

The Future of Leadership in Healthcare

Strong leadership has always been important for healthcare organizations, but in today's competitive environment it is critical. Disruptions are emerging from every corner of the industry. Economic pressures, regulatory changes, technological advancements, and even rising consumerism are placing considerable demands on healthcare leaders. The opportunities and challenges these factors create today are influencing leadership in healthcare. B.E. Smith's *Leadership Intelligence Report*, a survey of more than 800 healthcare executives, reflects the transformation currently underway. This industry report will examine how external and internal factors are not only impacting today's executives, but shaping tomorrow's leaders.

Leadership Competencies for the Future

Healthcare's changing business model is disrupting the necessary leadership competencies and creating new and evolving leadership roles. A World Economic Forum study refers to this as a lack of "skills stability" and asserts leaders must "anticipate and prepare for future skills requirements."¹ As Figure 1 highlights, these changes are driven by a convergence of risk, speed, complex operating pressures, and a highly competitive market. Previously, executives were able to utilize a set of standard competencies to effectively lead their organizations to success. Today, executives must continually assess what skills and behaviors breed success now and in the future.

B.E. Smith's *Leadership Intelligence Report* identified several attributes as most critical. (See Figure 2.) Vision and strategy led the way, confirming the intense focus on managing for the future. Integrity, a close second, enables leaders to establish trust and gain buy-in for often uncertain long-term strategies. One management expert believes that authenticity is among the most important components of integrity and "a foundation of all true success and highly successful leadership."²

¹ World Economic Forum, *The Future of Jobs Report*, January 2016.

² T. Rosin, "Why Healthcare Needs Inspirational Leaders and how to Become One," *Becker's Hospital Review*, March 21, 2017.

FIGURE 1

WHAT IS YOUR TOP CONCERN AS A HEALTHCARE LEADER?

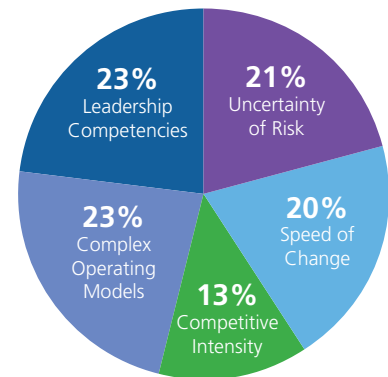
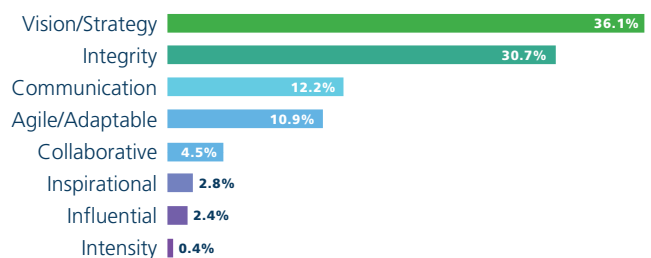


FIGURE 2

HEALTHCARE LEADERSHIP ATTRIBUTES



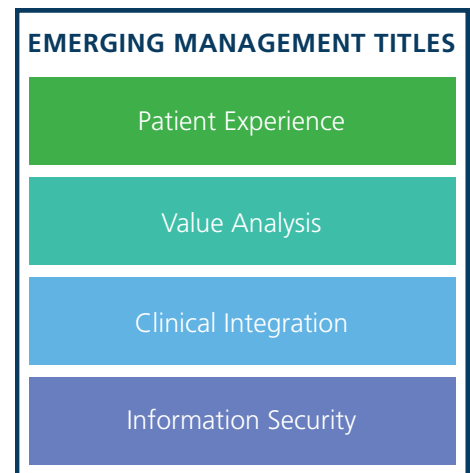
Build an Agile Platform

Agility also ranked highly as a desired attribute, but should extend beyond the individual. Tomorrow's leaders must create "an organizational platform that allows for an emergent mix of multiple strategies to be formulated and carried out in real-time."³ It's a "more holistic approach" that forms "an ecosystem that can be largely self-managing, where individuals and tools can learn and problems can be avoided before they manifest."⁴

Emerging Leadership Roles

Just as leadership skill sets are evolving, so too are specific executive roles. B.E. Smith has tracked this developing trend extensively, noting the emergence of new management titles focused on a wide range of disciplines, including patient experience, value analysis, clinical integration, and information security. As early-stage positions, many of these roles are still undergoing definition.

