A majority of senior executives, nearly two-thirds, enter 2017 optimistic about their prospects, according to a survey of nearly 1,000 executives taken after the 2016 U.S. presidential election. Healthcare executives also identified several trends which will greatly influence their roles and future requirements. This industry report explores several of these topics and the likely impact on healthcare’s future executives.

**Looming Pressures and Disruption Potential**

The leading contributor to the strong optimism registered in the survey was a positive view of industry growth and change. By a wide margin, respondents cited government regulations and finances as the two most disruptive forces for healthcare going forward. More than 36% named “increased regulatory and reimbursement requirements” as having the greatest direct impact on their own organizations.

While a significant challenge, it also presents a remarkable opportunity for future leaders. Experienced healthcare professionals who possess both clinical and financial acumen will play a critical role in moving the industry towards an overall reduction of healthcare spending growth. A recent *HealthLeaders Media* survey highlighted the primary areas for opportunities and threats, as shown in Figure 1.¹

**Progress Towards Value in 2017**

The industry’s transition from fee-for-service to pay-for-performance is another area where healthcare leaders can make significant progress in 2017. The *HealthLeaders* survey found that only 35% of hospitals are currently implementing the transition.² Similarly, healthcare organizations are slowly implementing a key transitional component, population health management. The B.E. Smith survey revealed that about 23% of organizations have a population health strategy in place with another 30% currently implementing. Strong clinical leadership will enable organizations to make considerable advancements in this area, directly impacting clinical, operational, and financial outcomes.

² Ibid.
Required Competencies for Future Leaders

Given the magnitude of these trends, it is not surprising that attention is being focused on identifying skills tomorrow’s leaders must possess. In this year’s B.E. Smith Intelligence Report, 30% cited addressing “leadership competencies” as their top concern. Another 23% selected ability to navigate “complex operating models.” Specific attributes were ranked as shown in Figure 2. The list suggests that long-term winners will be hyper-strategic, able to envision success pathways, adaptable to the shifting environment and able to communicate the direction broadly.

![HEALTHCARE LEADERSHIP ATTRIBUTES](image)

Many survey comments reinforced these ideas and underscored the change environment:

“**Fundamental changes will necessitate new models of care delivery. Leadership that is creative and nimble will do well and the affected patient populations will benefit.**”

“**Great change brings great opportunity to redesign and innovate our work.”**

“**Opportunity to create new healthcare models.”**

Role Requirements Not Static

The analysis of desirable competencies gains complexity from the fact that many leadership roles are a moving target. B.E. Smith has written extensively on the rapid evolution of requirements for future leaders. This year’s survey confirmed the trend, with nearly 18% stating that “evolving leadership roles and competencies” would most impact their organizations’ futures. Evolution has proceeded along at least two dimensions:

- **New Roles.** Reflecting the attributes shown in Figure 2, emerging titles affect nearly all clinical and administrative areas. Examples include:
  - Nursing: Chief Patient Experience Officer
  - Finance: Chief Investment Officer
  - Strategic: Clinical Transformation Officer
  - Physician: Chief Medical Information Officer
Recruiting the Executive of the Future

Current leaders recognize the urgency associated with recruiting the right talent for both today’s needs and tomorrow’s. At 32%, the top strategic recruiting challenge in the B.E. Smith Intelligence Report was “access to high quality talent.” Almost 60% asserted that finding quality candidates during an executive vacancy is their organizations’ leading overall challenge. The improving U.S. economy coupled with a 3% annual growth in healthcare jobs over the past few years have created a tight labor market.

In this environment, candidates and recruiters alike should focus on several strategies:

- **Be flexible.** Finding leaders at all levels with the desired array of qualities will not be limited to traditional candidates sourced from traditional locations. B.E. Smith has frequently counseled organizations to consider candidates with non-conventional resumes and to cast a wide net across multiple talent pools: geography, diversity, even industry. The Intelligence Report revealed that Finance and Hospitality are the outside industries strongly believed to best offer future healthcare leaders.

- **Understand candidate choice dynamics.** Candidates have choices. Recruiters often must finely calibrate the tradeoffs in candidate decision factors. For instance, even as organizations necessarily broaden their geographic search scope, leaders in the B.E. Smith survey named “location of the opportunity” as the chief reason they declined a desirable offer. Other survey responses suggest potential ways to overcome resistance with offers that tap keen candidate interest in advancement potential and work-life balance.

- **Attend to culture.** A healthcare organization’s “company brand/culture” was rated the strongest leadership recruitment motivator by over one-third of respondents, even surpassing compensation. That robust showing indicates the need to understand one’s culture, be able to articulate it, and leverage it to assess best fit with candidates.

- **Obtain help.** Assistance from outside advisors and organizations can optimize talent searches, augmenting internal recruiting efforts by providing access to passive candidates. A significant source of talent reflected by the 33% of surveyed executives who anticipate changing jobs in 6-12 months, not to mention the 79% who would consider a change for the right opportunity.

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Assess Tomorrow’s Leaders Today

While recruiting is key, most organizations believe they must also rely on leadership development. Indeed, 55% of Intelligence Report respondents said internal development would be a major strategy to strengthen leadership. Looking further into the issue uncovered a finding with interesting implications. Most leadership assessments, a backbone of a strong development program, are administered only to senior executives and nurse leaders. Far less assessment is directed to employees who may be future leaders: physicians and non-management employees deemed as high potential. Extending regular assessment to such groups can pinpoint excellent candidates as well as promote early intervention to help them adapt to changing role requirements.

Conclusion

Getting leadership right for the future is paramount. The path to success involves envisioning the strategic environment, forecasting leadership competency demands, and then executing strong recruitment, development, and assessment strategies. B.E. Smith has the resources and experience to assist organizations in developing or recruiting strong leaders with the skillsets to effectively lead in both today’s and tomorrow’s healthcare environment.