"How to Succeed in Succession Planning for Leadership in Healthcare Organizations"

New Jersey Hospital Association
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2:00 – 3:30 pm
Introductions

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Tracy is President and CEO of The Leadership Development Group. With a background combining business experience with innovative research on healthcare/physician leadership effectiveness, Tracy founded The Leadership Development Group, Inc. - a firm devoted to developing healthcare leaders and physician executives. TLD Group works with leaders to improve performance through succession planning programs, educational workshops, tailored on-site leadership development programs, such as The Applied Physician Leadership Academy, and tailored individual coaching for physician and healthcare leaders.

Tracy is an executive coach, organizational development consultant, frequent keynote speaker, Board member of the Physician Coaching Institute, and a Fellow of the American College of Healthcare Executives.
Kathy F. Bernhard is a senior consultant with TLD Group, an accomplished executive coach, facilitator and former senior HR executive with 30+ years of experience spanning industries including healthcare, pharmaceuticals, as well as non-profits.

Kathy’s areas of expertise include executive coaching and assessment, the design, development and delivery of senior level leadership development programs, organization development, succession planning and mentoring.

Clients value Kathy’s ability to identify and articulate the core issues preventing individuals and teams from realizing their performance potential, along with her ability to craft tailored development solutions to address these obstacles. They also appreciate her relationship skills and practical, results-oriented approach to solving business problems.
Objectives

• To understand how to position succession planning for competitive advantage

• To identify differentiators between “value-added” and “not so much value-added” succession planning
Agenda

• Succession Planning Then and Now
• Succession Planning Tools
• Sample Talent Review Agendas
• Accountability for Development
• Common Pitfalls
• A Best Practice - McKesson
What is Succession Planning?

Deliberate and systematic effort to ensure leadership continuity in key positions, retain and develop human capital for the future, and encourage individual advancement.

Adapted from William Rothwell
## Succession Planning Then and Now

<table>
<thead>
<tr>
<th>Then</th>
<th>Now</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacement planning; risk management</td>
<td>Strategic development; future focused</td>
</tr>
<tr>
<td>Mostly tactical</td>
<td>Mostly strategic</td>
</tr>
<tr>
<td>Annual event / activity</td>
<td>Ongoing process</td>
</tr>
<tr>
<td>HR driven</td>
<td>Owned by sr. leadership</td>
</tr>
<tr>
<td>Often non-value added</td>
<td>Mostly value-added</td>
</tr>
<tr>
<td>Not acted upon</td>
<td>Mostly acted upon</td>
</tr>
<tr>
<td>Results not measured</td>
<td>Accountability for results</td>
</tr>
</tbody>
</table>
Succession Planning Tools
## Succession Planning Tools

<table>
<thead>
<tr>
<th>Basic</th>
<th>Advanced</th>
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<tbody>
<tr>
<td>• Competency Model(s)</td>
<td>• Development &amp; Retention Discussions</td>
</tr>
<tr>
<td>• Success Profiles</td>
<td>• Critical Positions</td>
</tr>
<tr>
<td>• Individual Profiles</td>
<td>• Development Resource Guides</td>
</tr>
<tr>
<td>• 9-Box Grid (Performance vs. Potential)</td>
<td>• Succession Risks</td>
</tr>
<tr>
<td>• Talent Reviews</td>
<td>• Derailers</td>
</tr>
<tr>
<td>• Individual Development Planning with Monitoring</td>
<td>• Leadership Pipeline Turns</td>
</tr>
<tr>
<td></td>
<td>• Development Roadmaps and Experience Grids</td>
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</tbody>
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Emphasis on dialogue and actionable development planning
Healthcare Leadership Competency Model

**Health Leadership**

**Transformation**
- Achievement Orientation
- Analytical Thinking
- Community Orientation
- Innovative Thinking

**Execution**
- Accountability
- Change Leadership
- Collaboration
- Communication Skills

**People**
- Self Development
- Self Confidence
- Talent Development
- Relationship Building

Note: Based on the National Center for Health Leadership (NCHL) Health Leadership Competency Model.
**Sample: Administrator Success Profile**

### Key Roles & Responsibilities

- Senior-most executive responsible for total operations of a facility, including clinical, financial and infrastructure perspectives
- Serves as primary liaison between clinical staff, department heads and medical governing boards
- Ensures efficient, fiscally responsible and fully compliant operations providing the highest quality care and services to residents and families
- Focuses on the future and creates and communicates a vision compelling enough to inspire others to follow
- Keeps abreast of and often anticipates changes in models of care, regulatory environment, financial reimbursement models, etc. and serves as a catalyst for change where appropriate
- Ensures that system-wide initiatives are appropriately implemented locally

### Essential Experiences

- Has held increasingly responsible health care administration leadership roles over a minimum period of 10-15 years
- Has a broad healthcare operational background, which may include nursing or other aspects of clinical care, finance, administration, etc.
- Ideally will have been involved in some form of organizational transformation
- Master’s degree (MBA, MPH, MPA, MSN or the equivalent) plus NYS Nursing Home Administrator license required
- Experience with a multi-cultural and / or multi-generational workforce; international experience a plus
- Has led in an union environment and understands the nature of the labor / management relationship
- Has led through periods of organizational change such as changes in regulatory requirements, changes in models of care and reimbursement, growth and contraction of the workforce, labor conflicts, etc..