The relative role instability carries several implications for tomorrow's cadre of leaders. First, collaboration skills are imperative as these executives are tasked with breaking down traditional silos and building teams which span clinical and administrative functions. Second, continuous learning and leadership development are essential for these executives as they build the necessary skill sets. Formal and informal programs should incorporate changing content as competency demands change. Agile programs ensure leadership development remains relevant to an organization's current and future needs.



Physician Leaders a Special Case

B.E. Smith assists organizations in recruiting and developing physician executives, particularly as clinical leadership becomes increasingly essential to successful change. These leaders not only represent clinical knowledge on the management team, but are critical in strategic planning. This evolving roles requires physician executives to build both financial acumen and collaborative soft skills to establish strategic partnerships in integrated leadership structures.⁵

Strategic Directions Facing Leaders

B.E. Smith's *Leadership Intelligence Report* also offers some insight into what forces healthcare executives expect to greatly influence the industry in the year ahead. According to survey respondents, government regulations (45%) and financial pressure (41%) will be the greatest industry disrupters in 2018. Healthcare executives also listed regulatory and finance as the top

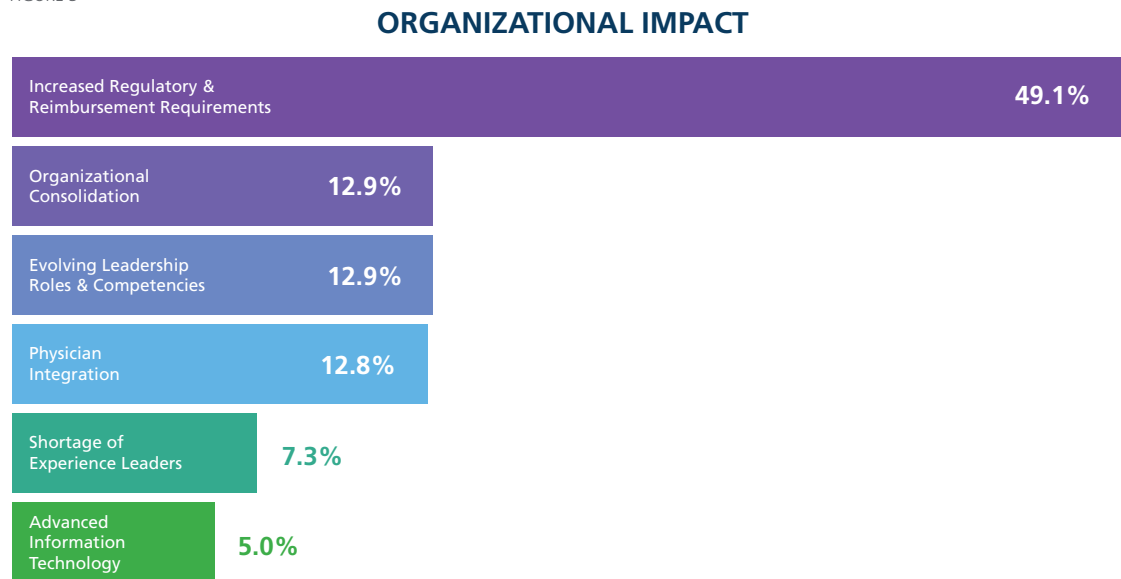
³ A. De Smet and C. Gagnon, "Organizing for the age of urgency," *McKinsey Quarterly*, January, 2018.

⁴ Ibid.

⁵ American Hospital Association and American Medical Association, *Integrated Leadership for Hospitals and Health Systems*, 2015.

drivers to most impact their organization’s future. (See Figure 3.) Continued industry consolidation via mergers and acquisitions, evolving leadership roles, and physician integration where among other factors expected to challenge executives this year.

FIGURE 3



Population health management is one important manifestation of these trends that will continue to consume leadership attention. According to the survey, 56% of healthcare executives stated they are developing a strategy in this area or are engaged in implementing one.

As expected, technology is also having a major influence on all aspects of healthcare, requiring next-generation leadership to exert technological savvy. Seemingly inexorable digital trends leaders must capitalize on include voice-driven devices in the hospital and home and the “use of machines and deep learning algorithms” to produce artificial intelligence that will guide care.⁶

Equally compelling is a growing focus on personalized medicine arising from DNA sequencing technology and genomic advances that offer what Goldman Sachs terms a “new paradigm in cancer treatment,” forecasting that “20% of all new cancer patients in the U.S. will receive genomic profiling by 2020.”⁷

FIGURE 4



⁶ J. Comstock, “Digital Health Trends and Predictions for 2018,” *Mobihealthnews.com*, January 19, 2018.

