help substantially in this process.
5. Determine whether to pool together the internal and external candidates, or to conduct the external search only if necessary after internal candidates are considered.²
6. Conduct multi-level interviews with

² There are advantages and disadvantages to each method; refer to [Elements of Governance®: Succession Planning, 3rd Edition](#).

7. candidates via phone and in person, and narrow down to the top five. Bring those applicants to the full board for review to narrow down to top three.
7. Conduct in-person interviews with the top three candidates, full board, key members of the senior management team, and physician leaders and members of the medical staff (any top-level executives who will be working directly with the CEO).
8. Engage the current CEO in any step of this process as the board feels necessary/appropriate.
9. Once the new CEO is selected by the full board and accepts the position, begin the transition plan as soon as possible.
10. Adhere to a corporate communication plan to properly communicate to stakeholders and the public at the right time(s) regarding the new CEO.

Table 1: Succession Planning Timeline for Planned Retirement

Pre-Transition			Post-Transition	
Two Years	One Year	Six Months	First Year	Second Year
<ul style="list-style-type: none"> • CEO discusses with board chair the intention to retire • Board leaders deliberate • Transition committee is formed • Board-approved succession plan is reviewed to identify any needed updates, including contingency plans • Committee explores options: <ul style="list-style-type: none"> • Internal candidates • External search • Executive roles • Retirement plans (if relevant) • Agreements 	<ul style="list-style-type: none"> • Transition plan is developed over the previous year <ul style="list-style-type: none"> • Develop transition responsibility matrix • Determine whether and how to use search consultant and, if so, identify preferred firm • Execute transition plan if an internal candidate is selected • If no internal candidate is selected, move to full search 	<ul style="list-style-type: none"> • Communication about: <ul style="list-style-type: none"> • Transition or retirement • Succession planning process • Internal selection and transition • "Outside" successor 	<ul style="list-style-type: none"> • Execute transition plan and deploy transition responsibility matrix for internal or external successor • Formal on-boarding process implemented • Other transition plans, potentially including advisory role for retiring CEO 	<ul style="list-style-type: none"> • Continue to execute the transition plan • New CEO has assumed all roles and responsibilities • Final communications • Execute other transition plans at executive levels

Internal vs. External Candidates?

The smoothest transition when the CEO leaves is usually to replace the chief executive with an internal candidate who has already been trained and groomed for the position through the processes laid out in the succession plan. However, the ultimate goal may not be a smooth transition but rather to ensure that the new CEO, whether internal or external, has the right qualifications to move the organization towards its desired future state.

Forward-thinking boards that have strategic goals involving major care delivery, cultural, or other transformational changes to the organization should consider external candidates from other top-performing organizations who have been able to demonstrate the ability to lead in such an uncertain environment. But an external candidate is not always the best choice or necessary for every organization. Subsidiaries, public hospitals, and rural hospitals might not have the need or option to recruit external candidates on a national level.

This is yet another reason why a strong succession plan in place is key. A succession plan that is developed with the future vision of the organization in mind also includes planning for COO and other top executive candidates who could fill the role of CEO during organizational transformation if necessary. Emphasis should be placed on physician leaders as well, as evidence points to an increase in healthcare CEOs from a clinical background.³ The board should regularly assess the top management team as a whole to determine which members of that team are capable of leading the organization into the future.

³ K. Peisert and K. Wagner, *The Governance Evolution: Meeting New Industry Demands*, 2017 Biennial Survey of Hospitals and Healthcare Systems, The Governance Institute.

Whatever the structure and approach, boards and CEOs have responsibility for developing leaders who are ready to assume more responsibility. This should be considered a priority, all the time, every year.

Essential elements of a succession plan include:

1. Competencies and experiences needed by a future CEO
2. Goals to be achieved
3. Search and selection process
4. Definition of a future role for the departing CEO
5. A transition plan for the new CEO's responsibilities
6. Transition, succession, development, and recruitment plans for senior executives
7. Retention planning for key executives
8. CEO employment agreement extension or modification
9. Communication plan
10. Preferred timetable for executing the succession plan for planned retirement
11. Emergency succession plan

How to Evaluate Candidates

Candidate evaluation can be done in many ways, but it is critical to ensure the following:

1. Each candidate must be weighed against the selection criteria and job description determined at the beginning of the search process
2. The process of evaluation must be the same for each candidate to ensure fair and thorough decision making.

It can help to create a numerical scale for each item on the list of criteria, and then calculate a total score with extra weight placed on certain items the board feels might be more important than others. Those participating in the evaluation should also have the opportunity to share open-ended comments regarding the less tangible aspects of each candidate, such as personality, values, and cultural fit with the organization.

Building/Updating the CEO Job Description

The CEO job description should include the following areas of responsibility:

1. Board relationship
2. Planning
3. Management
4. Service integration
5. Human resources
6. Financial management
7. Quality and safety
8. Regulatory compliance
9. Physician and provider relationships
10. Community health needs
11. Community/public relations
12. Marketing and fundraising
13. Succession
14. Accountabilities

The job description should also include skills, expertise, and qualities desired/necessary for the role.

When there is an impending CEO turnover, this represents an ideal opportunity to reevaluate the job description to determine if anything needs to be changed or updated. The organization's strategic direction, mission, and future vision should be used as a foundation for the CEO job description, to ensure that the CEO can fulfill his or her responsibilities in moving the organization towards its desired future state.

A sample job description for the chief executive can be found [here](#).

Bringing in a New CEO: Considerations for Governance Support Staff

Having a new CEO join the organization can be a challenging time for governance support staff. They essentially have to rebuild a relationship with the key leader of the organization—someone they might have worked closely with for years. Consider the following when making this transition:

- It usually takes around six months to get to know a new CEO.
- Whatever it is you think you know now, you probably won't know with someone new. It's

- important to be aware that what worked for one CEO will not always work for another.
- It's okay to offer basic history and knowledge of the organization, but do not judge or discuss what the prior CEO talked about with you. Give the incoming CEO the opportunity to form his/her own opinions.
- Try to find out the new CEO's strengths and weaknesses by listening and watching and then develop a plan that will

best suit their needs.

- The governance support position is to do what is asked within your scope of work, and not to judge or question the CEO's approach.
- It is often helpful just to be a sounding board.
- Try to have as much information prepared before the CEO starts. Most CEOs are coming in from another state or location and will need very detailed information at the

beginning.

- Create a CEO orientation manual that includes information such as community lists, contact information, board lists, and disaster information, and be sure to set up introduction meetings.
- Don't forget to ask the new CEO what their needs and expectations are of you.

The Governance Institute thanks Jennifer Stephens, Executive Assistant to the CEO, Ephraim McDowell Health, for contributing to this article.

