



Talenta

SOURCING EXTRAORDINARY LEADERSHIP

The DNA of Healthcare Executive Search





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INTRODUCTION

Walking the Tightrope

Conducting an executive search is, by its very nature, a high-stakes activity. 40% of new CEOs fail within 18 months; for other executive positions, the rate can be as high as 70%.

The reasons for failure vary: the organization making the hire may have over-fixed on a preferred prospect who lacked the capacity to do the job. Or, perhaps, too few candidates were considered in the search. Those are only two potential reasons.

The most common reason for failure in executive search is that the key motivations and drives of the hired individual do not match the precise goals, mission, and culture of the hiring organization. The hiring organization may not even have been *aware* of what, exactly, its goals, mission, and culture were. Executive search requires extraordinary transparency, accuracy, and communication between all involved to get it right.

The consequences of poor execution can be ruinous. That said, executive search is difficult, but not impossible.



Plenty of organizations conduct searches that end in success.

This eBook will equip you with the fundamental principles and practices to be methodical about success. **You will learn:**

An overview of the key steps of a search, including indicators a search is proceeding well

How hiring for healthcare management is dissimilar from broader executive searches

Why prioritizing diversity, equity, and inclusion makes fundamental business sense

The corresponding administrative challenges in for-profit versus nonprofit healthcare institutions

Mistakes to avoid in partnering with an HR firm

Recommendations and takeaways you can use *right now*

Keep in mind: in the end, what you are searching for in a candidate is simple. **You need evidence of their ability to accomplish exceptional goals and confidence that they can do it for your institution.** Yet, the process by which you ascertain that evidence and that confidence will be quite complex.

We begin by asking two key questions: what does an executive search consist of, and how can you determine if it's teetering on the edge of disaster?

PART I

The Key Basics for a Successful Executive Search

Executive search is set apart from other types of talent acquisition in that you're often hiring at a peer level.

You are in the same space as the candidates you are evaluating, and can intuitively respond to them as colleagues, with first-hand experience of the competencies and skills you both need to succeed in the same type of role.

This empathetic bond has its advantages, but can also lead you astray by convincing you that your "gut instinct" or personal impression of a candidate is the ultimate deciding factor.

The best searches recognize the need for multiple sources of input, and feature:

- Various stakeholders aligned on the process and criteria for decision making
- Clear, structured interviews with a decided-upon rubric that all stakeholders use to rate key competencies needed for the role
- A wide candidacy pool based on a strong network. This is especially important for healthcare executive searches, as we'll see in Part II.
- Validated behavioral assessments like the Predictive Index, matching personal drives to organizational priorities
- Dedicated marketing or strategic outreach to preferred candidates once the search narrows



There is no incentive to cut corners in search.

Limiting your process limits the leadership you will eventually install at the highest level. Thorough, modern search processes, on the other hand, lead to exceptional results. Let's break those down.

The best searches begin by casting a wide net, before narrowing down the pool.

There is no numerical goal for an initial "long list" of candidates. In fact, it is a good idea to catch as many qualified candidates as possible before the call screenings begin. A short list is usually 10-12 people; a final list of top candidates usually narrows down to 2-3. Despite these relatively small figures, however, it is to your great advantage to engage as much of the candidate pool as possible in developing your long list. Think of your search as a business problem to be solved, not a position to be filled. One of the worst ways to solve a problem is to pick the first potential solution that appears without considering others. **Do not be in a rush to get to the finish line.**

Searches fail for various reasons beyond engaging too few initial candidates. They can over-rely on a particular "dream candidate" who is not guaranteed to accept an offer; or, conversely, an organization can mistakenly believe *any* candidate will fit perfectly in their "great culture." Stakeholders may lack transparency among each other, internally, and with candidates about the role. There can be fundamental confusion about what the solution to a particular business problem looks like, and hence no clear idea of who or what to look for. Retaining a search firm is one way to bring expertise to bear on these potential problems, but risks compounding them if a search firm is chosen for the wrong reasons!

Always evaluate search firms based on whether they will add value to what you're already doing ... and actually understand your business. This ensures they will *actually* assist in the search process, not just go through the motions. We will expand on what you need to know when hiring a search firm in Part IV.

PART II

Should Healthcare Industry Experience be a Requirement?

Healthcare executives face unique challenges in executive search.

Recruiters and HR professionals conducting a healthcare executive search gravitate towards individuals with prior healthcare administration experience. At times, especially in clinical roles, that experience is strictly necessary. In many other cases, however, **a proven record in another industry may be a benefit, refreshing stale patterns of thought, policy, and behavior.**

Gaining a competitive advantage over rival institutions, or simply making internal improvements, means avoiding the myopic thinking rampant in healthcare.

