

The War for Talent: The Case for Out-of-the-Box Thinking

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Now more than ever, hospitals and healthcare systems are feeling pressure to change. The ongoing war for talent has led many organizations to seek CEOs that have the right skills and experience to lead them successfully in the era of healthcare reform, ACOs and physician alignment. What about the rest of the senior team? Is the time right to innovate, take justifiable risk and bring in someone with experience outside of healthcare to complement the CEO?

The situation

When kicking off an executive search, we probe the profile, characteristics and experience of the desired candidate. In almost all cases, the focus will be on finding an executive doing the same job at a similar and well-respected organization. Sometimes, the requirements are even more specific such as recruiting a children's executive for a children's hospital, an academic medical center executive for an academic medical center, etc. This method of recruiting healthcare executives minimizes risk and the learning curve. We are confident in leaders who come into a new organization with built-in credibility, knowledge and skills.

Why change?

Whether it is the impending retirement of baby boomers, healthcare reform or the sheer competition for talent, it is becoming increasingly clear that the demand for leaders may outstrip supply in the coming years.

Past practice has been to focus on a

small pool of accomplished leaders and circulate them from one organization to the next. In doing so, we limit ourselves to a finite universe of candidates. Can we continue to have a fairly rigid and insular view of management talent?

When we focus only on healthcare executives, we ignore strong, high-level leaders from other sectors. While it is unlikely that an executive from outside the industry would come into a CEO, COO or senior operating role, there is a wealth of talent that could be brought into healthcare that have HR, marketing, business development and planning experience in other sectors. The time may be right to consider executives who:

- Bring fresh, new ways to solve challenges as well as different business perspectives and best practices that could be applied to healthcare.
- Come from organizations known for excellent training and producing strong general managers and/or functional experts.

- Are used to contributing at the C-suite level with experience as a strategic partner.
- Understand competition and marketing-driven, customer-oriented approaches.
- Value innovation and come from a sophisticated, cutting-edge information technology environment.
- Add to the diversity in the healthcare industry.

Can we change?

In many ways, the healthcare industry has been a closed shop and executives that do not have the appropriate background have had difficulty entering. Even when a CEO is open to bringing in a non-healthcare executive to the senior management team, pushback often occurs. The argument is that healthcare is too complex for anybody else to understand. It is a special, life and death business that goes on 24 hours a day. In many situations, there is not enough time

to afford the learning curve of someone from the outside. With healthcare reform, there may be a greater rationale to recruit only trusted colleagues from within our industry.

In the past, women and people of color have faced a similar dynamic. When a client hires a minority executive and it does not work out, the organization may be reluctant to hire another diverse executive for several years. This can also happen with candidates from outside the industry, especially if a high profile individual has come in and not worked out.

Each industry tends to gravitate to its own people to feel more comfortable and secure. Technology companies tend to recruit from each other and financial services, consumer, telecom, industrial, retail and professional services companies do the same. At the same time, other industries have discovered that insiders are excellent at what they do, but can be equally good at repeating mistakes. They have led the way to being open to seeking executive talent across industries. A consumer executive could become CEO of a technology company, a telecom CFO could go to an electric utility. Consumer packaged goods and food marketers move

to different products and industries. Business executives have gone into not-for-profits and academic institutions.

Making the change

As we seek a larger pool to draw from, the highest probability of success lies with individuals from other sectors who have:

- Transferrable skills and a successful track record of moving between industries/sectors or changing companies
- A diverse background; an executive who has worked in multiple environments brings more perspective than an individual whose entire career has been at one company
- Great communication skills and a consumer focus
- Healthcare experience combined with tenure with companies in other industries
- Experience from a company with best practices and sophisticated training
- A service industry background, as well as experience in a regulated industry and unionized setting

- Exposure to not-for-profit organizations
- Resonance with the organization's mission
- Patience
- A cultural match

It is difficult to assess professionals from organizations we may not know. Most of our decision makers have been trained and have worked in the healthcare industry their whole careers and lack experience with other industries. It is critical that senior decision makers drill down and use broader resources to assess candidates outside the healthcare industry.

Conclusion

Hiring an HR, marketing, business development or finance executive from outside healthcare has the potential to transform an organization. At the same time, it is difficult to do and not a panacea to win the war for talent. Ultimately, expanding the executive talent pool can be a strategic and valuable step to prepare an organization for the enormous changes in the healthcare industry.

Locations Nationwide:

Oak Brook, IL
Emeryville, CA
Irvine, CA
Denver, CO

Atlanta, GA
Burlington, MA
Nantucket, MA
Bethesda, MD

Minneapolis, MN
St. Louis, MO
New York, NY
Toledo, OH

Philadelphia, PA
Pittsburgh, PA
Houston, TX
Seattle, WA