

# Succession An Imple

By Don Hutton, FACHE and Steve Moulton, SPHR

**B**uilding on the Summer 2005 *HR Pulse* article, “Succession Management – A CEO’s View,” we have interviewed some healthcare executives to find some practical ideas for implementing a succession management process. All of the individuals that we interviewed have spent years developing their processes.

Taking a step-by-step approach to establishing a systematic process for succession management is important. Whether you are a small stand-alone hospital or a multiple-hospital organization, the process for managing succession should include assembling a strong bench of proven future leaders. There are four central themes:

- Identifying and developing champions;
- Clearly defining a philosophy and strategy;
- Involving people in their own development, and;
- Integrating behavioral competencies into how people are selected and developed weaves its way through many aspects of successful processes.

## Identifying and Developing Champions

It is difficult for succession management to be a bottom-up HR initiative – one key to success is finding champions. Depending on the size of the organization, either the CEO of the organization and/or the board needs to drive the process and HR will be the implementer.

Carol Henderson, VPHR, Scottsdale Healthcare shares where she found her champions. “It is much easier if the board is

# Management — mentation Plan



involved. I have worked both sides of this in other organizations, and it is harder if the board is not onboard. There is no reason for the CEO to do it unless they decide they want to do it – some will decide that, and some won't. If the board is telling the CEO we want you to have a plan, it is a lot easier." Carol continued, "Often the board chair or the board chair to be – who knows that they will be on deck when the incumbent will be looking at retirement – will often be the champion because they will want a plan in place. If it is going to happen on their watch, they want to be ready."

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Large multi-hospital healthcare systems need board support for the process, but the CEO needs to be the driver. The CEO is important here because of the importance in integrating the resources from all of the hospitals throughout the system. Steve Barney, SVPHR, SSM Health Care shared that, "The CEO drove the process, but assigned the implementation to me. The board is important, but I think that it is as important or more important that the CEO with a system with multiple operations like complex healthcare systems [drives the process]. If you are in a free standing hospital with one board, and one hospital, the board is going to have to drive it."

Overcoming resistance from management can be another challenge. Leaders dis-

like spending time on activities that might not work out. With succession management there is often a fear of, 'What if I designate somebody as my potential successor and it doesn't work out, or they have an unrealistic expectation of how quickly it might happen? Then I have wasted my time.'

Once you have gained support for the process, what do the champions want this process to look like? What will the strategy be? Who is responsible? A policy statement defining roles and responsibilities for succession management is often useful for holding leaders accountable. Help leaders gain insight and input into the more practical application questions of how you are going to operationalize succession management.

## Stating Your Philosophy

Establishing a shared philosophy is another key factor in creating a successful succession management program. Why spend the time creating a shared philosophy? Like a vision statement, it helps clarify what you want to accomplish and then how you go about making it happen becomes clear.

Steve Barney of SSM shared an example of such a philosophy for succession management. They established that effective leaders:

1. Shall be truly committed to the philosophy, mission, values, and vision espoused by the healthcare system.
2. Shall demonstrate a personal commitment to the healthcare profession, to the healthcare system, and to the community being served by the entity to which she/he is assigned.

3. Shall be willing to accept horizontal, as well as vertical, movement in her/his career path, to personally develop skills and to support the system in needed areas as conditions change.
  4. Shall be flexible and open to new experiences and geographic locations where various healthcare system campuses are operated.
  5. Shall be committed to excellence.
- In exchange, the system:
1. Provides opportunities for educational and developmental programs designed to assist the executive to become a more effective leader.

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2. Promotes open and forthright dialogue to assist the executive in identifying areas of strengths and weaknesses, and identifying opportunities in which the executive can grow while meeting the needs of the healthcare system.
3. Shall provide fair and just compensation and benefit packages.
4. Shall conduct itself consistent with its values, mission, and philosophy in terms of its treatment of the executive.
5. Shall provide a fulfilling and rewarding professional experience for the executive.
6. Recruit, mentor, and advance women and minorities to maintain an ethnic diversity of executives, reflected in the population as a whole.

### Creating a Strategy

Where does succession management fit into the organization's overall strategy? Strategic direction needs to be addressed or there will be little chance that the selection, development, and retention planning, no matter how well conceived, will ever be in alignment. Succession manage-

ment strategy should consider the strengths and vulnerabilities, as well as the professional and managerial qualities, likely to affect success in a changing environment. The plan should compensate for vulnerabilities.

How do you keep it constantly working instead of sitting on the book shelf? Integrate it into the overall strategic plan.

Steve Barney shared that, "Our succession planning efforts dovetail with our other strategic initiatives. We call our annual budget process Strategic Financial and Human Resource Planning. We attempt to incorporate HR in that planning process the same time we are trying to do the market projections, figure out the revenue flows and capital needs."

Carol Henderson says, "There are not a lot of models out there. You have to take it on in pieces. You can't get it all done in a year and expect it to work very well. You are better off biting it off in chunks. And make sure that those pieces work very well before you go on to the next step. That is what has helped us."

