



Leading healthcare into the future

# Executive Search: Alignment and Transparency for Success

THOUGHTS FROM A CLIENT AND SEARCH FIRM

*By:*

Daniel J. Phillips  
Elizabeth P. Conrad

November 2017



**Boston** 781-740-9699 | **Chicago** 312-620-1023 | **Atlanta** 404-796-8292 |  
**Los Angeles** 805-366-3201 | **Philadelphia** 215-987-0424 | [www.phillipsdipisa.com](http://www.phillipsdipisa.com)

*Imagine this scenario:* a candidate with a stellar resume finally sits before the search committee and wows the table. The search team listens closely as this highly articulate candidate tells an especially heartwarming story from their last healthcare job. The candidate is perfectly dressed, seems to know all the top people in the industry, and looks and speaks like an executive. This is exactly the type of person you want in your organization. Right?

Sure, there were some warning signs. The interview questions were a little soft, and you never really got clear answers on the “how” behind all the achievements on the resume or the “why” the candidate is available. But, the committee members felt this candidate was the best person for the job.

Now, fast forward eight months later when it’s clear that your new executive was a bad choice to lead the organization. A big ego, an inability to connect with the team – whatever it might be. Imagine the cost of a severance package, the need to start the search process all over again, and most importantly, the loss of credibility within your organization.

The point is that this scenario should NEVER happen. And while there are many contributing factors to a failed search, the core reason that executive searches fail is the organization and their search firm are never on the same page from the beginning.

## **Turnover Triggers: The Wrong Starting Mindset**

Let’s start with the data. Recent research shows that 32% of C-Suite people plan to leave their current position in the next two years, and nearly 70% will leave within five years. <sup>1</sup> The leadership workforce is aging, tight margins have reduced the investment in management development, and there are less stressful opportunities outside the healthcare sector for up- and- coming talent. So, the odds are that you are going to be looking for a new executive in the near future.

The challenge with this type of turnover is that the urgency to fill positions is heightened, and too often that urgency gets in the way of a well-thought-out and well-planned process.

## **Getting Everyone on the Same Page**

You don’t have to look too far to find examples of high profile, high tech CEO searches that have failed. And while most healthcare organizations are not this

visible, is this really that different from what happens in our industry? Perhaps it will all work out for those companies, but it's not a search process to model after.

Being on the same page means that both the client and the executive search firm must be fully aligned around both process and expectations. Agreeing to a few foundational steps at the outset can tease out the necessary information. The following steps will help ensure a good launching point:

- Review current market conditions to include candidate supply challenges and real-time compensation data.
- Reach agreement about the structure of the search process and set a realistic timeline that can be adjusted given marketplace realities.
- Enable the search firm to conduct interviews with the next level to build a better understanding about the informal structures that guide decisions and can help determine success.
- Determine who and how the decision is going to be made. Votes by large groups who are not on the same page tend to result in the mediocre candidate being selected.
- Agree on the immediate and critical performance deliverables of the candidate.

## **Transparency: An Essential Ingredient for Success**

Once these initial items are agreed to, the real work begins. Thoughtful and transparent dialogue about culture and the potential barriers to success will help ensure the best candidate fit. The client and the search consultant will need to work with internal constituencies to:

- Reach agreement about the essential elements of the role -
  - A thorough, pragmatic discussion about the non-negotiables for the success in the role - for example, an overly broad position profile will lead to confusion and frustration. No candidate will have it all.
- Identify the key personality traits and competencies that will ensure success -
  - The right candidate will not only fulfill the institution's goals but will foster a relationship with the leadership team and reinforce the positive culture of the organization.
- Assess the current team and culture including likely challenges a new executive will face when entering the organization -
  - Identifying the sort of leader who will be successful in an environment requires the executive search firm and client to have an honest and

transparent review – based on personality, skill sets, and competencies – of the current team as well as the candidate.

Working through these difficult conversations will help ensure that the client and the search consultant can articulate clearly the values, behaviors, and core competencies that they're looking for in a candidate.

