

Healthcare Boards and CEOs: The Next Chapter in Managing Talent and Risk, and Each Other

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Agenda

1. The Pre- and Post-Pandemic Board
2. Rebooting the Board-CEO Relationship
3. Healthcare Leadership Trends

Today's Headlines Signal Turbulence

CEO Turnover
Remains High
in Hospitals

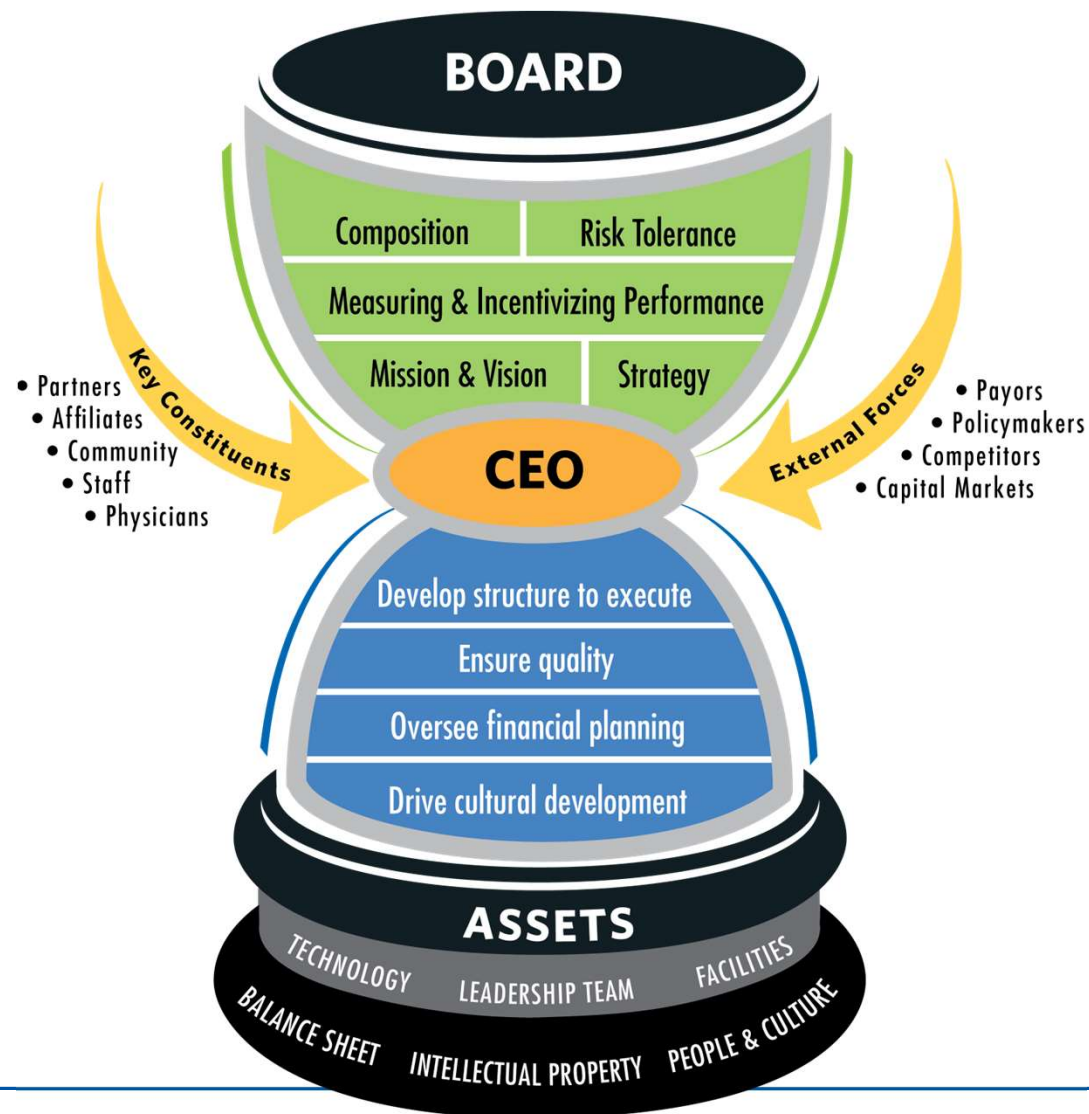
The Great
Resignation Is
Accelerating

Healthcare
Leaders
Must
Embrace
Change or
Be Left
Behind

Navigating the
Labor Mismatch

How the Pandemic
Changed the Way
CEOs Lead

Boards and CEOs: A (Pre-pandemic) Functional Model



Andrew Chastain, *AHA Great Boards Newsletter*.
“Revisiting the Mission”

Boards and the Pandemic

The pandemic forced boards to:

- Ramp up their meetings and communication
- Get active, hands-on; more than “noses in”?
- Delve into crisis management, strategy, sustainability
- Work collaboratively with CEO (and team) to manage, mitigate risk

Post-pandemic: Do things return to “normal”?