Be willing to consider an “outsider” with tried-and-true managerial and executive expertise developed beyond healthcare. It is particularly valuable to recruit problem-solvers who have cracked system-level problems with data and with creative, informed uses of technology. Because of this high rate of return, Talenta specializes in evaluating and translating these types of parallel skill sets to address healthcare leadership challenges to find effective out-of-the-box solutions.

Regardless of the background and competencies of a candidate, they will have to deal with the particular environment of your healthcare organization.

That means you have to understand it too.

Before conducting a search, you will need accurate, honest information about which endemic industry-wide issues, such as provider and staff burnout, moral injury, and early provider retirement or changing provider demographics, your company, and thus your new decision maker, may be facing. You will need to assess how leadership challenges differ for public, private, faith-based, and nonprofit organizations in order to explain your organization's requirements to your candidate. The same goes for how your corporation's location and patient demographics might shape their role. Additionally, there may be *sui generis* leadership problems posed by specific care types or medical fields like dental or vision.

All of these data points factor into whether a person's key motivators—their ideal job, work environment, place to live, financial outcome, level of ownership, and work-life balance—are met by the position you're offering. Ignoring periphery considerations could mean repeating the search process sooner than you think.

PART III

The Bottom Line of Diversity, Equity, and Inclusion

Independently of hiring for c-suite roles in diversity, where considering a candidate's cultural competencies and ability to interact with different demographic groups is paramount, a candidate's competencies in diversity, equity, and inclusion are worth serious thought.

The short reason is that commitments to DEI make for **better culture building, better care outcomes, and better employee retention in healthcare institutions.**

And these commitments work best when they are adopted and promoted from the highest levels of leadership downward through the veins of the institution. Examining the definition of "DEI" makes it easy to see why:

- **Diversity:** how people differ personally and in groups across all levels: individual, organizational, institutional, and societal.
- **Equity:** the provision of access and resources to all in a way that accommodates their differences.
- **Inclusion:** inviting and welcoming hitherto excluded groups into a professional setting.

By understanding how the populations of your institution differ, and creating a pipeline for each group, signals that your business is forward-thinking, aware, focused, and responsive at a top level.

Moreover, it's also easy to see how DEI initiatives reinforce our earlier points about developing as wide a candidate pool as possible.

DEI gives you access to potentially overlooked talent. To that end, examine promotion pathways for equitability and inclusiveness. Audit your search practices as well, to ensure consistency for all candidates regardless of race, gender, sexuality, and other identity markers.

Amidst DEI's rise as a "hot button issue" since 2020, institutions would do well to remember this is not an opportunity for ethical posturing, but rather a business opportunity. Mary Fleming, MD, director of the Leadership Development to Advance Equity in Health Care program at Harvard University's T.H. Chan School of Public Health, makes this point well: "Being more inclusive is going to bring you more business." It is a "mutually beneficial bottom line" for decision makers, subordinates, and patients. Why? Fleming notes that DEI competencies allow leaders to identify areas of inefficiency, like certain patient populations' access to transportation to healthcare facilities, for example. An executive who understands the utility of partnering with a rideshare company to offer free rides to appointments for that population is in a better position to deliver value than one who does not. As we noted in our section arguing for non-traditional or "outsider" candidates, these types of innovative, collaborative, and technology-based solutions can come from skill sets that are not traditionally healthcare-based. DEI competencies are simply another pathway to creative thinking.

PART IV

Nonprofit Versus For-Profit Executive Skill Sets

If you are a member of an executive search committee, no one should understand your organization better than you do.

You need to put your candidates in the best position possible to demonstrate their own aptitudes by educating them on the full scope of the responsibilities expected in the role.

This section will delineate some *general* differences between leadership roles in for-profit and nonprofit healthcare organizations, but, again, you will be (or should be) the best judge of which of these tendencies apply to your company and your search.

The main difference between nonprofit and for-profit hospitals is, naturally, in how they obtain and allocate resources. Correspondingly, managerial and operational requirements will differ, which will affect the suitability of candidates for each type.

For-profit hospitals can be funded and owned by investors, or by a publicly traded company.

Typically, governance at for-profit hospitals will emphasize **short-term cost reduction, efficiency, and scale**; a given hospital may be one of several owned by a consortium, with consolidated billing and collections.

