

trust matters Trustee Matters



A Publication for Missouri Hospital Trustees

Developing Tomorrow's Leaders Today

By Mark Madden, Senior Vice President of Senior Executive Search, and Lydia Ostermeier, Vice President of Senior Executive Search at B.E. Smith

A stable, flexible, high-performance workforce is a strategic asset for health care organizations navigating the transformation from volume-to-value. Building and managing this workforce requires effective leadership. Yet, organizations face major headwinds in pursuing leadership development. This article distills B.E. Smith research and advisory experience to explore the issues and offer strategies for success.



LOOMING TALENT SHORTAGES

A core concern is availability of leadership talent in a labor market characterized by shortages in critical areas stemming from impending retirements and financial cutbacks. While the demand for experienced health care executives is increasing, the pool of talent in the workforce is decreasing. As a result, the market is extremely competitive with turnover rates reaching record levels. A recent survey by the American College of Healthcare Executives found CEO turnover at 18 percent in 2015 — the second highest rate since 2000. Additionally, a survey by AMN Healthcare found that more than half of nurses are older than 50, and many are considering retirement within three years.

In a B.E. Smith health care leadership intelligence survey, 33 percent of leaders named “access to high-quality talent” as the chief strategic workforce challenge. They also viewed it as the biggest hurdle in recruiting executives by 63.5 percent.

LEADERSHIP DEVELOPMENT CHALLENGE

Most organizations attempt to address these deficits through internal talent development. This year's intelligence report found that 53 percent of organizations expect to develop leaders from within. Yet, many programs remain in infancy or works in progress.

A serious consequence of limited leadership development is that many employees feel their progress is blocked. This includes future leaders with the potential talent to drive organizational success and help navigate new market realities. According to the survey, one-quarter of employees believe they must leave their current organization to advance their career.

Such a significant cohort poses turnover risk, since 98 percent of this group indicated they would consider a job change. Even 69 percent of those not seeking to advance would consider an offer. Such “passive candidates” are a hidden recruiting source, which hiring organizations should consider in search strategies.



A MESSAGE FROM Tony Rothermich, Administrator Mercy Hospital Lincoln, and V.P. of Emergency Services Mercy Hospital St. Louis

Succession planning is important at all levels of an organization. Change is inevitable, so being prepared when someone vacates a position can be crucial. *BusinessDictionary.com* defines succession planning as the “identification and development of potential successors for key positions in an organization, through a systematic evaluation process and training.”

Specifically speaking to the board and executive levels, it is extremely important to have a succession plan for senior leadership positions within an organization. It doesn’t necessarily mean that the “next person up” is a clone of his/her replacement, but rather someone who has been educated, coached, and lives the mission, vision and culture of the organization to maintain a level of continuity.

Claude Cox, winner of the MHA 2016 Trustee of the Year Award, has served on the Lincoln County Medical Center board for 48 years. How do you ever fill the shoes of someone like Claude with the knowledge and history that’s been gained throughout the years? Short answer: you don’t. Although, by having an experienced individual like Claude on the board, he is able to support and participate in the evaluation, education and coaching of new members.

One of the most important attributes of a senior leader is creating an environment and culture within an organization that operates and flourishes even in his/her absence. No matter if it’s short- or long-term, creating a thriving culture happens through the thoughtful selection, mentoring and coaching of individuals to succeed in leadership positions when a vacancy occurs.

continued from Page 1 ▼

BUILDING STRONG LEADERSHIP PROGRAMS

The good news is that organizations can overcome these challenges, and a considerable upside exists for those who commit. B.E. Smith’s research and work in interim management and leadership development have uncovered several recommendations and examples of success.

Start With the Board

Hospital boards must make leadership development a priority. Boards need to stay vigilant about the organization’s bench strength — the capabilities and readiness of potential successors to move into key leadership positions — and ensuring that developmental focus is a measurable aspect of senior executive goals.

Focus on Middle Management/Emerging Leaders

Most development efforts have been directed to senior executives, leaving a notable gap at the crucial middle-management level. Today’s directors and

MHA’S CEO SEARCH PROCESS RESOURCE GUIDE

Hiring a competent CEO is the No. 1 role of a hospital board and perhaps one of the most important decisions the team will make. In late January, MHA released a CEO Search Process Resource Guide. The guide is helpful when used with other CEO search tools. Each hospital has different needs and every candidate is unique; however, with certain guidelines and tips, the search process can yield successful results. Research will allow your hiring board to make an educated decision about the best candidate for your facility. If you need assistance at any time during the search process, contact Dana Dahl at ddahl@mhanet.

managers are the nucleus of an organization’s bench strength. These leaders merit not only dedicated attention, but also a development program connected to real on-the-job projects that have an impact on business.

