

Center for Hospice Care

Succession Planning Framework

(Updated December 2016)

Purpose of Framework

This document is a framework containing information and suggestions which the board's Search Committee may want to consider when the time comes for the replacement of Center for Hospice Care's top leadership position. It is not a step-by-step tool or a specific action plan. Times change and the leadership needs for Center for Hospice Care will also change. This framework is not directive or prescriptive. It is not intended to provide the answers, but rather assist with the questions the Search Committee may want to ask when faced with the circumstance of finding and appointing new leadership. This document is merely a tool to support the development of an assessment and decision-making process. There are no "correct answers" today for tomorrow's environment and needs for a successful non-profit hospice agency.

Background

A succession planning framework is important for all organizations. Few events in the life of a non-profit agency are as critical, visible, or stressful as when the top leader transitions, particularly if it is unexpectedly. Transitions at high profile non-profits agencies like Center for Hospice Care draw the attention of current and future patients / caregivers, referral sources, employees, donors, the media, partner organizations within the local healthcare provider system, and other stakeholders including the CEOs of other hospice programs across the nation. Leadership transition is an integral process. Considerations toward that process ideally should begin before the outgoing leader transitions their role. This framework document is meant to represent that proactive process. It has been developed to help facilitate a course of action when the time eventually comes. It is important that this document be updated from time to time.

Identifying the Next President/CEO: Demographic Trends and Challenges

Demographic and economic trends point toward leaner times for all U.S. healthcare providers and this includes hospice agencies. The U.S. population will continue to age and this includes the hospice industry workforce and its current leaders. Significant competition for top talent will continue to be the norm for all hospice organizations across the nation.

Center for Hospice Care is a nationally recognized and award-winning legacy hospice program. In recently released Medicare data, Center for Hospice Care ranked #100 out of 3,928 hospice programs in total number of Medicare beneficiaries served putting the agency in the top 2.6%

nationally. CHC ranked #107 out of 3,928 hospice programs in total number of Medicare service days provided putting it in the top 2.8% nationally.

In the recent past, large, nationally recognized non-profit hospice organizations faced with the retirement or the sudden loss of strong leaders have simply recruited experienced leaders from other like-sized hospice programs. There continues to be increasing importance for Center for Hospice Care to be prepared to make the investment to recruit nationally recognized talent if needed. But simply attracting talent from the competition may no longer be the “simple” viable option it was at one time. Many experienced and nationally recognized hospice leaders who were present at the birth of the industry have already retired and more and more are concluding their hospice careers. The pool of experienced non-profit hospice leaders with the capacity and experience needed to lead older, successful programs is shrinking quickly. Many of those who are currently viable candidates are less than ten years away from retirement and are not looking to “start over” in a new career. Still other experienced leaders – who began their careers as hospice clinicians (nurses, social workers, etc.) are leaving the industry altogether. Some are retiring earlier than expected because of the palatable distaste for what the industry has become (big business; ongoing additional scrutiny; 66% for-profit; large chain hospice programs, increased competition, etc.).

Additionally, many seasoned non-profit leaders are leaving due to an unwillingness to develop the needed business skills for managing the needs of today’s hospice programs. After 40+ years hospice is not as “special” as it once was. It is no longer a “social movement” but a \$15.8 billion (2015) industry. The original desire from the formative launch in the late 1970s to become an accepted component of the U.S. healthcare system has succeeded spectacularly. This achievement has also brought with it all of problems and headaches experienced by every other provider across the healthcare continuum.

The Work of Leadership

It can be said that the ultimate goal of leaders is to work themselves out of their jobs. Effective leaders plan an exit that is as positive and graceful as their entrance. They come to the job committed to the mission and goals of the organization and to their personal goals. When those goals are realized, the transition to new leadership becomes a primary focus. An excellent successor becomes, literally, the ultimate leadership responsibility.

When the time arises, succession planning is a process of systematically identifying and assessing talent to ensure leadership continuity. Succession planning does not exist in isolation. It must be interwoven with the agency’s strategic objectives and should reflect the way the agency needs to evolve to achieve its strategic goals. This means that the kinds of leadership styles, skills, and behaviors desired might be different in the future from those in the existing culture.

