

INFLUENCE CLIMBING THE LADDER TO CEO PART I: THE CREDENTIALS

This is the first of a five-part article series. Parts I and II were originally published in *The Physician Executive* in 2006.

■ By Alan S. Kaplan MD, MMM, CPE, FACPE

LAST YEAR, I HAD THE DISTINCT PLEASURE OF

attending a conference with a captivating keynote speaker, Barbara Bush. A remarkable woman, Bush has maintained a grounded personality and a warm sense of humor despite being both married to a president and raising one.

A member of the audience inquired, "How do you raise a president?" She paused, and then went on to explain that you don't raise a president. Everyone has opportunity in his or her life. Those that reach the top are always preparing so that when a door of opportunity opens they are ready to walk through it. And throughout life, each door leads to another. Brilliance is often simple, as was her response.

None of us was ready to be a doctor after college, after medical school, or after our first year of residency. We prepared to walk through each successive door of opportunity on the road to our final goal.

Becoming a CEO is no different. We are neither ready-made hospital CEOs by virtue of being a medical director, nor are we qualified after earning an advanced management degree.

The unique skill sets and attributes required for the position need to be acquired through a combination of education and experience — a series of successive doors. The question is: "When that final door to the CEO suite opens, will you be ready to walk through it?"

To answer this question, I interviewed consultants from seven well-recognized search firms. The questions were framed for hospital CEOs, but the concepts are transferable to other health care organizations.

HIRING THE CEO

The hospital board of directors, often comprising community members and a smaller number of medical staff members, has fiduciary accountability for the health of their organization. The board members take this legal responsibility seriously and their single most important decision is hiring the CEO. They will be judged by their decision.

The CEO will be given the reins of a complex business with thousands of employees and annual net operating revenues and total assets that may exceed hundreds of millions of dollars.

Not surprisingly, search consultants unanimously agree that board members are risk averse. Not slightly risk averse, but really risk averse. The board is very unlikely to take a chance on someone with "good potential" or an "up and comer." They want to know with certainty that their candidate can do what the organization requires. Understanding this concept is critical to your preparation.

Past success is the best predictor of future success. Convincing a risk averse board that you can do the job requires you to demonstrate appropriate accomplishments of sufficient scale and scope. It is important to understand the difference between "accomplishments" and "experience." Accomplishments demonstrate what you have done, while experience speaks to where you have been.

What type of accomplishments are important to a board?

Just as a cardiologist is not qualified to perform neurosurgery, CEOs do not all possess the same competencies.

The skills required to run a small rural hospital are entirely different from those needed to lead a large university teaching hospital.

Additionally, each organization may have its own unique challenges such as fiscal insolvency, strained medical staff relations or the need for facility expansion. The message is clear — building breadth into your career will expand your CEO job market.

You will also need to demonstrate business acumen. An advanced management degree is insufficient for this purpose; however, lack of a degree could eliminate you as a candidate.

A minimum of two to five years of operations experience will be required. Most consultants agree that it is not sufficient to manage non-revenue-producing support departments such as housekeeping, facilities, medical staff office, etc.

Rather, you must have significant experience with profit and loss. Important metrics will include annual net revenues, number of employees, and net income. Examples include service lines, inpatient units, radiology services, laboratory services, etc.

It is important to realize that operations experience does not make you competitive — like an advanced degree, it is a baseline requirement to play. The breadth, depth and scope of your accomplishments are what set you apart.

MD — ASSET OR LIABILITY?

Is having an “MD” after your name an asset or a liability when applying for a CEO position?

Opinions among the search consultants varied from neutral to positive with the most sobering answer being “It’s neutral; my clients could care less too.” The majority of consultants concurred that all things being equal the MD would have a competitive edge.

Surprisingly, all but one consultant added the caveat that board certification is mandatory. Several went on to say that the candidate must have practiced clinical medicine, with one consultant specifying a minimum period of 10 years.

Why would this matter, since the majority of today’s CEOs are not physicians? The answer is consistent. All CEOs must manage physician relations. Physicians are highly unlikely to respect an MD who never practiced medicine. They don’t have this expectation of non-physicians.

As a physician, your career trajectory is expected to be different from that of the traditional CEOs, whose career paths progress from humble beginnings in entry level management positions.

Most likely, you will have advanced from clinician, to committee member or department chair, to paid medical director, to vice president of medical affairs or chief medical officer.

What is a search consultant’s first impression when seeing the title VPMA or CMO on the resume? Most said it was neutral. All consultants commented that titles were less important than what you have done, but then went on to confirm that the initial resume review could be as brief as 30 seconds.

This is why a previous CEO or COO title gives an immediate edge. Your viability as a VPMA or CMO candidate requires that your CEO credentials immediately pop right off your resume and hit the recruiters between the eyes.

COMMUNICATION COUNTS

A common theme arose throughout the interviews: communications skills are paramount. You can’t lead if you can’t effectively communicate. One consultant put it this way: “A CEO needs to know how to relate to the common man.”

Body language, including your physical appearance and dress, are also important. Most consultants agree that boards look for charisma, presence, and polish, as the CEO must lead employees and staff while representing the organization to the public.

Competency in public speaking and media interviews are not innate to a physician’s training and background. These skills must be developed. Do not make the mistake of considering this a soft skill, as all the consultants emphasized it as an absolute requirement.

