

Easing the Transition

A board used a two-year lead time to fill the CEO position by educating an internal candidate

By Donald H. Hutton and Linda Chapin

A lot of health care executives don't know how to retire, but this is one of the more meaningful things I've done in my career," says Orlando (Fla.) Health's former CEO, John Hillenmeyer, about participating in the organization's succession planning process. After more than a decade at the helm, Hillenmeyer decided to leave his post in 2008. And because he wanted an orderly transition, he scheduled his departure for the end of 2010. As several Orlando Health board members put it, Hillenmeyer's early decision gave the organization "the gift of time."

At the time, Hillenmeyer discussed his retirement with Orlando Health board member Sanford C. Shugart, president of a local Orlando community college. Shugart had witnessed some poorly managed successions, and those experiences shaped his belief that a planned CEO retirement should have two components: adequate time and staff involvement. "The board would have to engage [clinicians and staff] in a serious conversation about what they needed, and that would require time," Shugart says.

Some board members had been involved in succession processes outside health care, picking executives for airports, transportation systems and

other public and private entities. Most of these processes had taken place over weeks or months, not years. But at Orlando Health, board members found themselves with the luxury of time to do it right, and Shugart's process was designed to take advantage of the two-year lead time. The plan engaged all the major stakeholders: physicians, staff and foundation board members. Discussions focused on the needs of the organization, future challenges and the profile of a hypothetical leader.

Getting Started

One of the first things the board considered was whether to do an external search or concentrate on candidates from within the system. "They knew that this should be a marriage, not a beauty contest," Shugart says. "The popular approach is to find a CEO, then go with his or her strategy. [The board] looked at strategy first, then searched for a CEO to match it."

As the board considered its choices, Sherrie Sitarik, an executive vice president, emerged as the top internal candidate. Hillenmeyer recognized this early and placed Sitarik in a position where she could prove herself by adding the role of chief strategy officer to her portfolio.

"To John's credit, while he recog-

nized my potential, he also saw that I needed to develop new skills," Sitarik says. "I led a year-long process where we developed a 10-year strategic plan. That helped me gain the skills and experience necessary to be a viable candidate."

In her new role, Sitarik broadened her already considerable knowledge of the organization. And working in her new post put her in the position of advising the board. As they worked with her, board members could assess her skills firsthand.

Though the board as a whole filled the role of search committee, early in the process they also formed a separate transition committee to plan and manage the succession process. "There were members from the senior executive team, the board and the medical staff," says Nancy Dinon, vice president for human resources. "We wanted coaching, input from key constituencies and transparency at every step." Those in charge of the plan believed that building trust within the organization would be an important byproduct of the effort.





Four Phases over Two Years

The succession process had four phases. In the first phase, the board met with focus groups of independent and private medical staff and other groups of employees and management. These discussions helped the board identify the kind of person they needed, while also identifying many of the challenges a new CEO would face. “All these groups were excited that they could provide input,” Dinon says. “They were very insightful and committed to our mission and culture. It was an opportunity to learn how we could get better.”

One member of the board was Orlando Health’s now former chief of staff, Jamal Hakim, M.D. “As a board member and a staff physician I had a dual role,” Hakim says. “That helped bridge the gap. I sat with focus groups from each hospital. Doctors could speak anonymously there, and they expressed what they wanted to see in a new CEO. Some of these ideas converted directly into parts of the job description.” Not all of the ideas fit, however. “I became a conduit to the board,

but I was also a filter,” he says. “I had to weigh these ideas against reality.”

The second phase was taking what board members had learned to create a CEO profile. As the board worked closely with a leadership consultant and the transition committee, a picture began to emerge.

The third phase was talent assessment. Now that board members had a clear vision of what was needed, they looked at how well candidates fit those needs. It became clear to board members that they wanted an internal candidate, and they knew the talent was there. The board put a high premium on experience within the system and commitment to an established culture.

The board focused on Sitarik. Once she knew she was the leading candidate, she approached Dinon with a request for executive coaching. The board looked for coaches who would evaluate her against its CEO profile and hired two former health system CEOs at a coaching firm. Coaching helped Sitarik understand the possibilities of the system she was going to lead.

The final phase was selection and transition. In the winter of 2010, the board named Sitarik the new CEO. Because she had begun her career at Orlando Health in 1978, she knew the system from the inside. In her post as

chief strategy officer, she was filling in gaps in her knowledge of the organization while learning more about long-range planning in a large system, and the challenges of a changing health care environment.

At the end of the year, Hillenmeyer finished his 14-year tenure as CEO, and Sitarik was ready to take the reins. Board members felt that they had explored the options thoroughly, physicians and staff were happy with the input they’d had, and with the process’s transparency, the executive team knew and trusted its new leader. “The CEO and the board must have a commitment to each other. Otherwise, it won’t work,” Dinon says. Sitarik adds, “The process works well, but it can’t be done without transparency and that requires trust.”

A good outcome in a succession process hinges on everyone’s working together, and using each person’s strengths to do what’s best for the organization. Orlando Health’s experience serves as a perfect example of this principle in action. **T**

Donald H. Hutton, FACHE (dhutton@medi-leadership.org) is president and CEO of Morgan Executive Development Institute, Ponte Vedra, Fla. **Linda Chapin** is chair of the board of directors of Orlando (Fla.) Health.

5 Tips for Successful CEO Succession

Orlando Health’s leaders suggest the following steps when the CEO announces his or her departure.

- The board should own and drive the succession planning process from start to finish.
- A transition plan with a defined timeline should be shared with the organization.
- Key stakeholders should be involved in defining skills, traits and behavioral competencies of the incoming CEO.
- The incoming CEO should be given a transitional role between his or her current position and the CEO position.
- The incoming CEO should consider using executive coaching to assist him or her in preparing for the CEO role.

—D.H.H. and L.C.