Staying lean allows for-profit organizations to compensate for flattening or declining reimbursements from Medicare and private insurers. For-profit hospitals may also require less clinical experience on the part of administrators than nonprofit hospitals because they often offer fewer varieties of care, referring patients out for essential and high-cost procedures like organ transplants. For-profit executives will also likely have more performance-based incentives than nonprofit executives, due to equity sharing, and earn significantly more than their nonprofit counterparts.

Nonprofit hospitals, on the other hand, are viewed as charities by the IRS and do not pay taxes at the local, state, or federal level.

They are funded by a variety of donation and grant-based sources. Faith-based hospitals are usually nonprofit. Here, leadership requires **community and local outreach, collaboration, and long-term planning.**

Leaders will have to think big picture about capital investments in light of a nonprofit healthcare organization's mission, history, and legacy. Governing boards at nonprofit hospitals are typically much larger and include local and community members representing patient populations that are geographically close by. Nonprofit executives typically also enjoy more job security than for-profit executives, owing to a lesser frequency for nonprofit organizations of control changes like acquisitions, mergers, and closures. This is an added incentive to fill the position with the right candidate the first time.

PART V

Big Mistakes to Avoid when Hiring an Executive Search Firm

Given the demands of time, resources, and acumen necessary to perform an executive search, it can be appealing to call in an outside search firm to assist.

The most important consideration to remember when partnering with a search firm is that short-term cost is not a reliable indicator of future success—in either direction.

That is, spending a lot or spending a little upfront is irrelevant if the firm, say, lacks industry-specific expertise in healthcare, or reaches out with spammy, off-putting messages that make your brand look cheap to prospects.

More than cost, then, what matters is a firm's ability to assess prospects to ensure perfect alignment with your needs; their ability to market your brand in a way that makes you look appealing and unique; and the depth and breadth of their industry network.



Here are some questions you can ask when screening firms to ensure they meet those three aforementioned criteria.

Some questions you may ask directly; others are just useful to keep in mind.

How does the firm manage its discovery phase?

Does the firm have experience placing candidates at the level of the position advertised?

Does the firm offer you a substantive pool of candidates, or does it restrict access to its process?

Is the firm transparent about what input it needs from you, the procedure for the search, who participates in the search, and who has decision rights?

Does the firm seem objective or biased in their assessment of candidates? What discerning metrics does it use?

Does the firm seem in a rush or willing to take its time with the search?

Does it promise any kind of partnership or alignment phase **after** a candidate is hired, or does the relationship end abruptly?

If the firm's answers are unsatisfactory, or if you have difficulty obtaining a frank and clear answer, then this is a strong signal to shift directions elsewhere.

Great things are possible with an exceptional executive search firm. It can become a lasting trusted advisor, not only for Human Resources but for the strategic priorities of your organization as a whole.

CONCLUSION

Takeaways to Use Right Now

Because much of this guide deals with principles and strategy, below we share actionable best practices to utilize immediately.

The following checklist will make sure your executive search is proceeding optimally.



CHECKLIST:

- Carefully consider the job requirements and expected outcomes the candidate must achieve in the role. These goals will drive the interview questions, sourcing strategy and focus.
- Treat every candidate as the top candidate.
- Create a sourcing plan based on cultural fit and the specialized roles candidates will be expected to perform.
- Prior to and during your search, always be recruiting, networking and asking for referrals. This will develop a robust pipeline.
- Move quickly, avoiding excessive interviewers and hiring steps, and be totally transparent about the hiring process.
- Hiring managers should own the structure and content of interviews and conduct debrief sessions with each interviewer. They, along with the executive search lead, are the project leaders and need to be entirely in “lockstep” with one another.
- The stakes of a single bad executive hire are hundreds of thousands of dollars at a minimum.
- That said, nobody scores 100% on hiring executives. People are complex, and mistakes are inevitable. The right search partner, however, will help you course correct and dramatically improve your odds of success.
- Hiring A players means they will hire more A players. The right leader can lead to an exponential cascade that transforms the people and teams behind your business.**

Search is defined as trying to find something by looking or otherwise **seeking carefully and thoroughly**. Carefully consider and be exceptionally thoughtful about seeking top talent to ensure both you and your company are on the straightest path to a successful placement.



ABOUT THE AUTHOR

As an HR executive for the past 15 years or so, author Alden Pennington believes in the “people” side of the business. The key to building a thriving business is to find really smart people, and to let them do what they do best every day.



Alden is a graduate of the Gatton School of Business and Economics at the University of Kentucky, and received his MBA, summa cum laude, from Sullivan University. In addition, he is six sigma certified, a Predictive Index certified partner, and has earned the SPHR (Senior Professional in Human Resources) designation.



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