There is no evidence that physicians as a whole make better CEOs than our non-physician counterparts. In fact, the overwhelming majority of today’s U.S. hospitals are not physician-led.

To some extent, this may change as more physicians earn management degrees and gain administrative experience at earlier ages. For those physicians aspiring to be CEOs, understanding what it takes to be a competitive candidate is critical to career management.

All the search consultants were asked if there was any single factor that they would look for in an aspiring CEO. Answers varied, but the underlying message was that there was no single factor.

In our next installment, we’ll look at how to get the credentials you need to lead. We’ll explore how to prepare so that you will be ready to enter each successive door of opportunity.



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INFLUENCE

CLIMBING THE LADDER TO CEO PART II: LEADERSHIP AND BUSINESS ACUMEN

This is the second of a five-part article series. Parts I, II, and III were originally published in *The Physician Executive* in 2006.

■ By Alan S. Kaplan MD, MMM, CPE, FACPE

IN “CLIMBING THE LADDER TO CEO: PART I”

(March/April 2020 *Physician Leadership Journal*) we explored the hiring of a hospital CEO through the eyes of prominent healthcare search consultants. Central to the discussion was that hiring boards are very risk-averse.

This raises the question of how physician candidates can convince a board of directors that they are able to successfully lead a complex, multimillion-dollar corporation with thousands of employees.

Assuming a CEO candidate is a good organizational fit, demonstrating proficiency in two general skills will be a major determinant in getting the job offer.

The first and most important skill is leadership. It includes vision, passion, effective communication, and the ability to motivate others. Leadership can be demonstrated through past accomplishments, but also “felt” by members of the search committee during the interview process.

The second critical skill is business acumen. In its simplest form, it is the ability to produce a quality product and generate profits. This requires the ability to manage people, execute strategy, generate revenues, maximize assets, acquire capital, and successfully complete other tasks inherent to running a business.

To gain insight about how to develop these skills, I interviewed six physician hospital presidents/CEOs. Their organizations ranged from single hospitals to large healthcare systems, with \$120 million to \$650 million in net revenues and from 900 to 5,000 full-time employees.

LEADERSHIP

The CEOs interviewed were not a homogeneous group of individuals; however, common threads were evident throughout the interviews. Strikingly evident was high energy. All pursued a leadership career path with passion and purpose.

These were not clinical refugees. Without exception, these leaders wanted to have a positive influence over larger patient populations than they could influence in clinical practice. When they originally embarked on their careers, most did not want to be CEOs. They simply said they wanted to “make a difference.”

This passion and sense of purpose was so infectious that at the conclusion of each interview there was little doubt in my mind as to why they were hired.

How did they develop such evident leadership skills? As one CEO put it, “I raised my hand for everything.” Career paths varied, but here are the early entry points:

- Leading committees and organizational initiatives.
- Pursuing elected leadership positions within or outside their home organizations.
- Accepting entry-level medical director positions.
- Seeking larger administrative roles in smaller organizations.
- Managing a group practice.

While there are no surprises on this list, the interviews provided insight into the qualities and traits that allowed these

individuals to grow into successively greater roles. The success factors are purpose, respect, and performance.

PURPOSE

Several CEOs acknowledged that they always enjoyed leading (one stated that he would rather lead the orchestra than be the lead violinist), but all were focused on something other than themselves.

This is more than just an admirable trait. It creates a dynamic that generates success and career opportunity. A person focused on self (things like money, status, and power) pursues a position. A person focused on purpose pursues a goal. Goals lead to accomplishments and accomplishments lead to opportunity.

Consider the example of two elected medical staff presidents.

The first physician agrees to his nomination and wins by popularity. He enjoys the camaraderie among his status quo preserving supporters and serves out a two-year term. During the interview for his first paid management role he states that he leads by consensus and is well liked by the medical staff.

The second physician seeks a nomination. She has a sense of purpose and sees this position as an opportunity to improve the quality of care for her community. During her interview for a management post she states that she engaged the medical staff “sometimes kicking and screaming” in organizational process improvement efforts. By the end of her term, the organization moved from the bottom quartile of 10 core measures of The Joint Commission of Accreditation of Healthcare Organizations to the top 10 percent.

Both medical staff presidents have leadership experience, but only one has an accomplishment. Is there any doubt in your mind which one is most likely to move into greater roles?

RESPECT

The CEOs interviewed understand the power of building relationships. They are inclusive and collaborate effectively. They have sincere respect for all team members and understand that being a physician does not trump the expertise and opinions of others.

We need to get over this “physician-ness,” one CEO said, explaining that being a physician is a credential and “there is no separate species of leader.”

“You’ll never get ahead putting others down. You must show what you can do,” another said.

Most CEOs said they have mentors. These mentors are often non-physician administrators or businesspeople whom they deeply respect and call upon for advice and guidance. Several CEOs felt strongly that this is the single greatest factor attributable to their success.

It’s a matter of respect. As a practicing physician, our patients come to us with a certain amount of trust and respect even before they know anything about our personality or ability. The CEOs have no such expectation of the people they lead. They know that trust and respect must be earned. While they are not afraid to pursue difficult goals, they understand

the importance of conducting themselves with integrity and consistency.

PERFORMANCE

I asked the CEOs whether there was a single major accomplishment that had a significant role in propelling their careers forward. The answer was unanimous: “No.” However, one CEO said, “[but] I can think of one major failure that almost sank my career.”