For example, at any large, older, and successful hospice program today, the current board and the current President/CEO must understand that the business situations facing current hospice leaders is very different from the one faced by previous generations. Current conditions consist

of the rapid growth of emerging technologies, a demand for more public accountability, historically numerous and diverse scrutiny from a variety of payment recoupment investigators and audit contractors, ever changing and increasing regulatory pressures, heightened expectations by Center for Hospice Care stakeholders, growing competition in the marketplace, continued uncertainty with national healthcare reform and payment reform, the stewardship of sustainable growth and value, increasing philanthropic importance, and the changing roles of non-profit hospice programs as they focus on policy, education, program development, and return on investment.

Creating Successful Transitional Capacity

A key issue related to succession is the transfer of knowledge. A leadership transition often leads to the loss of critical tacit knowledge that has built up throughout the years. Strategies such as intentional documentation, attention to effective systems and processes, and deliberate knowledge sharing are just a beginning. Creating a so-called "knowledge-based culture" can deliver dividends when an organization is faced with succession of a leader.

Knowledge transfer should start with intention and a road map that outlines the possible high-gain areas on which to focus. Creating a knowledge-based culture within a hospice agency can streamline the duplication of effort needed to reconstruct existing knowledge, and more importantly, it can minimize the risk of critical agency knowledge residing in the heads of only a few staff members.

When the time comes, a successful succession process will map the landscape, prepare for contingencies, and minimize disputes. Simultaneously, Center for Hospice Care will need to enable an orderly transition, ensure continuity, and build a continuing legacy of successful outcomes.

It is highly advisable that when there is a need to implement a succession plan, a national search company be retained for this purpose. Ideally, this should be a national search company specializing in President/CEO searches for non-profit hospice organizations similar in size and history to Center for Hospice Care. The firm should assist the Search Committee in determining the roles and goals of the search along with a reasonable timeline. A suggested national search firm is detailed at the end of this document.

Current Administrative Team Profile

Center for Hospice Care has been fortunate to have several relatively long-tenured leadership team members. Over the last few years, the evolving organizational structure of the Administrative Team has created leadership positions that broaden and deepen our capacity. The Administrative Team currently consists of six individuals, four of which report directly to the President/CEO. With lively debate tempered by mutual respect, the team works collaboratively and usually reaches consensus. The Center for Hospice Care Administrative Team approach has been taken directly from the hospice model of care. The agency is the "patient" and the

Administrative Team takes an “interdisciplinary team” approach to its care. The team clearly understands being the number one hospice program in the market is extensively more difficult than being number three because number one is the top target. Meaning, there is an appreciation of the fact that our biggest challenge is our own success. To stay on top, the Administrative Team begins by being dissatisfied with everything “as it is now.” The team dreams of what could be and then plans the approaches on getting there within a culture of shared ownership.

During any transition period between two President/CEOs and/or during the search period process, the existing Center for Hospice Care Administrative Team should be able to continue the operations of the agency at the same high level due to successful execution of its current goals and aims.

Identification of Current Administrative Team Goals

Organizational Systems/Knowledge Base – Administration’s goal is to have systems documented, knowledge base documented, and access to information available to all members of the Administrative Team. Knowledge of the industry, the business model, challenges and opportunities are regularly shared with all staff across the board at bi-monthly staff meetings.

Leadership Transitions – We are fortunate to have long-tenured leaders with strong relationships to Center for Hospice Care. When transitions have occurred on the Administrative Team, from a skills and experience standpoint, we have and will continue to take these events as opportunities for growth and to deepen the bench.

Relationships – Members of the Administrative Team has valued organizational relationships with key local institutions and designated national institutions and their leaders, local and federal government leaders, policy-makers at the state and federal level – many of which are directly related to end-of-life care. It is the Administrative Team’s goal to continue to assess these relationships and strengthen and broaden them so we have “multiple” and/or “tiered” relationships.

