

Ready for the Unthinkable

An emergency succession plan may never be used, but it's still a necessity for every hospital

By Rian M. Yaffe and Alexander C. Yaffe

A key function of every board is to ensure that effective leadership is in place so that the institution it governs can continue to achieve its mission, vision and strategic goals. But what happens if there is an unexpected leadership vacuum due to the chief executive's untimely death in a car accident or because of a heart attack? What does the board have to accomplish the next morning?

Having a crisis management plan for an unplanned CEO vacancy should be on every board's short list. Two-thirds of all hospital CEOs are 55 or older, according to a recent executive compensation survey, and 40 percent of CEOs are 60 or older. With an aging CEO population, hospitals and their boards not only should have in place a succession plan for typical leadership transitions, but

also an emergency plan that covers contingencies resulting from an unexpected vacancy in the CEO position.

The goal of a crisis succession plan is to ensure continuity in leadership with as little disruption as possible.

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The plan allows the board to mitigate risk to organizational operations and reputation that an unexpected vacancy can create. Once one occurs, it is too late to start thinking about an emergency succession proce-

sure. It's far better to have a predetermined roadmap to lead the board and the organization through the crisis.

An emergency succession plan does more than identify CEO candidates; it ensures an orderly transition and continuance of business during a time of upheaval and helps to ease stakeholders' concerns. While it may seem that the priority would be to select a new leader, that task should be addressed only after a planned transition to interim leadership has taken place. This transition will be far easier and less disruptive if an emergency plan already has been developed.

The board chair, vice chair and current CEO are often the best candidates to develop the emergency succession plan. An effective plan addresses the following four areas.

Identification of an interim CEO candidate: While it is critical to identify one or more candidates who can take over the CEO's responsibilities, it is better not to inform them that

they have been identified to potentially assume the job. This allows the plan to remain flexible and the list of candidates to be updated if necessary. If there are multiple candidates, one of them should be selected and named in the plan. The plan should be reviewed annually and amended as needed.

Delineation of the CEO's priorities: The plan should outline the functions that require the interim CEO's highest attention, such as relationships with the medical staff and the board. Identifying these functions ensures that the board and interim CEO clearly understand what needs attention and allows the interim CEO to be most effective in

Getting It Done: Six Steps to Create a Plan

Use these steps to begin developing an emergency succession plan:

- Determine what resources are needed to create the plan.
- Identify a potential interim CEO.
- Identify priority functions for the interim CEO's attention.
- Determine who should address benefits and issues related to employment of the previous CEO.
- Develop a plan to communicate to stakeholders.
- Review and update the plan at least annually.

shepherding the organization.

Benefits processing: In some cases, there may be benefits or other considerations related to the previous CEO's employment that need to be addressed expediently. Because those issues may be the responsibility of outside firms, rather than the organization's human resources department, the plan should identify such considerations and who is responsible for addressing them. In addition, the responsibility for review and determination of the interim CEO's compensation should be assigned and documented in the plan.

Communication to stakeholders: It is essential to identify all stake-

holders who need to be informed about the interim CEO and plans going forward. Then, the group should develop a communications plan for each audience. Like any crisis communications plan, it is important to identify an appropriate spokesperson and key messages for each audience to ensure that information is disseminated in a timely, appropriate, clear manner. The board chair is often the best candidate for this role.

The final plan should have limited distribution: The board chair and a designated senior staff person, such as the organization's senior counsel or outside counsel, should have a copy, along with any consultants

who aided the process. However, while the full board should be informed that an emergency succession plan exists, the specifics need not be shared fully.

Developing an emergency succession plan might seem like a great deal of work for an unlikely situation. But should a hospital ever face a sudden, unexpected vacancy at the top, having an emergency succession plan in place can ensure that a tragic event doesn't jeopardize the entire organization. **T**

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