Another CEO described himself as a “singles hitter,” meaning that an executive can’t depend on any single great accomplishment. Career vitality is dependent on consistent performance over time — yesterday, today, and tomorrow.

To pursue successive opportunities, it is imperative that you quantify your success using metrics such as satisfaction scores, net income, and statistics. Collect these metrics over time so that you can put together an honest, powerful resume.

Evident throughout the interviews was how these individuals were responsible for many impressive accomplishments, but not one took credit or exhibited self-promotion during the interviews. I sensed humble confidence — an admirable trait.

The CEOs were very candid about past failures. Since occasional failure is inherent to those who take risk, I wanted to understand how they survived failure. Several trends emerged.

First, the CEOs had already established a track record of success prior to their failures (*i.e.*, they were proven entities). Blunders too early in the career path can be much more devastating and it is advisable that you initially lead what you know.

Do not attempt to leap too far beyond your current level of education and experience. Some people have done this successfully, but it is more prudent to grow your career in a logical, stepwise manner. It can be the equivalent of performing an appendectomy before your internship and residency.

Second, the CEOs took accountability for failure, protected their teams, and turned it into a positive learning experience.

BUSINESS ACUMEN

Demonstrating proficiency in business is a requirement for most CEO positions. There are two exceptions for physicians:

There are organizations where bylaws or traditions mandate a physician leader. These organizations tend to be large multispecialty groups with hospital ownership or tight affiliations, or academic medical centers. The structure often provides for strong non-physician administrators to be “paired” with the physician leaders. This does not mean that these physician leaders do not have strong business minds, but that operations experience may not be mandatory before hiring.

Organizations that have severely troubled medical staff relations or that view physician relationship building as a core strategy may seek a physician CEO. In either scenario, the board considers the ability to forge strong physician/hospital relations as a requirement for success and will consider a physician without strong operations experience. Often provisions are made to protect business matters, such as a strong COO or a formal mentoring process.

Although it's subjective, let's say that significant operations experience is arbitrarily defined as responsibility for greater than \$50 million annual net revenues (not necessarily in hospitals) during a three-year period.

Only two of the CEOs had significant operations experience before obtaining their first CEO position; the others didn't even come close. However, don't make the mistake of assuming that demonstrating business proficiency is optional.

All the CEOs hired without operations experience were inside candidates. This is consistent with the search consultants interviewed in Part I who said the inability to demonstrate business savvy is the nemesis for physician executives seeking CEO positions outside their home organizations.

This is the missing skill that is critical to breaking through the "caducean ceiling"—the barrier so often discussed in physician executive circles. Lack of operations experience is a primary reason that only about 3 percent of the nation's hospitals are physician-led—a percentage that has remained stable for many years.

The final installment of this series of articles will explore techniques for obtaining operations experience and shattering the caducean ceiling.

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INFLUENCE

CLIMBING THE LADDER TO CEO, PART III: FOLLOWING YOUR OWN PATH

This is the third of a five-part article series. Parts I, II, and III were originally published in *The Physician Executive* in 2006.

■ By Alan S. Kaplan MD, MMM, CPE, FACPE

In this article ...

Eight experienced physician executives share insights on how to best make the climb to the CEO post.

SHE'S A TALENTED SURGEON. HE'S A GREAT diagnostician. They should stick to what they do best; leave business matters to us.

Physician executives feel this negative bias as they venture into the business world. Larry Mathis, former Methodist Healthcare System CEO, brought it to the forefront in his book *The Mathis Maxims: Lessons in Leadership*, with one particular maxim: "Physician executive: an oxymoron."¹

An experienced physician executive says, "Physicians are viewed as technicians not healthcare business experts." Is this an unfounded bias creating a barrier to career advancement? A "caducean ceiling?"

Eight experienced physician executives acknowledged in recent interviews that physicians encounter a negative bias when they enter the boardroom. However, they also agreed that the bias is sometimes accurate — many physicians are not qualified for top business roles.

To be a competitive CEO candidate, you must demonstrate proficiency in addressing an organization's top challenges. A medical degree is not a prerequisite. Consider the three top challenges identified by hospital CEOs:

1. Financial viability
2. Personnel shortages
3. Care for the uninsured²

These are business matters. To be considered for a CEO position you must demonstrate that you are a proficient businessperson who happens to be a physician, not a proficient physician who happens to understand business. You will earn credentials and credibility through formal education and experience.

More specifically, experience is required in operations management, executing strategy at all organizational levels and managing the day-to-day business. This is a tough job. For non-physicians, the time required to work up through the rank-and-file to "CEO-qualified" is typically 15 years or longer.

For many physicians, this timeframe is impractical, as you have spent many years in medical school, residency, and clinical practice. Fortunately, there's a valuable card physicians can play. Only physicians can be hired as a medical director or as the VPMA. This is an entree into a high-profile management job. Career progression from here can be difficult.

FINDING OPPORTUNITY

Here's a look at some of the advice the eight experienced physician executives shared about moving into the CEO office.

Just as the board is risk-averse in selecting a CEO, it is likely that your current CEO is risk-averse in assigning you accountability for large-scale operations. You must show that you are capable by demonstrating consistent performance in roles of increasing magnitude.

Can you quantify your accomplishments using metrics such as margin, volume, time, or statistics? When you can deliver results, people want you. If you can only provide a qualitative summary then you are at a significant disadvantage. Simply holding a title is woefully insufficient. Every time you embark on an initiative or establish annual goals, ask yourself in advance how you will measure success.