Current Key Administrative Team Skills

- Organization Skills and Ability to Multi-task
- Consensus Building
- Internal/External Communications
- Strategic Communications
- Creativity/Program Development
- Opportunity Assessment
- Development/Advancement of Relationships with Key Leaders – External/Internal
- Staff Capacity Building
- Creative Thinking
- Listening
- Facilitate Discussion

- Evaluate (Offer) Multiple Perspectives
- Skill to “read” Situations and Fashion Strong Arguments on Both Sides to Frame Issues
- Knowledge of Governmental (regulatory, legislative, administrative, policy) Processes
- Ability to Develop and Implement Strategic and Tactical Initiatives

Current Key Administrative Team Expertise

- Operational Management
- Not-profit Management
- Hospice/Palliative Care Expertise
- End-of-Life Care Disease Specific Experience
- Consumer Engagement/Outreach
- Finance
- Charitable Fund Development
- International Expertise
- Strategic Planning
- Legislative Processes
- Strategy Development / Strategic Implementation

Current Key Administrative Team Culture Contributions

- Staff Communications, Relationships
- Sharing with Staff How “The Hospice Business” Works
- Insuring All Staff Are Regularly Updated on Current Agency Status
- Consensus Building
- Building Board Relationships
- Building Trust -- internally/externally
- Strong Commitment to Service
- Living / Promoting Organizational Core Values
- Mentorship / Development of Staff
- Fostering Culture of Philanthropy – internally/externally
- Fostering Inclusiveness
- Fostering Culture of being a Learning Organization
- Fairness

Suggested President/CEO Replacement Profile

- Individuals with non-profit Finance & Operations experience; who understand the relationship between management and the Board; who can multi-task and can build trust and consensus.
- Individuals with strong management and leadership skills with ability to communicate and work well with people at all levels.

- Individuals having an in-depth understanding of hospice / palliative care and outstanding communication skills.
- Individuals with knowledge, skills, and abilities committed to the mission and vision of the organization with perspectives on patients / caregivers served, consumer needs, and the ability to develop and sustain relationships.
- Individuals with initiative, good judgment, and the ability to make decisions in a timely fashion.
- Individuals with a strong work ethic; achievement-oriented; motivated beyond personal interests.
- Individuals with maturity, flexibility, and successful fundraising expertise.
- Individuals with internal/external knowledge and skills to advance strategic initiatives and evaluate opportunities, with quick responsiveness.
- Individuals who are highly engaged, energetic, focused, and execution-oriented.
- Individuals with strong business acumen, intelligence, and capacity; able to think strategically and implement tactically.
- Individuals with an open leadership style who actively seek out and support collaborative thinking and problem solving and who do not view such dialogue around decisions as a personal attack on abilities.
- Individuals with strategic vision and thinking skills, and the ability to position the organization for the future by looking beyond the present situation to conceptualize key trends and identify changing market demands.

Replacement of the President/CEO

The Center for Hospice Care policy on this matter reads as follows:

“If the President resigns or the Board does not renew the President’s contract, the terms of the current contract will automatically be executed. The Executive Committee must immediately appoint an interim president at terms mutually agreed upon by both parties. The Executive Committee will act as the Search Committee for replacing the President. The search process shall be under the direction of the Executive Committee. The Search Committee will review potential candidates, and make a final selection. Once a selection is made, the selected candidate (Designee) will negotiate with the Chairman of the Executive Committee (on behalf of the Executive Committee) the compensation and benefit package, as well as other terms of his/her contract. The Executive Committee shall have sole authority to determine the terms of the Designee’s contract and annual compensation and benefit package. Once negotiations are

completed, the Executive Committee shall make a recommendation to the Board for approval of the Designee's appointment as President. If the Board approves the selection, the Chairperson of the Board of Directors shall have the sole authority to execute a contract for employment."

Sudden/Unexpected Loss of President/CEO

Should there be a sudden/unexpected loss of the President/CEO, the goal would be for the organization to continue to operate without interruption while staffing evaluation, planning and recruitment occurs. As outlined previously, the talents and tenure of the current Administrative Team should be able to continue to keep the organization functioning at its current high level.

