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# FROM TRANSACTION TO TRANSITION: PART 1 - THE IMPORTANT ROLE OF STRATEGY IN LEADERSHIP TRANSITIONS

**T**he “Great Resignation” has normalized and accelerated a trend that has been a longstanding reality for organizations throughout the healthcare ecosystem: leaders move around. The average tenure for the dean of a medical school or a department chair hovers around three to five years. Naturally, leadership departures happen for a variety of reasons, both professional and personal. While some departures are welcome, many come with unavoidable costs, such as a reduction in organizational knowledge, a dip in managerial capacity, or a void in direction. Bringing in a new leader to replace the departing one comes with its own risks — from misaligned expectations about strategy and priorities to unhappy teams, to name a few. We find the simple swapping of one leader for another, a leadership **transaction**, can run afoul of these risks. Conversely, organizations that seek to carry out a true leadership **transition** will find benefits to their organizational effectiveness, strategy, and culture.



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This series will explore how organizations can leverage moments of leadership transition to advance their purpose and take advantage of the strategic, cultural, and organizational opportunities inherent to integrating new leaders. In this article, we will focus on the value of establishing a Transition Committee, and the ways that leadership transitions can both inform and be informed by strategic thinking. Subsequent entries in our series will unpack issues related to cultural and organizational effectiveness.

Let's take a closer look at how to structure an effective leadership transition, which we believe starts with a Transition Committee. Many leadership transitions involve a *Search* Committee, a group whose sole purpose is to select the new leader and frequently disbands when the candidate signs on the dotted line. We offer an alternative approach — a *Transition* Committee. This committee oversees the transition process from start to finish — from ensuring the Board or group responsible for hiring is on the same page about the kind of leader they require for the future, to managing the search process, to assessing key organizational, strategic, and cultural issues that need to be addressed, to ensuring the new leader can be oriented and onboarded successfully. The configuration of the Transition Committee could be the same or different from that of the Search Committee, depending on the situation. Effective transitioning often requires engagement from the new leader's peers, supervisors (or the Board), and, in some cases, direct reports. This group has a very specific charge when planning for, welcoming, and onboarding a new leader: take advantage of the strategic, organizational effectiveness, and cultural opportunities inherent to a leadership transition.

**First up: strategy.** Incoming leaders, whether they are entering as top leaders or somewhere in the middle, tend to see themselves as conveyers of new ideas. They might be hired on the basis of their clear thinking, strategic successes, or change agency. On the other hand, the teams and staff around those incoming leaders often look hopefully at the new

hire as a source of needed continuity and a means by which unfinished work can get done. The necessary balance is between the need for work that has already received considerable investment and energy to continue, while providing the incoming leader with meaningful agency to influence the appropriate level of planning. We once worked with a family foundation that was singularly focused on a particular medical need and were brought in because the founding family member and leader had died unexpectedly. The Board planned to bring in a non-family member to succeed this visionary leader, and they knew this person would need to bring with them some measure of that visionary style while continuing to advance costly pilot projects already underway. In the end, the Board decided the key piece of work was to define its core strategic questions — while holding off on answering them until they had their new leader in place. Armed with these questions, they could sharpen their search. Ultimately, they identified a close collaborator who already knew the organization well and was in a very good position to both honor the existing work underway AND bring fresh thinking to the questions the Board identified. A Transition Committee will need to think critically about how to balance strategy continuity while articulating the agency an incoming leader will be afforded to bring fresh thinking and new ideas.

**Another important aspect of strategic clarity in the search process is defining the characteristics, skills, and experiences needed by a new leader.** For example, the Board of a large healthcare nonprofit focused on health equity was faced with the retirement of its charismatic and beloved founder. The organization had slowly shifted its focus over time and had recommitted to a new strategy — one that might require a different set of skills and experiences of their next leader. The Board realized they needed advice on potential shifts in the strategy and the implications for their organization and new leader, so they engaged a broad range of internal and external stakeholders. Listening to the stakeholders helped the Board understand what its constituents valued, and helped it come to know its own mind about what would be needed in a job profile to attract the most appropriate and qualified candidates for the role. It also had the unintended but valuable effect of surfacing important ideas about opportunities to advance their strategy.

In future articles, we will dive into different ideas to energize leadership transition: culture and organizational effectiveness. For now, we would like to close with the observation that leadership transition is an increasingly vital and underutilized source of strength. Organizations that do it well tend to learn faster, grow more easily, become more attractive places to work, and ultimately attract top talent. Organizations that seek only leadership **transaction** can risk a failed search and ongoing stagnation. Our view is that in most cases, this outcome, at best, fails to capitalize on the opportunities we have described above. In the end, the goal of effective leadership transition is to bring about the satisfying conclusion of the transition itself, so that new leaders become established and can lead and manage both for continuity and change for the duration of their time at the organization.

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