Avoid being pigeonholed in a stereotypical physician role. Look for opportunity outside the typical physician domain. Success is evident when the CFO comes to your office to discuss a business matter rather than to seek medical advice.

However, be cognizant that you are in a competitive environment. Every time you pursue opportunity outside your traditional role you may be taking that opportunity away from another aspiring non-physician executive. You need to pursue your goals, but be considerate and respectful, as you are dependent upon your peers.

Avoid career stagnation. In a best-case scenario, you will be given opportunity to grow within your home organization. Keep abreast of new organizational initiatives, evolving conflict, market changes, and executive resignations. When opportunities arise, ask to be considered. If opportunity does not arise or you are routinely turned down, look elsewhere.

The interviews revealed that the majority of accomplished physician executives relocated for opportunity — often more than once.

One executive, now managing a \$200 million budget, departed an academic facility to enter private practice in a small hospital. Here he became a part-time VPMA. Realizing lack of growth opportunity, he moved to a large inner-city health system for a full-time VPMA position. This position provided ample personal growth opportunity, which led to his current job as senior vice president of operations in a mid-size suburban community hospital — three moves.

Several search consultants say that many physicians limit their potential because they tend to be risk-adverse and unwilling to move. This is not true of non-physician executives, who expect to move for career opportunity.

CRITICAL SUCCESS FACTORS

The physician executives interviewed agreed that leadership is the number one success factor for CEOs. In operations management, being an independent performer is a death sentence. A good leader has the ability to assemble, motivate, support, and depend upon teams. You must demonstrate purpose, passion, and respect, and must develop trust by conducting

yourself with fairness, integrity, and consistency. You will be judged by results, which will be delivered by your teams.

Listen and learn. You cannot possibly know everything there is about complex operations. Listen to your employees, especially the frontline workers. Get out of the office and get to know them. Allow them to be your mentors.

You will make mistakes. Take accountability, seek advice from peers, bosses, and consultants. One very accomplished executive said that six months after becoming a COO a peer told him that he was not doing his job! "I was a mediocre COO," he admits, "thankfully I listened and worked on what I needed to do."

Know that this is what you want to do. You will need drive and determination to succeed. Operations management is all about applying business principles, holding people accountable (including yourself), and delivering results.

You can't worry about being popular or you will never reach your potential. You will need to weather extreme ups and downs, manage change, make deadlines, and confront tough issues. You must be able to make hard decisions despite incomplete information. You can always redirect; however, no decision equates to no results.

Develop and refine your negotiation and relationship skills. Many managers have failed due to their inability to gain the respect of peers and subordinates. Forming highly effective teams requires that you recruit and retain talent. A poor relationship with an immediate supervisor is the number one reason for turnover. A quick transition from autonomous, decision-making, self-reliant physician to team player is mandatory. Good people want to be empowered, not managed.

One physician executive learned this lesson during his MBA program. He tried to control his study group. This wasn't working too well so he had no choice but to let go and allow himself to be dependent upon others. To his surprise it worked out well. "It changed me as a person," he recalled.

The ability to work effectively with others goes beyond your immediate team. Success requires support from your supervisor, board, peers, medical staff, vendors, and consultants.

Most entry level physician executives have few direct reports but are still accountable for results. Consider this a great opportunity to hone your negotiation and relationship skills as you work with multidisciplinary teams. The lack of authority and direct reports is an unacceptable excuse for poor performance. Realize this and you will be much more effective in the long-term.

COMPENSATION MANAGEMENT

Managing your compensation during career transitions can be tricky. A common physician expectation is that the medical degree confers a certain level of compensation guarantee. This is certainly true of "MD/DO-required" jobs, such as medical director or VPMA/CMO. However, there comes a point at which your physician credentials are no longer relevant.

Consider a CMO transitioning to a COO role. In mid-sized hospitals, market compensation for the CMO usually exceeds

that of the COO. Additionally, you do not need an MD degree to be a COO. Prepare for a significant pay cut unless your organization is willing to take into account your previous salary and pay a premium.

Compensation practices may appear to be counterintuitive. Assume you are a CMO in pursuit of operations experience. You are granted responsibility for laboratory services. Should you request more money for the additional responsibility?

Be careful. There are several other vice presidents who would gladly take on this operation without any expectation of increased compensation simply as a career builder, and they are frequently paid less than you!

Expect to work harder for the same pay. At some point, you may actually be performing more than one job. Most organizations follow a “market-based” philosophy. The rule of thumb is that you will be paid for the job that is more highly valued. Depending on the magnitude of your second role you may be able to negotiate an additional premium, but do not count on it. And do not even ask until you demonstrate that you can do the job — just say “thank you for the opportunity.”

One other point: larger organizations typically have higher management pay scales. Several physician executives maintained their salary level by transitioning from a CMO role in a smaller organization to an operations role in a larger organization.

The majority of physician executives interviewed for this series were primary care specialists. Management compensation is more commensurate with that of a primary care physician. Procedure-oriented specialists will most likely be required to accept lower compensation in the transition from clinical practice to management.

In the end, you must discard the notion of the “caducean ceiling.” It connotes a victim’s mentality not worthy of a leader. Instead, know what you want to do, plan your career, and earn your credentials. Follow your own path — then lead others.



