

# children's hospitals T O D A Y



**NACHRI**  
National Association of  
Children's Hospitals  
and Related Institutions

## Identifying Top Hospital Executives

by Mark Collins and Ed Mullen  
Korn/Ferry International

### Five "Must Have" Skills and How to Attract Them

Leading a children's hospital has never been a more challenging mission. A competitive landscape, the growing visibility of clinical research, the need for collaborative arrangements be they ventures or networks, and other strategic demands require a unique collection of leadership skills. Children's hospitals that succeed in attracting CEOs who possess those skills are better positioned to make good on their strategic missions.

Before a children's hospital search committee can successfully select a new CEO, it must develop a clear understanding of

specific challenges that will confront the institution in the coming years. The most effective way to cultivate that understanding is through direct interviews – usually as many as several dozen – of board members, physicians, management team members and other key stakeholders.

Those discussions yield not only numerous insights on the most formidable issues that the hospital faces, but also provide an important opportunity for key stakeholders throughout the organization to establish a sense of ownership in the overall search process. This latter factor contributes to establishing a strong base of organizational support for the incoming

CEO. (See sidebar "Searching for Stability in the Face of Change.")

Once defined, these challenges should dictate the professional experience and leadership competencies that the ideal CEO candidate must possess. The five skill sets described below have been culled from hundreds of interviews that preceded actual CEO searches at children's hospitals.

**1. Strategic Planning.** As the pediatric market grows more competitive and the investments required to provide the services soar, children's hospitals need clear plans for the future and practical road maps for achiev-

ing those objectives. The process by which these plans are developed should engage groups throughout the organization, including the board, medical staff, faculty (where appropriate) and management.

The single most important qualification that a CEO brings to his or her job is the

National Institutes of Health, are uncertain at best. Limited government dollars are being stretched thinner and thinner as costs for research and competition for funding continue to increase.

Forward-looking CEOs understand the importance of probing beyond traditional

scrutiny of medical outcomes and performance further intensifies.

As a result, search committees seek a range of skills to address operational demands, including:

- Broad-based line management experience

Seeing the big picture and inspiring new thinking marks a critical need for most children's hospitals; **that sort of vision and innovation tends to engage board members and spur them toward actions that further the organization's position.**

ability to maintain a strategic perspective from a competitive standpoint. Seeing the big picture and inspiring new thinking marks a critical need for most children's hospitals; that sort of vision and innovation tends to engage board members and spur them toward actions that further the organization's position.

Nearly all executives possess strategic planning skills. The challenge for search committees is to identify candidates who have successfully applied those skills in practice. As such, search committees seek out the following experiences through interviews and reference checking:

- Receiving program development or strategic planning assignments and responsibilities early in a career
- Developing a strategic plan through a collaborative process
- Incorporating a strategic plan into the day-to-day management of a facility

**2. Research.** Though not a part of every institution, for the many children's hospitals engaged in research, it represents one of the most important elements for their long-term success. It also represents a top strategic challenge because the future of many traditional sources of research funding, such as the

sources of research funding to cultivate new relationships. A commitment to research puts children's hospitals in a unique position – first, as a place of advanced medical care and second, as an attractive destination for high-caliber physicians.

To succeed in this environment, it is necessary for a CEO to develop a deep understanding of a “research culture.” Search committees look for candidates with experience building or expanding a research program (academic or otherwise) and candidates who understand the dynamics of research funding and the process of recruiting the scientific expertise needed to attract funds and deliver on objectives.

**3. Operational Excellence.** This area encompasses a broad range of responsibilities, including those related to financial performance, patient quality/safety, customer/employee satisfaction and patient access. Current economic realities and growing service requirements mean that most children's hospitals will not succeed simply by sustaining the pediatric niche that they have long occupied by virtue of their traditional clinical focus and service offerings. Operational excellence will be increasingly important, especially as public

- Practical knowledge of a comprehensive set of financial, quality, customer service and performance improvement methodologies and metrics, such as Six Sigma, Balanced Scorecard and lean processing
- A track record of building and developing high-performance management teams

**4. Joint Ventures With Adult Providers.** Children's hospital leaders wisely view the adult provider community as an ever growing competitive challenge. To successfully confront that challenge, many hospitals must move aggressively to partner with, rather than compete against, these institutions. CEOs should understand the needs of the other joint-venture party and develop a relationship that is mutually beneficial. Candidates who can develop creative approaches that enable “win-win” arrangements with joint-venture partners have become highly attractive.

Although direct experience in establishing these partnerships is ideal, the skills required to craft successful joint venture arrangements often are evident in other types of experiences and skills. For example, search committees often look closely at candidates with backgrounds in business development, planning and marketing – all of which represent skills

and experiences that are brought to bear in joint ventures. Evidence of successful partnership-building accomplishments remains important, regardless of the candidate's management setting.