However, the sudden and unexpected loss of a President/CEO has the potential to throw the best-performing corporations into a tailspin if an emergency succession process is not enacted. An emergency succession process should include: (1) the immediate appointment of an interim President/CEO by the board of directors, (2) communicating with key stakeholders, and (3) rapidly initiating a national search with a consultant company specializing in President/CEO searches for non-profit hospice organizations similar in size and history to CHC. The firm should assist the Search Committee in determining their roles, skills, and goals. A rapid transition to interim leadership is critical to avoid a vacuum in a key leadership position.

It's also essential that we communicate to key stakeholders that existing staff capacity has the skills and abilities needed to continue the work of Center for Hospice Care. Throughout the past several years we have been focusing on internal communications, expanding the organizational knowledge base with access to information being available to the Administrative Team, and deepening our bench strength in all key positions when opportunities arise. Due to the strengths of the Administrative Team, Center for Hospice Care is perfectly capable of operating for some time under an interim President/CEO.

Specific Plans for President/CEO Sudden/Unexpected Change

While the President/CEO has the key role in managing transition of the Administrative Team members, the Center for Hospice Care's Board of Directors, and specifically its Executive Committee, has the key role in managing and leading a transition of the CEO.

If the President resigns, dies, is terminated by the board, or the board does not renew his/her contract, the Executive Committee must immediately appoint an interim President/CEO. It is highly recommended that the interim President/CEO not be a member of the volunteer board of directors.

If the President/CEO dies while employed by Center for Hospice Care, the corporation will be the beneficiary of a \$500,000 life insurance policy. These funds are intended to provide for expenses related to a national replacement search, potentially needed consulting services, potential legal services, potential outside interim leadership, and any other expenses related to the replacement of the President/CEO. This life insurance policy has been in place since 1998 and the amount was increased in 2003. The intent of this life insurance policy is to allow the

Search Committee to concentrate on the search and not worry about the expenses of the process. Under current policy, as outlined previously, the Executive Committee acts as the Search Committee for replacing the President/CEO and the entire search process is under the direction of the Executive Committee. The Search Committee will review potential candidates and make a final selection. The Executive Committee shall inform the board of its final candidate selection and make a recommendation to the full Board that the candidate be hired. If the Board approves the selection, the candidate shall be hired and the new President/CEO assumes office.

Conclusion

This document is not intended to be prescriptive or directive, but only to offer potential items for consideration and discussion during the succession process. This document does not represent board policy and is only intended as a tool for the Executive Committee, while acting as the Search Committee, when the time comes to implement a succession plan for the President/CEO of Center for Hospice Care.

Recommended Search Firm with Specific Hospice Industry Experience for a President/CEO Transition

The Furst Group
2902 McFarland Road
Suite 100
Rockford, IL 61107

Contact: Bob Clarke, CEO
800-642-9940

The Furst Group is in its fourth decade of providing executive search and consulting services for the healthcare industry. Their experience in evaluating talent, leadership and culture helps companies align their organizations to execute their strategic initiatives. Their relationships, processes and attention to details put a premium on service excellence and client satisfaction. Their roots are in managed care, so many of the challenges and concepts in the new era of healthcare reform are familiar to us, albeit in different terminology. Today, their business is equally divided between payors and providers. Their clients include many of the premier organizations in healthcare.

The Furst Group recognizes partnerships are the cornerstone of its business. In today's competitive talent environment, having a defined process that provides clients and individuals with clarity and feedback throughout the entire job search is paramount to their business model. The Furst Group ensure candidates:

- ☐ Understand the nuances of a particular position or organization.
- ☐ Are prepared for interviews and conversations.
- ☐ Have access to interview and travel schedules.

- ☐ Are provided timely feedback.
 - ☐ Remain in the database for future contact.
 - ☐ Value diversity and the principles and ethics practiced by our client organizations.
- The Furst Group's specific non-profit hospice President/CEO search client list includes:

The Center for Hospice and Palliative Care (Buffalo, NY)
The Denver Hospice (Denver, CO)
Haven Hospice (Jacksonville, FL)
Hospice of the Bluegrass (Lexington, KY)
Rainbow Hospice (Chicago, IL)
Suncoast Hospice (Clearwater, FL)
National Hospice and Palliative Care Organization (Alexandria, VA)

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