Use Interim Management

Second to finding quality talent, providing strong interim leadership was cited by 25 percent of executives as the biggest recruitment challenge. Whether sourced internally or externally, the right interim management provides vital support for leadership development programs on several levels:

- smooths transitions between leaders
- maintains strategic direction and speed
- provides an excellent resource for mentoring existing staff
- provides a positive environment during periods of leadership transition

Make Leadership Development Organic, Not Episodic

Various components of a leadership development program can connect and evolve organically. When focus is placed on identifying emerging leaders, the momentum can stimulate an expanded commitment to the organization’s overall leadership development efforts.

Encourage Emerging Leaders to Look Outside Conventional Paths

Many organizations remain wedded to developing leaders along traditional models. Yet, today’s leadership not only emphasizes the right experience

and credentials, but also the right skills. Emerging leaders need to understand this dynamic and proactively seek exposure outside the norm and organization. Seeking exposure outside of the organization can be obtained through work with affiliated facilities, participation in online and college-sponsored programs, and other avenues.

SUCCESSION PLANNING

Another major consideration in developing a high-return, consistent leadership program, is formal succession planning. Research shows that only one-third of surveyed hospitals have a succession program in place. About 40 percent of these programs concentrate on V.P. or C-suite only, and 42 percent are described as informal.

According to B.E. Smith surveys, the building blocks of a strong formal program are indicated in Figure 1.

PREPARING FOR TOMORROW’S LEADERSHIP NEEDS

Leadership development faces many hurdles, but it is essential to success and a source of competitive advantage. Fortunately, the strategies outlined in this article show demonstrated value and a solid roadmap for immediate implementation. Additionally, experienced interim leaders and advisors can assist in driving the development and implementation of critical leadership programs to enhance your organization’s bench strength and ensure a long-term solution to overcome workforce and recruitment challenges.

Figure 1: Key Elements of Success



MIDWEST TRANSPLANT NETWORK REPORTS RECORD NUMBER OF ORGAN DONORS IN 2016

Midwest Transplant Network’s service area of the state of Kansas and the western two-thirds of Missouri reached a new record high in 2016 with 228 organ donors. Donor heroes contributed to 728 lifesaving transplants, a 23 percent increase in the number of lives saved from 2015. Additionally, 1,352 tissue and cornea donors potentially provided life-enhancing gifts to up to 55,000 recipients.

In the U.S. in 2016, organ transplants performed reached a new record high for the fourth consecutive year, according to data from United Network for Organ Sharing. For the year, 33,606 transplants were reported, representing an 8.5 percent increase over the 2015 total and an increase of 19.8 percent since 2012.

“With the record breaking year locally and nationally, it is important to continue to highlight the critical importance of donation and to join your state’s donor registry,” said Midwest Transplant Network Chief Operations Officer Jan Finn. “While the number of donors has increased, the number of people added to the waiting list has increased at a much higher rate.”

At the end of 2016, 66 percent of adults in Kansas are listed in the Kansas Donor Registry and 73 percent of adults in Missouri are listed in the Missouri Donor Registry. To join the donor registry today, visit YesTheyWantMe.com. And, remember to celebrate Donate Life Month in April.

MHA’s CENTER FOR EDUCATION 2017 LEADERSHIP FORUM



Join fellow hospital trustees and senior leadership **June 14-16** at this year’s MHA Center for Education Leadership Forum at the Hilton Branson Convention Center Hotel. Nationally acclaimed speakers will share their expertise on the topics of improving physician engagement, optimizing the health care workforce, engaging leadership and governance in quality and patient safety, and more.

Registration materials for the forum will be sent in April. For more information, contact Donna McCulloch at 573/893-3700 or dmcculloch@mhanet.com. For hotel reservations, contact Hilton Branson Convention Center Hotel at 866/442-0959 by **Friday, May 19**.

TRUSTEE SPOTLIGHT

Steve Russ, Board Chair at Nevada Regional Medical Center — a dedicated advocate for a prescription drug monitoring program — recently shared his story with the Nevada Daily Mail. Once a drug abuser himself, Russ turned his life around and is now a pharmacist, substance abuse counselor and Baptist pastor. According to Kevin Leeper, CEO at NRMC, “Steve knows that not having a PDMP in the state is a burden to local physicians in both the clinic and emergency room environments who must frequently respond to the ‘authenticity’ of requests for script renewals without having a tracking tool. He knows that our physicians do not have reliable information at their fingertips that would enable them to be more effective educators regarding alternative pain management choices.”



Trustee Matters is published quarterly by the Missouri Hospital Association. Visit mhanet.com for additional health care news.

© 2017 Missouri Hospital Association