## **Structured Interviews and Personality Assessments: Hardwire Your Search for Success**

Very careful screening of candidates will include not just the "what" (tactical things have been accomplished previously) but the "how" (the process undertaken to evaluate needs and initiate change). Exploring the "what" is the easy part; understanding the "how" is the magic.

Adopt a Structured Process:

Having a process where documented, behavioral and competency-based questions get used with *every* candidate reduces the uncertainty of making the right hire; that is, every candidate gets asked similar questions in the same way, followed by objective scoring, notes and tools to gather feedback from both the search group and the candidate immediately following the interview.

- When a client and executive search firm partner on the use of behaviorally based structured interviewing techniques and personality assessments, the risk of executive placement failure decreases. These tools and techniques cannot guarantee success in every case, but relying on "gut instinct" alone, especially in today's fast changing healthcare environment, is a recipe for failure (see "Essential Steps to Ensure a Successful Search and Placement").

Consider Using Personality Assessments:

Over the last twenty years, an explosion of research suggests a strong correlation between leadership personality traits, the performance of the senior team, and overall organizational performance. Assessing an executive's personality – that important key to a proper organizational "fit" – depends not so much on how gregarious he or she is during an interview, but rather how the candidate's personality meshes with the environment of the organization.

- For example, is the organization in need of a change agent, or is it pursuing looking to continue a successful historic path? Is it a not-for-profit, mission-

driven organization relying on donor cultivation to sustain its future, or is it an organization that must rely heavily on operating income for its survival? A highly independent, hierarchical turnaround specialist would probably be great for the former, but a potential disaster for the latter.

## **Ensuring the Retention of Your New (Great) Hire**

To ensure a qualified, desired candidate stays on the job long term requires a commitment to a successful on-boarding process that says to the new hire: “We’re going to make these investments to help anchor you into our culture and into this organization.”

That may involve a combination of some investment in executive coaching, or some group on-boarding work – new leader assimilation – to ensure the person is able to introduce himself or herself to their new colleagues with a solid foundation.

There must also be absolute clarity around one-year performance expectations based, not only on what the new leader is expected to accomplish, but how he or she is expected to accomplish those goals.

## **Getting It Right**

Getting it right in the healthcare sector is inherently difficult but essential to the mission. So, now more than ever, it’s important to employ a very tightly structured methodology to reduce the elements of uncertainty and more accurately predict performance.

Finding the right leader for complex caring organizations can be accomplished if both the hospital and search firm are on the same page, using a combination of factual science-based assessment tools and processes, combined with a measure of artful interviewing techniques to reveal the true personalities of both candidate and organization.

<sup>1</sup>*The Other Elephant in the Hospital Room, Leaders for Today Survey: Hospital Staff Hiring & Turnover; May 2017*

<sup>2</sup>*Executive Assessment and Onboarding information provided by O.E. Strategies.*

## Essential Steps to Ensure a Successful Search and Placement

While there is an art to teasing out information from client and candidate, and while there is an element of fluidity to the search process, there are nonetheless some essential, concrete steps to ensure success.

### 1) Search Firm Partner:

- Pick a search partner that has deep expertise in your industry and that will take the time to get to know your organization and your specific needs.
- Understand the fee structure and how it relates to the firm devoting its complete, unlimited attention to your organization and working *as long as it takes* to find the right candidate.
- Trust your search firm partner with the full back story; withholding key information about past challenges, internal fault lines, and a likely change in strategy increases the risk of failure.

### 2) Structured Process:

- Establish a clear structure for managing the search process at the outset.
- Determine who will be responsible for coordinating the details—It's good practice for the client to assign one high-level Executive Assistant to manage all logistics and correspondence.
- Determine who will serve on the search committee and limit the number of people who will sit on that committee—more than six or seven members becomes difficult to manage.
- Determine the number of times the committee will meet and schedule all committee meetings at the beginning of the search to ensure that sufficient time is set aside to meet with the search firm, review and discuss potential candidates, and meet with potential candidates. Be clear that the selection committee will ultimately make a recommendation to the Board for final decision.