**5. Philanthropy.** Attracting philanthropic dollars to children's hospitals remains central to future viability. Developing research (traditionally a major cost) and other programs required to stay on the leading edge requires sizeable amounts of funds. Because children's hospitals enjoy one of the most favored positions in the provider marketplace to attract philanthropic gifts, the push is on to maximize this advantage.

Understanding a successful development process and assisting with presentations and even actual donor solicitations on behalf of an organization is important. This area is increasingly becoming a key concern of children's hospital boards, given the precarious reim-

bursement situation in most states. Search committees try to find candidates who possess a familiarity and enthusiasm with fundraising and have demonstrated success in this area. It is also valuable for candidates to understand the importance of selecting the very best second-in-command person to head up the day-to-day management of the fundraising process, as this responsibility is often more than one person can handle.

### CEOs in Training

The preceding skills and related experiences can double as a developmental blueprint for aspiring CEOs. Rising executives should consider seeking out opportunities to demonstrate effectiveness in each of those areas. Once they have, aspiring CEOs face the same challenge that sitting CEOs face: standing out among a talented crowd. To differentiate themselves from other candidates, CEOs and other executives should begin to develop an

"industry profile" by speaking at conferences, responding to articles in respected journals and trade publications, and pursuing other valuable networking approaches.

Of course, any industry profile that attracts the interest of a search committee must be supported by sharp skills and hard-won experience. Executives must demonstrate an ability to work effectively with boards, take calculated risks, build and lead high-performance teams, think and act strategically, communicate a strategic vision, effectively use influence and persuasion, and consistently pursue excellence and the "right decision."

Those experiences ultimately separate aspiring CEOs from the pack – and attract the notice of search committees who strive to find the best CEO match for their children's hospitals. ✎

Mark Collins and Ed Mullen are senior client partners in Korn/Ferry's Healthcare Services Practice.

## Searching for Stability in the Face of Change

**A**fter 25 years of successful leadership under President and CEO Treuman Katz, **Children's Hospital & Regional Medical Center** in Seattle embarked on a quest to hire a successor. The rigorous process produced the optimal outcome the search committee hoped to achieve – a smooth transition.

"We endured a lot of sleepless nights when we began the process," notes Kathy Randall, former chair of the Children's Hospital board and chair of the 11-member CEO search committee. "We knew that the decision we made was going to greatly affect the institution. There wasn't any room for error."

The hospital, which consistently ranks as one of the best children's hospitals in the country by *Child* and *U.S. News & World Report* magazines and serves as the pediatric referral center for Washington, Alaska, Montana and Idaho, sought to reduce the potential disruption of a major leadership change by enlisting the objectivity of an executive search firm and shaping the search criteria with input from a broad range of hospital leaders and other constituents.

In November 2004, the search committee hired Korn/Ferry International. The firm interviewed the hospital's board of trustees, medical staff leader-

ship, management, the hospital steering committee, community leaders who interact with the hospital, and leaders at the University of Washington School of Medicine, which houses its department of pediatrics at Children's in Seattle. The dean of the School of Medicine also sat on the search committee.

Insights gleaned from those discussions formed the CEO-search criteria, which emphasized the importance of leadership, strategic planning capabilities, research and personal attributes that complemented the hospital's culture among other qualities. "It was almost as if we conducted a 360-degree performance review on the position before we found a candidate to fill it," Randall says.

The hospital maintained its inclusive screening approach through its ultimate selection of president and CEO Thomas Hansen, M.D., in July 2005. In addition to the search committee and the board of trustees, a medical staff leadership of five members and a 15-member steering committee consisting of the hospital department heads and partners at the University of Washington interviewed Hansen. Each group expressed their approval.

"The selection resulted from a team much, much larger than our search committee," Randall adds. When Tom walked in the door on his first day he was welcomed enthusiastically by the hospital leadership team."

The stability that Children's Hospital achieved is no small feat for an organization undergoing its first CEO transition since 1979. Randall reports that 100 percent of the executive management team in place under Katz remained in place under Hansen a year later.

Reprinted with permission from *Children's Hospitals Today*, a quarterly publication of the National Association of Children's Hospitals and Related Institutions

For more information, please contact:

**MARK COLLINS**  
SENIOR CLIENT PARTNER  
Korn/Ferry International  
Silicon Valley  
(650) 508-7475  
mark.collins@kornferry.com

**ED MULLEN**  
SENIOR CLIENT PARTNER  
Korn/Ferry International  
Los Angeles  
(310) 226-6303  
ed.mullen@kornferry.com