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## Ready? or Not? A First Look at Washington Hospital Succession Practices

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Succession planning in Washington is considered a priority by two thirds of the CEOs, Board members and strategic HR Executives responding to the recently concluded Moss Adams/Washington State Hospital Association Succession Readiness Survey. However the survey findings also illustrate a gap in awareness around the positive impact of formal succession planning practices.

Survey findings reveal that having a documented succession plan where a designated group or individual is accountable for results contributes to effective and successful leadership transitions.

When these two practices – plan documentation and implementation accountability – are not followed, 80% of respondents indicate they are unprepared for the transition of their key leaders.

### Role of Plan Documentation and Accountability

Of all survey respondents, less than half acknowledged having a documented succession plan in place. Between systems and independent hospitals, 71% of hospital systems' succession plans are documented as compared with 36% of plans at independent hospitals.

Roughly one third of survey respondents told us they have clear accountability in their hospital for implementation of the succession plan. In most cases either the Board or the departing executive is tasked with developing the plan.

discussions and they are currently working on development activities for successor candidates.

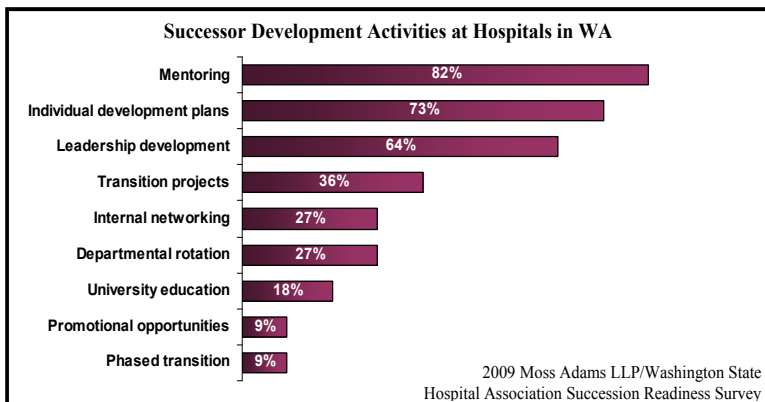
Of note, all institutions with documented plans and accountability for plan implementation indicated they felt prepared for future leadership transitions.

To further validate the merits of succession readiness, every WA hospital implementing a documented succession plan indicates their recent leadership transition experience was positive.

### What are WA Hospitals Doing?

A plan is just a plan until it's implemented. For the hospitals implementing their documented succession plans today, here's what our 2009 survey respondents told us:

- Their plan includes transition activities for the CEO and other C level executives
- Accountability for their plan implementation is assigned to a dedicated task force
- Succession is viewed as a priority of their Board (e.g. succession planning has been on their Board's agenda at least once in the past 12 months)



When accountability for implementation of the succession plan is clear, respondents indicate succession planning is included in board

- Individualized development plans are used for each successor candidate
- Mentoring is provided to their

successor candidates

Additionally, half of the respondents who had succession plan documentation and accountability provide clear development opportunities for successors. In addition to the development activities noted in the box to the left, these hospitals also include rotations, leadership development programs, and structured internal networking.

### **Additional Factors Impact Successful Leadership Transitions**

72% of survey respondents have experienced leadership transitions at the C-level within the past two years. Where those leadership transitions had been successful, respondents told us they attributed success to:

- A thorough candidate assessment process (65%)
- Clear communications about the process and their plan (23%)

If vetting leader candidates is a success factor, what are hospital leaders evaluating in their successors?

- Experience (65%)
- Emotional intelligence (61%)
- Technical expertise (52%)
- Strategic relationship (39%)
- Reputation (29%)

If clear communications are the second most significant contributor to successful transitions, what are hospital executives and board members saying about succession? Interestingly, only 15% of survey respondents said all of their potential successors are aware of the hospital's succession plan. An additional 19% of respondents revealed that "some" potential successor candidates are aware of the succession plan at their hospital. This suggests communication strategies for succession topics

will require greater attention in the future.

### **Our Initial Conclusions**

The good news here is when a hospital succession plan is documented and someone is made accountable for its implementation, leadership transitions are generally successful. Where we observe an absence of documentation and accountability, we see a lower prioritization and reduced succession preparedness. When compared to similar succession readiness studies conducted on a national level these WA findings are consistent.

Additional good news is that the steps to greater succession readiness are clear and within the purview of the hospital board and CEO. In future forums we'll continue to report on WA best practices, including the role of contingency plans and multi-level succession planning.



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