### Developmental Preparation

- Reputation for ability to run an efficient, high quality operation within budget and with minimum operating disruptions while providing the highest level of resident care and compassion
- Knows the value of prudent risk-taking and is viewed as a leader who makes it safe to fail in the process of risk-taking and learning
- Has the courage of his / her convictions and is committed to quality resident-centered care and service
- Is a true collaborator, partner and a strong communicator with staff, peers, senior executives and union representatives
- Is a consummate multi-tasker, is nimble, can switch gears quickly and can make a decision without complete information
- Known for empowering others to act and facilitating teamwork without siloes
- Known for ability to deal with volatility, uncertainty, change and complexity
Pat Sample, Vice Chairman and Founder

- 61 years old
- 31 years of service
- Responsible for the evolution of the EITM vision, the development of Mid-Market Business Unit and the definition of long-term growth strategy
- Chairperson of the Advisory Board of XXX University’s Center of Excellence in Information Technology
- BS, Mathematics, Queens College
- MA, Computer Science, NYU

Overall Strengths
- >Very broad knowledge of every aspect of company’s products
- >Experienced development leader
- >Father figure to many in development

Development Concerns
- >None

Development Actions
- >Mentor to others

Current Challenges
- >Company Evangelist

Possible Career Moves
- >Retirement

Retention Risk
- High ________  Medium ________  Low ___ X __________

Vice Chairman Successors

<table>
<thead>
<tr>
<th>Performance</th>
<th>Potential</th>
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<tbody>
<tr>
<td>X</td>
<td></td>
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</table>

- Ready Now
  - >Would not replace

- Acting

- 1-3 Years

- 3-5 Years

June 24, 2015
# The 9-Box Grid

<table>
<thead>
<tr>
<th>Potential</th>
<th>Performance</th>
<th>A-Team</th>
<th>B-Team</th>
<th>Needs Immediate Attention!</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHAT'S GOING ON?</td>
<td></td>
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</table>
| | | | B-TEAM | |!
| | | | ASSESS & DEVELOP | |
| | | | | |
| | | | | WHAT'S GOING ON? |

*HALOGEN SOFTWARE*

*ftful of talent*
9 - Box on Performance and Potential

- **Potential Performer** (Develop)
- **Major Player** (Challenge)
- **High Performer** (Take Action)
- **Under Performer** (Develop/Address)
- **Solid Professional** (Leverage)
- **Major Player** (Challenge)
- **Problem Performer** (Address)
- **Solid Professional** (Leverage)
- **Valued Professional** (Leverage)

- **Performance**
  - Does Not Meet Expectations
  - Meets Expectations
  - Exceeds Expectations

- **Potential - Likely Future Contribution**
  - Promotional
  - Growth
  - Improvement
<table>
<thead>
<tr>
<th>Unplanned Temporary</th>
<th>Unplanned Permanent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned Temporary</td>
<td>Planned Permanent</td>
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</tbody>
</table>
Sample Talent Review Agenda

- Each business leader presents profiles and 9-Box for their direct reports, high potentials and critical positions
  - Facilitated dialogue to confirm or modify 9-Box placement; must be supported with evidence
  - High level agreement on development actions / next steps
  - Review of Contingency Plans
Next Level: Sample Talent Review
<table>
<thead>
<tr>
<th><strong>Strategic Issues</strong></th>
<th><strong>Talent Issues</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Losing elders to competitors</td>
<td>• Three long service leaders eligible to retire by 2015; risk of loss of institutional knowledge</td>
</tr>
<tr>
<td>• Cost pressures accelerating</td>
<td>• Need to infuse talent with strong fiscal skills, technical savvy, creativity and openness to change</td>
</tr>
<tr>
<td>• Pressure to transition to electronic record-keeping</td>
<td>• Difficult to recruit for xxx location</td>
</tr>
</tbody>
</table>
Lenses: The Four Succession Risks

• Vacancy Risk – Risk of critical leadership positions being vacant

• Readiness Risk – Risk of underdeveloped successors

• Transition Risk – Risk of poor assimilation of executive talent into organization

• Portfolio Risk – Risk of poor deployment of talent against business goals

*Corporate Leadership Council Research (2003), Succession Management Survey*
Talent Review: Key Strategic Questions