Part of a successful strategy is the identification of competencies necessary for success for each position. Bring focus on the behavioral or emotional intelligence competencies, in addition to the technical competencies or expectations. Scott Malany, CEO of Blanchard Valley Healthcare, says, "Our planning workbook has 26 or 27 leadership competencies – everyone gets reviewed against the competencies for development purposes, separate from performance appraisal and compensation."

The best place to start succession management is in how you select new talent. Will that new individual be able to fulfill their current position as well as have the potential for growth into different areas of responsibilities? Do they have the competencies, both technical and behavioral, to be successful. Malaney adds, "It is important to start at the beginning and we have helped ourselves by simply picking better people, who are better prepared to assume their roles in the first place. We needed to find folks with higher ceilings than we had before."

### Involving People in Their Own Development

Not everyone is ready to move into a new position at any given time. Whether an individual's developmental readiness is the issue or the individual has family or other constraints that limit movement, having input from those that would be in the talent pool is important. One way to address this is to conduct career interest surveys. These may be formal or informal.

Career interest surveys ask members of the organization to advise leadership about their personal career desires and interests. Some example questions are: Do you have a mentor? Do you need one? Are you comfortable with what you are doing? Are you ready to move? Where would you like to move? Career interest surveys may be limited to the management team or include all employees.

"Every three years we do a career interest inventory," Steve Barney offers. "We have an established group of 195 execs, ranging from the CFO of the tiniest hospital, to the CEO of the system, so that is a large group, but that career interest inventory is important."

A career interest survey needs to ask questions that fit the organization and culture, such as: Does the individual feel he or she is ready now? Ready in two to three years? For a large system, are you open geographically to small, medium, and large hospitals?

You may ask about the types of opportunities someone may be interested in. This can create a database for every single executive or potential candidate for a leadership position, or key position depending on your situation or needs. Does the self-assessment mean that they are ready to move? Not necessarily coaching and development may be required. But it certainly helps to identify by asking the questions, and as a result, people feel they have an opportunity to express themselves.

### Personal Development Plans

Personal development plans are not new, but Carol Henderson has used them effectively. "We created individual person-

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al development plans for all people in the organization, not just management staff. And, as part of that drive, we had been doing a lot of management training that was broadly-focused, large groups of people. As a result, we got to a point where we really finally understood that although we still need to continue doing these efforts that include everybody, we also need to meet individual needs. One size doesn't fit all."

It often becomes important to focus an individual's development plan in the areas that they need specific help with. This may not only apply to management staff but to all the staff in the organization. Implementing personal development plans can give individuals assignments with significant responsibility, coaching, mentoring, 360-degree feedback, executive education, shadowing assignments, and special project assignments. There is more to mastering a role than studying it. It is more important to do it, and have the right experiences, skills, competencies, and personality. If you can't learn to ride a bike by watching a video, how can you develop talent without

experiences and learning expectations associated with the experiences?

### Providing Developmental Opportunities

If you have identified behavioral competencies for each position, wouldn't you want to develop talent to those competencies? If you are considering someone for a new opportunity, wouldn't you want to develop them to the new position's competencies? How important are behavioral competencies to succession planning? Carol Henderson simply says, "Very important. People need to understand what is expected of them."

Cross functional development can be very useful for developing individuals for senior positions. Scott Malaney shares an example. "We have a person that was an exercise psychologist. She was a hard worker that wanted to grow, and we asked her to accept a role in re-engineering our billing/collection function. She did a great job. Then we placed her in our imaging function, and again, she did a great job there. Since then, we have had a VP leave and presented her the opportunity to join our administrative staff, and she has risen to the occasion there as well."

### Some Challenges to Consider

Moving somebody too soon can be a mistake – you may take an excellent person, and if you move them too soon, they may struggle or fail. Be prepared to provide support and a coach if necessary. Conversely, if you are not mindful and sensitive to staff career needs when they are ready and qualified to move, you could either lose them or frustrate and dampen their enthusiasm and their personal satisfaction for their jobs. Someone that is not happy and not enjoying the role that they have is probably not going to be as effective a performer.

Another challenge as individuals are moved is not identifying when they are having a crisis, and providing them some help to get through a tough time. Are your support structures connected and providing help when necessary?

Buy in from executives can always be a challenge, yet most will recognize that career planning and advancement is a good

thing. Every now and then you run into someone who would be happy if you left the leadership team alone. The barrier becomes, 'Don't take anyone away from my team, I'm happy the way things are.' Over time, as the system proves itself, everyone wins. These leaders see that they may have a vacancy, and someone in the system may have a talented individual ready to fill their needs and save them the pains of having to go outside.

In addition, the fundamental selection process is always a barrier. If time isn't taken to make good hires on the front end, then there will not be the talent to develop and groom for advancement.

Also, succession management processes need to be fluid – they cannot be so locked in place that there is only one selection to succeed a particular leader. What if that targeted successor leaves, or gets ill? Mechanisms must be built into the system for finding other talent in the organization.

In closing, do not fixate on the elegance or elaboration of the plan to absolute perfection. Watch for limitations to the plan and be flexible and responsible enough to make adjustments. A plan or system does not have to be complex, it just has to be comprehensive. It has to reflect how things will really work. ■



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