
FROM TRANSACTION TO TRANSITION: PART 2 - STRENGTHENING ORGANIZATIONAL EFFECTIVENESS AND READINESS THROUGH LEADERSHIP TRANSITIONS

In the [Spring edition](#) of the *Wharton Healthcare Quarterly*, we introduced an approach to taking a strategic view of healthcare leadership transitions. Rather than treating leadership change as a transaction, or the routine swap of one leader for another, we advocate for treating the opportunity as a moment of transition with the potential to accelerate a variety of organizational objectives. Specifically, we advocated for the creation of a Transition Committee that would be tasked with using a key leadership transition to refresh and rejuvenate elements of the organization's strategy.

In this next installment in the series, we will explore issues related to organizational effectiveness, and how healthcare entities can capitalize on leadership transitions to advance how work gets done effectively. In this series' final installment, coming later this year, we will detail ways in which cultural aspirations may be advanced through leadership transition.

First, an observation about leadership in general as context: leaders tend to shape the responsibilities and authority of their role over time. Effective leaders, through problem solving and trust building, fill in needed gaps and take on novel duties to help their organizations thrive. The longer they are in that role, the more significant that shaping is likely to be; it is a natural and necessary function. The challenge for an incoming leader in the wake of this shaping is to fulfill not just the formal duties of the role, but the informal shaping of the person that came before them. Likewise, the challenge for the organization — the Board, leadership team, staff, etc. — is to prevent themselves from falling into a belief trap in which the new leader is simply a 2.0 version of the previous one. Our colleague, Tom Gilmore, offers sage advice in his classic book, *Making a Leadership Change*: “Only as we more thoughtfully acknowledge both continuity and change will we be able to use leadership transitions as major opportunities for organizational development.”¹

So, what can organizations do to balance both continuity and change as they gear up for the successful entry and transition of a new leader? How can they sustain both organizational effectiveness and performance?

- **Understand the “current state” of the organization.** Before the new leader is announced, take stock of key organizational issues that are at play, stratify them, and determine how and when to act:
 - o What is the situation?
 - o What corrective action is needed?
 - o What priorities can be addressed prior to the new leader's arrival?
 - o What necessitates waiting, and why?



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The Transition Committee could do this on their own or with outside support to create a shared point of view about what can reasonably be addressed in advance of the new leader's arrival and what should be put on hold.

- **Listen to key external stakeholders.** Bringing in a new leader to any mission-driven organization is an important strategic commitment, one that often represents a significant transition for the entire community. New leaders with exciting strategic ideas can become derailed early in their tenure by issues that may not have been addressed, but that must be tackled to move from strategy to action. The cost of failure for both the organization and the new leader can be very high, both economically and culturally. The perspectives of strategic partners, providers, grantees, government officials, community leaders, and many others are often excluded at the expense of internal engagement as organizations prepare for a leadership transition. These stakeholders can shine a light on both opportunities and challenges that insiders may not.
 - o For example, in preparing for the CEO transition in a community-based health system, we learned that community partners held major concerns about the system shifting its strategy and approach to community engagement when the new leader arrived. Knowing this, the health system's Board and leadership team were able to mitigate the unfounded fear through a robust approach to stakeholder conversations and communications. It enhanced the system's relationships in the community and strengthened their ability to deliver on their strategic commitments.
- **Take advantage of the outgoing leader's experience and knowledge.** The outgoing leader can play an important role in creating the conditions for a stable and successful entry for their successor. The Board Chair or Transition Committee should conduct an "exit interview" with the outgoing leader well before their departure and should invite them to describe the organizational opportunities and challenges as they see them. This is complementary work to the first item we described above.
 - o What are the less formal or perceivable ways that the leader gets things done?
 - o What are the biggest risks to the organization? To the next leader?
 - o What should the Board or others be prepared to do (or not) to successfully orient and onboard their successor?
 - o What can the current leader and Board do to amplify opportunities and mitigate risks?
- **Share your learnings to inform transition planning and early action.** At this point, it may seem like it should go without saying, but it is essential to prepare the incoming leader with what you have learned. Many organizations fail to take this important last step, holding on to the information rather than using it to set shared expectations of the new leader, inform their early actions, guide a strategy to engagement and relationship-building, among others. The Transition Committee is well positioned to curate these findings and deliver them to the incoming leader with candor and clarity.
 - o For example, we worked with a medical school that was onboarding a new Chief People Officer in the midst of an effort to redefine its values in partnership with its system partners. This CPO was thrust into the ongoing effort as its new leader. The project team identified a systemic challenge that had persistently faced other new leaders — introducing them to their very large, complex, multi-entity system. With this insight,

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the incoming CPO decided to record a short video message introducing both herself and the purpose of the values creation effort. The video was shown at the beginning of a series of listening sessions that had been designed to gather input on core values. Because the listening sessions were open to many people across the system, it was a great opportunity to be seen and heard at all levels. It was a novel solution to a stubborn challenge, and it has become a practice that other leaders saw and plan to emulate.

Top leadership transitions present important opportunities (and risks) around strategy, organizational identity, and culture for any institution. Yet many newly placed leaders struggle to succeed because their organizations are not prepared to help them through their transitions. While finding and hiring the best candidate is the central focus of a transition, organizations can benefit from more robust support throughout the transition (beyond the initial hiring) — and, in doing so, actively create the conditions for long-term success for the new leader and the organization.

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REFERENCE

1. Gilmore, Thomas. *Making a Leadership Change: How Organizations and Leaders Can Handle Leadership Transitions Successfully*. San Francisco: Jossey-Bass, 1989.



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