

Transitions in Leadership

Case Study



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March 2015

In early 2014, a large multi-specialty healthcare system engaged Coker Group to assist them with interim management of their Chief Financial Officer position. The assignment also included conducting a search, national in scope, for filling the position permanently. Coker vetted several candidates and then agreed to place into the role a full-time Coker employee with extensive experience as a CFO and CEO of several healthcare organizations.

The interim CFO assignment was filled in the first quarter of 2014. The acting executive immediately faced several issues, encompassing declining revenues in several important service lines and some growth and business development initiatives in critical service areas (cardiac services and orthopedics). Other challenges included competition from providers outside the region, who were making strong forays into the local market.

Over the next three to four months, the interim CFO was able to advance many of the initiatives that had stalled prior to his arrival. This individual performed in this role so successfully that he was asked to assume the role of interim CEO upon the resignation of the CEO for the system's large flagship hospital. This move left the CFO position vacant, which Coker then filled with another interim candidate with considerable experience in this area.

Utilizing the skill set from many previous CFO and CEO assignments, the interim candidates quickly aligned with other members of the senior management team of the health system. They expeditiously identified and prioritized opportunities to align costs, increase reimbursement, challenge charge master assumptions, and analyze service line margin contributions. This engagement provided an example of the previous C-Suite members as not collaborating with their peers and subordinates, thus creating a silo mentality regarding routine tasks and operational responsibilities. The advantage and the accomplishment included the interim appointees quickly developing closer and more effective peer relationships to focus on the identified priorities. When a leader of an organization has been in the slotted C-Suite position for some time, often they lose objectivity. In turn, they lose the confidence of their senior peer group. Fresh ideas offered by an objective outsider almost always are welcomed, appreciated, and embraced.

In these instances, an entire team can appropriately experience and celebrate better performance and an atmosphere of closer collaboration.

This case is an example of how interim executives can enter into an organization and guide it successfully through very precarious times. It also demonstrates how an interim leader can take ownership of an acting role and consider it his or her full-time position, to the point of promotion and assignment of greater responsibilities to the successful leader. Ultimately, the CFO position was filled permanently as a result of the executive search, and the organization lost no momentum during its conduct.

While the hospital CEO position eventually will be filled by a permanent employee, in the interim, the healthcare system has successfully traversed a time of significant turnover and disruption in their senior management structure. During this period, the system has acquired a new orthopedic ambulatory surgery facility and made steady progress with a clinically integrated model. Across the system, the organization has improved or maintained their financial performance within an increasingly competitive marketplace.