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INFLUENCE

CLIMBING THE LADDER TO CEO, PART IV: THE JOURNEY

This is the fourth of a five-part article series. Parts I, II, and III were originally published in *The Physician Executive* in 2006.

■ By Alan S. Kaplan MD, MMM, CPE, FACPE, FACHE

In this article ...

The author picks up the journey from its first roadblock to its current successes.

IN 2005, I APPLIED FOR THE CEO POSITION

at a stand-alone Chicago area hospital. My first (and only) interview for this position was with the executive search consultant. Ten minutes into our conversation he stopped the interview and said, "If you want to be a CEO you need to learn how to interview like one."

At that time, I was chief medical officer for a suburban hospital, where I had originally been hired as medical director of emergency services. I had a master of medical management degree coupled with 10 years of senior leadership experience.

The consultant's feedback compelled me to better understand what it would take to be a CEO. I reached out across the country to interview well-known executive search consultants and senior physician executives, many of whom were hospital CEOs. I shared the findings in a three-part series of articles in the *Physician Executive Journal* in 2006 titled "Climbing the Ladder to CEO."

Following the advice obtained in the interviews I set out to build my career. Today, I serve as chief executive officer for UW Health, a \$3.2B academic health system with six hospitals, 17,000 staff members, 1,500 employed physicians, and the

majority ownership of a 355,000-member, \$1.7B health plan. Over a decade since the original three articles, I have written this fourth part to assist other physician leaders seeking to advance their careers.

THE BETTER CEO

I have been asked many times if physicians make better CEOs. My answer: "The person most qualified to be the CEO is the better CEO." It is common for CEO search committees to request physician candidates; however, it is far less common for physicians to be selected as the final candidate.

I have worked for highly effective CEOs; none were physicians. I have worked side-by-side with talented non-physician executives who became CEOs before my appointment. They were all capable leaders who earned and belonged in their role. All other things being equal, being a physician can be a plus, but the search committee first and foremost must be comfortable that you are qualified for the job.

Readiness to be the CEO is not defined by any particular credential (e.g., DO, MD, RN, MBA, MHA, MMM) but rather

by a broad set of demonstrated capabilities. My journey was one of proactively building skillsets, seeking challenges of progressively greater scope and scale, and actively pursuing self-development. The path was not always smooth or straight. There were setbacks, failures, and disappointments along the way. Reaching my goal required clear directionality, persistence, and resiliency.

PREPARING FOR THE NEXT DOOR OF OPPORTUNITY

With a better understanding of the requisites to be a CEO, I had a new appreciation of the need to develop “soft” skills important for the role. As a physician, I was proficient in one-to-one and small-group discussions; however, in front of large audiences I was stiff and boring. I obtained communication coaching complete with video recordings and feedback, but this only more clearly demonstrated that I was a science major in college.

So, I went bold. I joined an improv group! I didn’t go once or twice, I went several hours a week for nearly a year. The training took me out of my comfort zone; however, I emerged a comfortable and capable public speaker. In my opinion, developing this skill was the single most important effort for my career progression. If you cannot communicate effectively, you cannot lead.

Four years had passed since my failed hospital CEO interview when I received a call from the same executive search consultant. He was conducting a CMO search for the Iowa Health System (now called UnityPoint Health) based in Des Moines, Iowa. He told me it may be a stretch going from a single suburban hospital to a two-state health system with nearly 20 but he felt I had transferrable skills and would be a good culture fit.

Over the prior few years I had worked diligently on building my resume. I had taken on additional responsibilities, such as leading information technologies, supply chain, biomedical engineering, laboratory, and pharmacy. Meanwhile, emergency services, which were my foundation, had grown from a single department serving 34,000 patients annually to a highly profitable, multi-site program serving more than 130,000 patients.

I had been born and raised in the Chicago metro area. Moving to Des Moines had not been on my radar; however, I had 14 years of tenure in my current role and was topped out with no room for growth. If I were to follow the research in my previously published articles, the right career move was to step up to a larger role, even if that meant relocating. I applied for the Iowa position. Little did I know at that time that I was the only applicant without “system” experience and thus viewed as the “underdog” candidate.

My lack of large health system experience was certain to be a liability. So, I reached out to several system CMOs to listen and learn about their roles, their areas of focus, and their challenges. Still unsettled, I hopped in my car and, over the course of several days, traveled 650 miles to visit four of the health system’s regions. Through this journey I gained a sense of the system’s branding, services provided, area

competition, medical staff make-up, and facility design. The road trip strengthened my familiarity with the system and my self-confidence going into the interview; however, it turned out to be a lot more.

There were nine candidates in the first-round interviews, and I was the last. When I mentioned the regional visits, the room lit up, conversation flowed easily, and time went fast. Later, I learned that the regional leaders had felt disconnected from prior CMOs, who they felt were corporate-centric and did not take the time to learn about the challenges intrinsic to the various regions. After the second round of interviews, I was offered and accepted the position.

DEMONSTRATING LEADERSHIP & BUSINESS ACUMEN

In my CMO role at UnityPoint Health I was a member of the system’s senior leadership team, a liaison to the regional CMOs, and assigned accountability for system quality. Two days after arrival, the CEO informed me that I would also be accountable for building an “ACO.” This was in 2009, before the passage of the Accountable Care Act. I had no idea what I was expected to build! I went to my office and entered “ACO” into a search engine.