Post-Pandemic Healthcare Board Challenges

- Financial headwinds, margin constraints
- Exhausted executive teams; turnover
- Broader universe of stakeholders; government involvement
- Patients as consumers; hospital at home
- Managing risk
- Anticipating the next crisis

Poll Question #1

How has your board changed in the post-pandemic era?

- a. We have returned to our pre-pandemic state.
- b. We have adopted a healthy “new normal” based on Covid learnings.
- c. We are still acting in crisis.

Post-Pandemic Board Priorities

- Government partnerships and procurement
- Supply chain and contingency planning
- Risk management
- Environmental, social and governance (ESG)
- Human resources and communications
- Transformation and process redesign
- Technology, including automation and remote work applications
- Finance and accounting (cash management, liquidity and M&A valuation)

Kaufman Rossin Advisors. “What Will the Post-Pandemic Board of Directors Look Like?”

What Adaptable* Boards Focus On

- Workforce-capability needs
- Cybersecurity
- Technological trends
- Diversity of the organization's leadership
- Corporate social responsibility
- Organization's purpose
- Geopolitical and/or macroeconomic risks

*Adaptable boards = those that made changes to their structures, processes, and interpersonal dynamics during the pandemic *and* were effective in their overall response to the crisis.

McKinsey & Co. "The Company Board's Postpandemic Agenda"

Questions Boards Should Be Asking

- **Recruiting for competencies and skills**—what strengths does our board have? What gaps?
- **Compensation for specific roles**—do we need to provide compensation to get the board members we need?
- **Right-sizing**—are we too cumbersome (following a merger perhaps?) or too thin?
- **Committee effectiveness/measurement/communication**—is every committee functioning, aligned, and on the same page?
- **Cybersecurity and governance**—does our board have expertise around data and information technologies?
- **Frequency and length of meetings**—are we maximizing our time together?
- **Agenda planning**—are we focused?
- **Ad hoc task forces**—how do we tackle surprises or short-term needs?
- **Board education/retreats; types and frequency**—how does our board bond and develop?

Andrew Chastain, *AHA Great Boards Newsletter*. “Revisiting the Mission”

How to Reboot the Relationship

- Evaluate your frequency, agenda and setting.
- Revisit the mission. Have board members and the CEO share what it means to them.
- Revisit and update board and CEO position descriptions.
- Focus on “why” as much as “what”.
- Learn together (e.g., on risk).
- Make succession a priority.



The New Executive Work Environment

- Leadership candidates are asking for:
 - Remote and hybrid opportunities;
 - Better work/life balance.
- Turnover remains high.
- Burnout is real and pervasive.

Drivers of Demand and Supply

Drivers of Increased Demand

Burnout

Retirements

Delayed

Planned

Accelerated

Partial

Sabbaticals

Expansion of the marketplace

Drivers of Reduced Supply

Exits from the industry

Changing skills required

New entrants into the marketplace

Humana **one medical**

 **OPTUM**

 **CVS Health.**

DOLLAR GENERAL

Walmart+

Considerations/Solutions for Your Teams

Differentiators in this hyper-competitive market:

- Active retention planning
- Contemporary compensation systems
- Robust talent pipelines
- Active succession planning
- Active communication about succession, promotional opportunities



The Candidate Lens

- Culture
 - Candidate's alignment with mission and culture
 - Engagement, quality and alignment of providers and employees around vision and goals of organization
 - Levels of trust and psychological safety
- Leadership Team
 - Talent
 - Awareness of best practices
 - Dedication
 - Stability
 - Appetite for change
- Strategy and Vision
 - Upside opportunity for growth
 - Potential risks with independence
 - Clear/Uniformly understood and supported
- Leadership Structure; effectiveness/relevancy, perceived need for/willingness to support enhancements and changes in structure
- Current State of IT
- Clinical Quality and Patient Satisfaction
- Regulatory Environment
- Market Position and Reputation
- Board
 - Turnover
 - Functionality/governance best practices
 - Relationship with management
 - Commitment
 - Risk tolerance/orientation toward growth
- Communities Served
 - Economic strength
 - Growth potential
 - Community need
- Diversity of Staff and Leadership Team
- Balance Sheet Strength and Operating Performance History
- Quality of Life; subjective yet key themes for spouse/partner

Thank You

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