

## Transforming a Healthcare Organization in Transition: The Interim CEO's Role

**By Sandy Haskins**

*Managing Director, Executive Search and Interim Management  
HFS Consultants*



Bringing an interim CEO into a healthcare organization usually occurs for one of two reasons. One reason is that the incumbent CEO has either retired or moved on to another opportunity. In this situation, the interim CEO is brought in to provide leadership while a permanent replacement is recruited to “mind the store.”

A second scenario involves a leadership change instituted by the governing board because of

financial, operational or other issues. An interim CEO entering this situation may be entering an organization that's in turmoil and under extreme stress. The situation is analogous to the emergency room doctor and patient relationship. The interim CEO is the ER doctor whose job is to stabilize the patient, (the organization) so that the patient can be moved to another level of care.

When an interim CEO enters an organization under these circumstances, there are several important areas that he or she needs to focus on in order to achieve success. At the end of the interim's tenure, if these areas have been addressed, it's likely the organization will be stabilized and can be turned over to a permanent CEO. There are several key things for an executive to understand in these circumstances.

### **Long-Term Strategy**

An entering interim CEO will want to know where the board wants the organization to be in three to five years and its strategy to

reach that goal. This helps provide an understanding of where the organization wants to go and how it is currently operating to reach its goals. The interim will want the board to provide insight into the organization's structure and the effectiveness of its current business processes.

### **The Organization's People**

Organizational success has a stronger chance of being achieved in troubled situations if the interim CEO takes time to understand the people that make up the organization. Being aware of their strengths and weaknesses allows the interim to capitalize on the talents of those who are effective performers and to provide support to those who have challenges.

### **The Organization's Culture**

An effective interim CEO will be engaged in all areas of the company's culture and will work to bring it in line with the organization's strategy. However, this may take constant reminders and actions relevant to

the organization's mission, values and vision. This is especially true if the culture is dysfunctional, which is common in a troubled organization.

Signs of a dysfunctional culture might include settings where people are discouraged from sharing observations, insights, or ideas for improving operations. The interim might work with the governing board to help it to take a close look at its culture. This includes tendencies to micromanage. Often boards have difficulty determining the boundary between governance and management.

### **The Notion of "Family"**

In troubled circumstances it is not uncommon to hear employees "wish we could be like a family again." This provides an opportunity to make one small start at changing the culture. The interim and others in leadership roles can improve the health of the organization by helping employees understand the difference between a "family" and a "team." People are part of a family by virtue of who they are. They sometimes don't remember that

families can also be dysfunctional whether it is the crazy aunt or uncle or a difficult sibling. A family may not be a happy, supportive place.

An interim leader can advocate the concept of "team." This means that individuals are not only part of a team but earn their place by individual contributions to the team, a very different concept from "family." The team is strengthened by everyone's strong performance and support. Key factors that an interim needs to emphasize are strong communication, performance improvement, and sharing and exploring ideas across departments, all with the overall goal of stabilizing the organization.

### **Rallying Community Support**

Communities are often strongly committed to their local hospitals. This is particularly true in small rural settings. In situations where the institution is struggling and there is dissention and turmoil, special attention needs to be paid to various local constituencies. However, when the hospital is in turmoil and suffering financially,

the community may develop a negative perception of the quality of care available. An interim should seek and welcome opportunities to engage with local groups. This includes local government, social service agencies, faith based groups and others to create a dialogue that can be continued by the permanent CEO.

By paying close attention to all of these business aspects, an experienced interim CEO can achieve organizational improvement and create a smooth and successful transition to a permanent CEO.

*Sandy Haskins is managing director of HFS's Executive Search and Interim Management practice area. He has over 35 years in the healthcare industry, and recently spent two years as the interim CEO of a hospital under significant financial and operational stress. He guided the facility through a successful bankruptcy and gained local public support for an eventual affiliation with a healthcare system that preserved the hospital for this small community. He can be reached at [sandyh@hfsconsultants.com](mailto:sandyh@hfsconsultants.com)*