Then came my second major challenge. The CEO appointed me as president/CEO of the largest of our employed medical groups, which was comprised of 250+ providers. The appointment was announced publicly in a national journal; however, there was one small glitch. No one told the medical group or its current president.

To complicate matters, being the leader of this medical group put me at odds with the competing independent physicians, whom I would need as partners to build the ACO. This quagmire required that I exercise all the skills I had developed over the previous 14 years of senior leadership.

Leaders take people to a place where they are unlikely to go on their own. A prerequisite for success is building followership, which begins with developing credibility. This requires being visible, listening, asking questions, learning, and respecting. You may take an element of abuse along the way, especially if your introduction into the organization is as awkward as mine had been. It is not personal, but rather a reflection of the situation, organizational history, current environmental stressors, and an ambiguous future.

I put in significant windshield time and visited with as many individuals and groups as reasonably possible. I listened, expressed appreciation of past accomplishments, and shared my observations. I redirected anger by asking questions that deepened my understanding. Most times it was friendly and fun, other times less so. Regardless, it was time well spent.

During my tour, it became evident to me that we were not going to achieve our organizational goals unless we could better organize our medical community, which was extremely fragmented.

My initial focus was the employed medical staff. Across the system, physicians were employed by different entities and had wide-ranging contract terms, varying degrees of accountability,

and minimal alignment of goals. At the extremes of the system, these groups were as far as 460 miles apart.

I thought the answer was obvious: We should transition into a single, strategically and operationally aligned medical group. I communicated this great vision only to quickly realize that I may have skipped a few steps in Kotter's eight-step change model. Clearly, I was not the first to communicate this vision and those who preceded me were no longer with the organization. Interestingly, the resistance was not just the physicians, it was the regional CEOs. Armed with a propensity toward persistence I remained undeterred.

The regional CEOs had personally built their local employed medical groups and were reluctant to cede them to a system-level medical group. After a year of spirited debate, we constructively worked through the issues to reach consensus and build a coalition to move forward. In parallel, we developed a robust physician leadership academy and the first cohort included participants from each region. Beyond the educational benefits, the academy developed camaraderie and trust among the physicians.

With the support of the regional CEOs, we took the next step. We brought our graduates together in a closed room — physicians only. There was tension in the room. They knew my intent was to merge the medical groups, but they did not anticipate the “how.” They were empowered to design the ultimate medical group, applying their knowledge of what has worked and what has not worked in their current situation and in the past.

Over the course of four 6-hour sessions they designed “Newgroup.” They owned it! With this coalition as ambassadors, we steadily gained additional buy-in and within one year we merged most of the employed physicians into a single corporate entity with a unified compensation plan and aligned quality goals.

Soon thereafter, all remaining providers were on a timetable to join. Newgroup had initially merged more than 600 providers and had assumed strategic oversight for 1,000+ employed providers across three states. Today, this medical group exists as UnityPoint Clinic.

In addition to bringing the physicians together, I served as a member of the system's senior leadership team; influenced strategy; and participated in merger, acquisition, and integration activities. I also had profit and loss accountability for our medical group and home health enterprise with combined annual operating revenues of \$420M.

DOORS BEGIN TO OPEN

In 2014, five years after joining UnityPoint Health, I was contacted regarding the CEO search for a nationally renowned health system. I was the only candidate who was not a sitting health system CEO. I thus entered the process with no expectation of getting past the first round of interviews.

The search consultant seemed equally surprised when I progressed as a semi-finalist. In the end, a well-credentialed and accomplished leader was offered and accepted the position. This was another good failure serving as a learning experience and instilling confidence that my ultimate career goal was within reach.

Just as this search was concluding, a change in leadership unfolded at UnityPoint Health. Our CEO announced his upcoming retirement and his successor was named. The successor was my peer. He was a highly qualified, high-integrity individual whom I deeply respected. He was not a physician.

My goal was to support him fully; however, before a full year had passed, opportunity came knocking again. An executive recruiter called me about an opportunity at UW Health, a premier midwestern academic health system. They had recently merged their hospitals and medical foundation and were seeking the inaugural CEO for the integrated entity. I participated in the search and was ultimately offered and accepted the position.

Later I learned that I was the only candidate who did not have academic health system experience. This created trepidation among members of the search committee; however, they concluded that they had plenty of academic experience within their ranks. Their preference was a healthcare executive who has demonstrated enough leadership and business acumen to give them confidence that he or she can lead and operate a large complex health system.

PAVING YOUR OWN PATH

This path to becoming a CEO typically is not linear, with inevitable hardships and disappointments along the way. I did not originally set out to be a CEO. My initial ambition was to be the medical director of an emergency department. After achieving that, my aspirations progressed to setting my sights on being a hospital CEO, which didn't happen.

My career then took unexpected twists and turns in unanticipated geographies, which ultimately led to my current CEO position.

It is likely that your path will not look like mine; however, there were lessons learned along my journey that are transferable to all physicians navigating a career in leadership. I will share these with you in the next article, “Climbing the Ladder to CEO, Part V: Lessons Learned.”



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INFLUENCE CLIMBING THE LADDER TO CEO, PART V: LESSONS LEARNED

In this final installment of the series, the author shares lessons learned from decades of experience as a healthcare leader.

■ By Alan S. Kaplan, MD, MMM, FACPE, FACHE

DURING THE PAST 25 YEARS AS A SENIOR healthcare leader, I have interacted with many physicians who aspired to become hospital and health system CEOs; few of them attained it.