• What do we do about the lowest performers?
• What is the overall “talent health” of the organization as a whole at senior levels, and for each organization reporting to a member of the Senior Leadership Team?
• Who are the potential internal successors for each of the Senior Leadership Team roles? What contingency plans are there?
• Given the future needs of the organization, do we have enough talent in the pipeline to fill those needs?
• What is the strategy for sourcing and attracting appropriate external candidates with the potential to succeed members of the Senior Leadership Team?
• Are the % in each box the right ones?
• What are the implications for our business strategy?
A Word About Derailers

- Best practice organizations translate common research-based derailers into organization-specific derailers
- Answers the question: “What is career-limiting around here?”
  - Define very specific behaviors
  - Include as part of normal assessment/appraisal processes
  - Inoculate against them early through heavy feedback and coaching
“Development plans typically crash at the intersection of good intentions and busy managers” – Marc Effron
The C-Suite Conversation

CFO:

What happens if we develop our people and they leave?

CEO:

What happens if we don’t and they stay?
“Train people well enough so they can leave, treat them well enough so they don’t want to”
- Richard Branson
Common Pitfalls
Traps to Avoid

• Over reliance on current performance
• Don’t link potential criteria to strategy
• Don’t know what potential looks like
• Fail to make differential development investments
• Lack managerial courage to deal with low performers and blockers
• Fail to stay close enough to successors
• No accountability for development actions leads to no development
• Nothing really happens except the passage of time
Best Practices: McKesson

- Create Development Roadmaps
- Use Leadership Pipeline “Turns”
- Create Development / Experience Grid
**EXHIBIT 6**

**Product/Market GM: Development Roadmap**

**Positions that Prepare People for the Role**
- Product Manager
- Marketing Director
- VP, Sales (Med Surg or Similar)
- SVP, Customer Ops

**Experiences Needed**
- Product marketing
- Sales or sales management
- Managed a team of professionals
- Exposure to financial statements and/or budgeting
- Strategic projects (corporate or functional role)

**Selection Criteria**
- Influence (L4)
- Strategic Thinking
- Leadership (L4)
- Decisiveness & Judgment (L4)
- Results Orientation & Energy

**Competencies Developed in Role**
- Influence (Level 5)
- Decision Making/Judgment (L5)
- One-McKesson Orientation
- Innovation & Risk-Taking
- Marketing Know-How
- Building Organization & Talent

**Potential Next Job Moves**
- Larger Product/Market GM Role with Operations
- SVP, Sales Ops or VP Distribution Ops
- President Rx Pack
- President, Med Management
The “Turns Model” from The Leadership Pipeline

**EXHIBIT 1**

The Career Crossroads Model

- Crossroad #1: Manage Self
- Crossroad #2: Manage People
- Crossroad #3: Manage Managers
- Crossroad #4: Manage a Function
- Crossroad #5: Manage GMs
- Crossroad #6: Manage the Enterprise

Source: W. Mahler and S. Drotter
McKesson Development Experiences Grid: Scale vs. Strategic Complexity

EXHIBIT 4

Development Experiences Grid: Scale vs. Strategic Complexity

McKesson has many opportunities to grow leaders

Scale & Impact on Enterprise
- Number of locations & people
- Sales & EBIT $
- Contract decision size
- Local vs. national accounts

Business/Task Complexity
- Single vs. multi-product
- Scope of functional reports
- P&L variables & accountability
- Nature of skills managed
- Nature of business model(s) & strategies

Executive Learning
- President, Customer Ops
- President, Specialty Pharmacy
- President, Medical Surgical
- President, MIS
- Group Pres, Supply Solutions

Scale & Impact on Enterprise
- SVP, Customer Ops
- VP/GM Technology Services
- President, Med Management
Exhibit 5
Development Experiences Grid: Impact of Varied Experiences on Competencies

Development occurs through multiple assignments in McKesson

- Leadership (Large Organization)
- Decisiveness & Judgment
- Results Orientation & Energy
- Sensitivity
- Customer Mgt.
- Financials

Executive Learning
- Strategic Thinking
- Leadership (Teams)
- Influence
- Innovation & Risk-Taking
- Product Marketing & Mgt.
- Financials

Business & Task Complexity

Implications for Career Planning
- GM talent should be moved through a succession of roles in logical “paths” in order to develop or demonstrate these competencies
- Development paths are not linear
Final Thought

What steps can you take to make succession planning a value-added competitive differentiator for your organization?
Your Questions?

516-767-8221

kbernhard@tldgroupinc.com
References

2) Corporate Leadership Council Research (2003), Succession Management Survey
3) Fistful of Talent and Halogen Webinar “The Difference Between Performance and Potential: A 9-Box Primer for Smart HR Pros, April, 2015