### 3) Candidate Profile Development:

- A good candidate pool starts with a thorough internal discussion about needs vs. wants, characteristics that will ensure fit within the leadership team, and bedrock values.
- Develop a list of critical deliverables expected from the candidate within the first twelve to eighteen months in the job.
- Identify the personality characteristics of successful executives in your current organization. Is there a strong values orientation for the executive team? What are the non-negotiables in terms of behavior? List these as a foundational document and circulate among the search team for feedback.

- For chief executive officer positions, a diverse representation of internal and external constituents should be consulted to contribute to the candidate profile. This will help ensure that multiple perspectives are considered when developing the document.

#### **4) Executive Assessment:**

- Executive assessment is a best practice for senior roles in complex organizations. It allows for a comparison of the top several candidates to describe how each will address the offered position. (One major healthcare organization that sent its leaders through an executive assessment increased its retention rate over a four-year period from 50 % to 95%.)
- Strong assessment programs should include multiple measures tailored to the culture, strategy, and role requirements so that the data are triangulated across exercises.
- Executive Assessments can assess:
  - Emotional skills through online measures and follow-up interviews
  - Strategic thinking through case study exercises
  - Collaboration/shared power through case studies/role playing/online measures and leadership maturity interview
  - Learning agility through coaching exercises.

#### **5) On-boarding:**

- For senior executives, a nine-month coaching engagement can be a way to ensure the new leader gets off to a fast start.
- Interpreting a new environment, diagnosing the need for change, and quickly engaging stakeholders are key tasks that can take up to a year to fulfill.
- Coaching may entail an extended feedback session and action planning based on assessment data or new leader assimilation to jump start the leader's team relationships.

In short, trust and transparency between client and search firm will help reveal the fundamentals of an organization's culture and allow the best chance of success in finding qualified candidates.

## AUTHORS

### **Daniel J. Phillips**

As Founder and President of Phillips DiPisa, Daniel Phillips is well-known for conducting successful leadership searches for healthcare. An experienced and knowledgeable executive search consultant, his counsel is sought by clients on a wide range of issues, including organizational structure, position definition, compensation packages, and employee retention.

In addition to managing Phillips DiPisa, Dan has written many articles and white papers on labor and recruitment issues. He is active in the Healthcare Financial Management Association and has written articles for them on financial leadership issues facing healthcare organizations.

### **Elizabeth P. Conrad**

Elizabeth Conrad is the CHRO for Lahey Health and leads the strategic development and integration of services for human resources across the fifteen thousand employee system. She has more than 30 years of experience in human resources leadership. Prior to joining Lahey Health, Ms. Conrad served for 10 years as VP, HR for the St. Raphael Health Care System in New Haven, Conn. Ms. Conrad has also served as the top HR executive in health systems in West Virginia and Portland, Maine.

### **About Phillips DiPisa**

Phillips DiPisa is a retained executive search firm serving the healthcare and life sciences industries. Ranked as one of the top healthcare recruiting firms in the country, Phillips DiPisa is known for leading healthcare into the future by its growing base of clients across the country, drawing on a national pool of candidates. For more information, please visit their website at [www.phillipsdipisa.com](http://www.phillipsdipisa.com).

### **About Lahey Health**

Lahey Health is an integrated health care system committed to providing the full continuum of health care services close to where patients live and work. The system is comprised of nationally recognized, award-winning hospitals, physicians, behavioral health services, and post-acute programs including home health services, skilled nursing and rehabilitation facilities, and senior care resources. Lahey Health includes nearly 1,400 locally based physicians throughout northeastern Massachusetts and southern New Hampshire. Lahey Health includes Lahey Hospital & Medical Center, Beverly Hospital, Addison Gilbert Hospital, Winchester Hospital, Lahey Health Continuing Care and Lahey Health Behavioral Services, more than 30 primary care physician practices, and multiple outpatient and satellite specialty care facilities. For more information, visit [LaheyHealth.org](http://LaheyHealth.org).