For the most part, I have witnessed my colleagues' careers change directions or stagnate, some by choice and some not. In this article, I share lessons learned from decades of observation and experience regarding the critical success factors. The lessons fall into three main categories: (1) commitment to self-development, (2) career management, and (3) team development. I will also share a few common show-stoppers.

COMMITMENT TO SELF-DEVELOPMENT

While this may be an anticlimactic insight, the single most important factor in reaching the corner office is an absolute commitment to becoming a senior healthcare executive. Note the reference is to *healthcare* executive not *physician* executive. You must have a genuine willingness to learn a new field and develop a new, broad scope of skills on par with the best nonphysician executives.

Underestimate the complexity of the position, the required breadth of knowledge and leadership capabilities, and you will likely fall short. After my first 10 years as a senior physician executive, I felt ready to be the CEO. I was wrong. Even after 25 years of experience I find myself drawing on everything I have learned — and I keep learning.

Clinicians' education and training bring a valuable perspective to the C-suite; however, being an effective healthcare executive requires a whole new set of skills. These skills can be grouped into two categories, commonly referred to as hard skills and soft skills.

Hard skills include a working knowledge of subjects such as finance, human resources, quality improvement, information systems, operations management, and corporate compliance. These subjects require a different level of understanding when you transition from a physician practice or a single department to a large complex organization.

Yes, you can hire well-credentialed experts in these fields (and you will) but it is a common misperception that simply surrounding yourself with content experts sufficiently compensates for a lack of knowledge. This is akin to believing that an internist or emergency physician does not need to have a working knowledge of cardiology, pulmonology, neurology, or infectious disease. Just surround yourself with specialists — that should take care of it.

Your ability to pick up subtle diagnostic cues, to refer patients to the appropriate specialists, and to orchestrate all the data into a care plan is essential to your effectiveness. You need a working knowledge of the disciplines.

If you are in the pursuit of a CEO position, it is a mistake to bypass an advanced management degree. I once encouraged a seasoned physician leader to go back to school. He responded, "I don't need to go back to school. I earned my

‘MBA’ though the school of hard knocks.” The hard knocks never ceased, doors shut, and his career did not progress.

For others who have taken my advice, this credential opened doors earlier in their careers. Even as a CEO who happens to be a physician, I will not hire a physician executive for a senior role unless they have or are actively pursuing an advanced management degree. It is not just a credential for a checklist — it builds a deeper understanding of business, develops a higher level of thinking, and demonstrates your commitment to an executive role.

The companion soft skills are at the core of leadership. They are the skills of human-to-human interaction. More nuanced and more difficult to develop than hard skills, soft skills include communicating, influencing, having difficult conversations, and earning credibility.

Communication is foundational. The CEO must be able to relate to groups of all sizes and at all levels for an array of purposes, including everything from creating pride in the organization, addressing unhappy employees, working effectively with the board, and interacting with community groups, to meeting with a high-level politician or addressing the media about an unfortunate event. Every audience the CEO communicates with requires a unique approach, vocabulary, and tone. Although some people seem to have a “natural” ability to communicate effectively, this is a teachable skill.

Throughout your career, your most critical asset or liability will be your ability to earn and maintain a perception of *integrity*. It was later in my career that I realized that integrity transcends far beyond honesty. As a simple example, imagine that you have informed a surgeon that you included robotic equipment in the capital budget. Sometime later there is a mechanical failure and you have no choice but to urgently replace a multimillion-dollar hospital heating system with the funds originally earmarked for the robotic equipment. Six months later the surgeon sees you in the hallway and asks about her equipment. You explain that the funds are no longer available.

You are being honest, but will the surgeon perceive you as having integrity? Would her perception of your integrity be different if you had reached out to her earlier, explained the situation, and discussed future options? Integrity is not something you earn passively. It requires proactive communication, approachability, listening, follow through, consistency, understanding before acting, and closing feedback loops. Be ever mindful or you will carelessly run afoul.

Honing your skills and translating them into capabilities such as strategic planning, change leadership, execution, team development, and organizational agility requires experience. Early in my career, I underestimated the depth of experience necessary to develop competency in these areas. The key is to have the *right* experiences.

Board memberships, medical directorships and committee appointments are great; however, you must have operations experience. This means that you need to be accountable for managing profit and loss, leading people, operating a service, and generating new business. The scale and scope of your experience needs to expand as you progress in your career, as do the corresponding accomplishments. Search committees

tend to be risk averse. It is your level of experience and accomplishments that will give them the confidence that you are capable of the job for which you are being considered.

Every executive has strengths and weaknesses. Insight into oneself coupled with a persistent quest for improvement is often the determining factor between success and failure. For most executives who are passed up for promotion or involuntarily dismissed, their colleagues can clearly articulate the reason. Sadly, many of these executives cannot see or articulate the reasons themselves. They see themselves as victims of other people who underestimate their capabilities.

If you want to know where you stand in terms of leadership, it is important that you foster a source of consistent and reliable feedback. It can feel hurtful, but it is the greatest gift a friend or spouse can offer. An executive coach can be very helpful in this regard assuming the recipient has the capacity for insight and self-improvement. Inability to receive feedback and use it constructively is a fatal flaw.