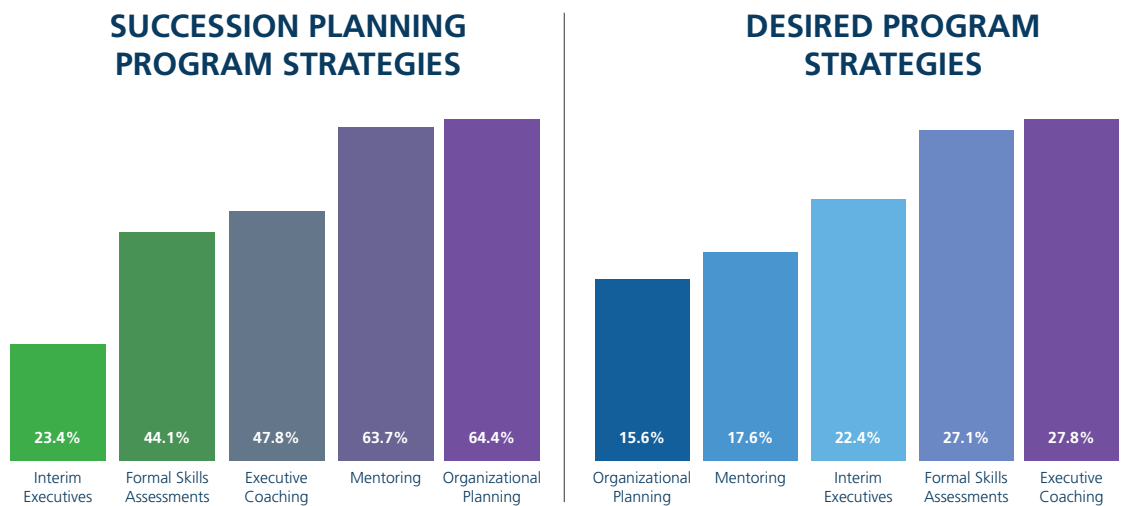
⁷ Goldman Sachs Global Investment Research, *Emerging Theme Radar Report*, December 2, 2015.

Recruiting the Executive of the Future

One key challenge facing organizations and executive leaders is finding professionals with the talent to become future leaders. “Access to high quality talent” was deemed the second most critical recruiting challenge in this year’s *Leadership Intelligence Report*. (See Figure 4.) Gauging future requirements only complicates the task. Recommended recruitment strategies include:

- **Define needs clearly.** Avoid generic analysis and map current and future leadership attributes to specific organizational scenario.
- **Look beyond conventional choices.** B.E. Smith advises clients to entertain candidates who may not fit the organization’s traditional profile or career path for leadership. Organizations may also consider sourcing from outside the industry. According to B.E. Smith’s *Leadership Intelligence Report*, healthcare executives identified the Finance and Hospitality as the best industries to provider qualified future healthcare leaders. Both strategies broaden the base of future healthcare leaders, as does seeking help to recruit passive candidates not presently in the market.
- **Recruit with top motivators in mind.** B.E. Smith’s survey found the two most influential factors in leadership recruitment are compensation and culture. With so much change afoot, dexterity will be needed in creating attractive – and flexible – compensation offers along with refined evaluations of cultural fit.
- **Retain high performers and focus on engagement.** While compensation and culture are key to recruitment, flexibility/work-life balance as well as management and colleagues are key drivers of both retention and engagement. Creating a culture where staff feel supported and are contributing to the success of the organization will greatly reduce turnover.
- **Commit to leadership development.** Leadership development or succession programs offer another strategy to reducing turnover. According to B.E. Smith’s *Leadership Intelligence Report*, 32% of healthcare executives say they must leave their organization to advance their career. Studies have shown development programs increase engagement while decreasing turnover. This is an area of opportunity for many healthcare organizations, as 37% don’t currently have a program in place and another 12% only allow senior leaders to participate. Those organizations with a program in place should consider incorporating assessments and executive coaching as formal strategies. (See Figure 5.)

FIGURE 5



Conclusion

Anticipating future leadership needs is as complex as forecasting strategic trends – and equally critical. Analysis of skills requirements, industry directions, shifting needs and adaptive recruitment approaches will lead to action plans that promote long-run organizational success.

B.E. Smith: Integrated Healthcare Leadership Solutions

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