CAREER MANAGEMENT

Early in your management career you are likely to be paired with an administrative leader, often referred to as a dyad partner. This is a great opportunity. Be a good partner, listen, respect, and learn. Over time you will need to progress into roles in which you are an executive in your own right. The person who was once a dyad partner will now become peer and colleague — the CFO, COO, CNO, etc. Embrace them as partners and they will provide a rich learning opportunity.

Always manage “down” with the same grace that you manage up so that you open yourself to learning from everyone around you. Career advancement can be tricky and there are three areas of consideration: readiness, working at the right level, and maintaining clinical practice.

You don’t know what you don’t know, and with experience, you become more mindful of this truth. Early in your career, however, this truth may not be sufficiently realized to modulate self-confidence. Some people just have a knack for getting promoted regardless of readiness. I have seen a good number of very self-confident, high-potential executives advance too early only to demonstrate lackluster performance, lose their positions, and not recover in the job market.

Pursue opportunity and advancement and, by definition, each progressive career step will require that you do something you haven’t done before. Before taking a new role or responsibility, simply be mindful of what will be required for success and where you are in your readiness. As a rule, you can take increasing levels of risk as you build your track record of accomplishments.

With each progressive step in your career you will be working at a new level. Elevating your ability to work at the right level is a challenge for many physician executives. As practicing physicians, we must attend to every detail — not doing so will eventually result in harm. As a senior executive, you must *not* attend to every detail — doing so will eventually result in harm.

You must understand your new role and think and work at the appropriate level. The flipside is that you need to

understand what you should no longer be doing. Some refer to this as “delegation”; however, this term does not adequately convey the importance of this concept. The further you progress in your career, the more you will need to allow yourself to be dependent on others, their expertise, and their ability to get things done.

You will not have the capacity to know and manage everything as your areas of responsibilities grow in scope and scale. Always ask yourself one simple question, “Am I the only one who can do this?” If not, do not do it. Assign it. If you are saying “yes” too often, then you are working at the wrong level, and potentially toward another problem: team development. I have worked with executives who could not grasp this concept, attended endless meetings, and gravitated toward detail. As expectations grew they became less effective and increasingly stressed. At some point, these executives were no longer considered promotable.

Working at the right level as an executive is only part of the equation. There will come a point in your journey at which you will need to make a difficult choice. Do you continue practicing medicine or do you commit full-time to your leadership career?

The sage advice of yesteryears was that you must maintain your clinical practice to have “street cred.” I agree with this advice at leadership levels closest to the sharp point of care (e.g., ER medical director). However, at senior levels of leadership, I believe this advice to be less sage and actually harmful to the promotion of physicians as leaders.

Since I graduated medical school, more than 1,000 new medications have been FDA approved. The EMR has replaced paper and medical knowledge has exploded. Maintenance of certification requirements has been implemented and regulatory agencies have layered additional requirements. During the same period, healthcare organizations have become increasingly large and complex and the principles of management and leadership in the global and technology-enabled business environment have evolved greatly.

In today’s world, it is a rare individual who can be both a great clinician and a competent senior executive. Those who try to do both often find themselves compromised on both ends, missing important meetings or cancelling clinics. Leaving clinical practice is a difficult decision and it should not be entertained until you are significantly along in your leadership career. However, when the time comes, you would be well-advised to definitively choose your path.

TEAM DEVELOPMENT

It is difficult to get to the top spot and almost equally difficult to stay there. You will not survive on past deeds. It is about what you delivered last year and what is anticipated to be delivered next year.

In truth, you will not deliver anything alone. Ultimately, your success will depend on the team around you. Successful

executives understand this and are uncompromising in their pursuit of developing a strong team.

Other executives compromise their organizations and eventually themselves because they do not exercise the same level of diligence. This may be due to a tendency toward conflict avoidance or our natural desire to be liked, especially when decisions affect a friend or a well-liked individual. You will need to do what needs to be done; do it fairly and with compassion, but do it. This may not enhance your popularity, but remember that first and foremost you have a fiduciary responsibility to the organization you were hired to lead.

Having the grit to develop a strong team is different from having the capability to do so. This circles back to CEO skill development and having a working knowledge of the disciplines. For example, among your most critical team members is the chief financial officer (CFO). How will you assess the CFO’s competency? After a financial crisis? Even then, is it a matter of circumstances or competency?

Without a working knowledge of areas like margin generation, budgeting, debt capacity, and business transactions, the CEO is ill-equipped to evaluate competency. I have watched high-level executives lose their jobs because they allowed marginal performers, questionable integrity, and/or drama to exist within their teams — another fatal flaw.

Build a top tier team and you will continue to build credibility with your stakeholders as they observe higher levels of performance and interaction. Recruiting, developing, retaining, and leading high-performing teams must be a strong focus at every level of career progression.

CONCLUDING REMARKS

As I conclude this series of articles, I offer a few final remarks.

Success is seldom a straight-line path. A history of setbacks is more often the norm. A sitting CEO can speak humorously about past failures and hardships, engendering laughter from the crowds. It is not so funny in real-time — especially when coupled with uncertainty. Accept this, learn, and move forward.

Despite good decisions and best efforts, goals are not always achieved. Odds are not in your favor. Health organizations may have thousands of employees, only one of whom can be the CEO. Your journey will differ from mine, but I am hopeful that the insights shared in this article will remain applicable. I wish you success.

For me, the journey has been greatly rewarding and it is a great honor and pleasure to serve and lead as a health system CEO.



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