

*WittKieffer*

HEALTHCARE

CEO Transition  
Guide

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# CEO TRANSITION ROADMAP

## GUIDE STRUCTURE

A comprehensive, evidence-based framework for healthcare boards navigating one of their most consequential decisions

### CEO TRANSITION

01

**FRAMING THE  
STRATEGIC  
IMPERATIVE**

CEO transition as a critical board responsibility; three main scenarios for leadership change

02

**GETTING  
READY**

Understanding when to initiate the process; definition of roles and responsibilities; and formation of effective search/transition committees

03

**ORCHESTRATING  
THE PROCESS**

Identification and evaluation approaches; development of internal capabilities; external benchmarking/search; and contract negotiation

04

**ACCELERATING  
IMPACT**

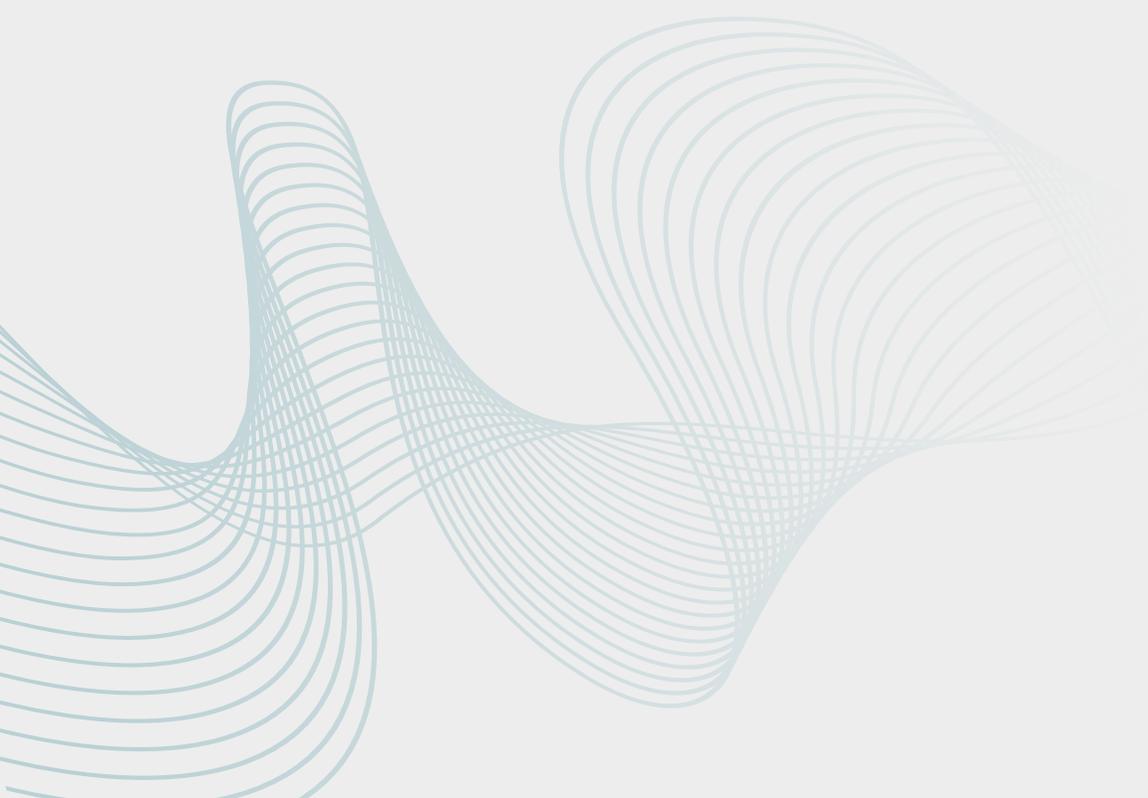
Onboarding strategies that accelerate the learning curve and position the new CEO for early momentum

05

**SHARING  
PRACTICAL  
GUIDANCE**

Practical and proven recommendations for boards to lead CEO transitions effectively and impactfully

# 01. FRAMING THE STRATEGIC IMPERATIVE



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## Why CEO Transition Matters

Today's healthcare CEOs face an extraordinary convergence of challenges. CEO tenure has shortened dramatically: while tenures of 10 to 15 years were common in the 1980s and 1990s, the average CEO tenure today is hovering around 5 years (American College of Healthcare Executives, 2023), with many leaving even sooner. This compression means CEOs have less time to demonstrate impact. Simultaneously, leadership responsibilities have expanded exponentially, and CEOs must navigate a complex web of emerging and intensifying pressures: workforce crises, regulatory changes, evolving care delivery models, technology integration, and relentless financial pressures. This profound role transformation makes CEO transition planning an even more critical strategic imperative.

The data underscore the urgency. Hospital and health system CEO turnover remains structurally high, averaging 16% to 20% annually over the past decade (American College of Healthcare Executives, 2023). With one-third of health system CEOs aged 65 or above, boards face a demographic cliff. Yet only 60% of healthcare boards have formal CEO transition plans (American Hospital Association, 2025). The consequences of this planning gap are severe: up to 40% of newly appointed CEOs fail to meet performance expectations in their first 18 months (Harvard Business Review, 2016). For healthcare boards, these statistics represent not just missed opportunities for smooth leadership transitions, but significant organizational risk, with direct replacement costs of \$1.5 to \$2.5 million per CEO and indirect disruption costs, such as strategy delays, morale erosion, and damaged stakeholder relationships, that can equal 5 times annual salary (The Health Boardroom Brief, 2025).

Finding the right leader is only part of the equation. How boards manage the transition process — from planning through onboarding — fundamentally shapes whether that leader succeeds or struggles. Effective leadership planning is proactive and future-facing, while also reflective of the specific needs and challenges that each organization faces. When executed diligently, effective CEO transition planning:

- **Prepares** organizations for inevitable CEO leadership change, treating transition like other critical business planning processes
- **Drives** strategic alignment between the board, CEO, and leadership team, creating clarity around organizational priorities and the capabilities needed to achieve them
- **Supports** organizations in navigating the CEO transition process, providing structure and stability during a transformative period
- **Ensures** a seamless handoff to the future CEO and mitigates risks, minimizing disruption to operations, strategy execution, and stakeholder confidence

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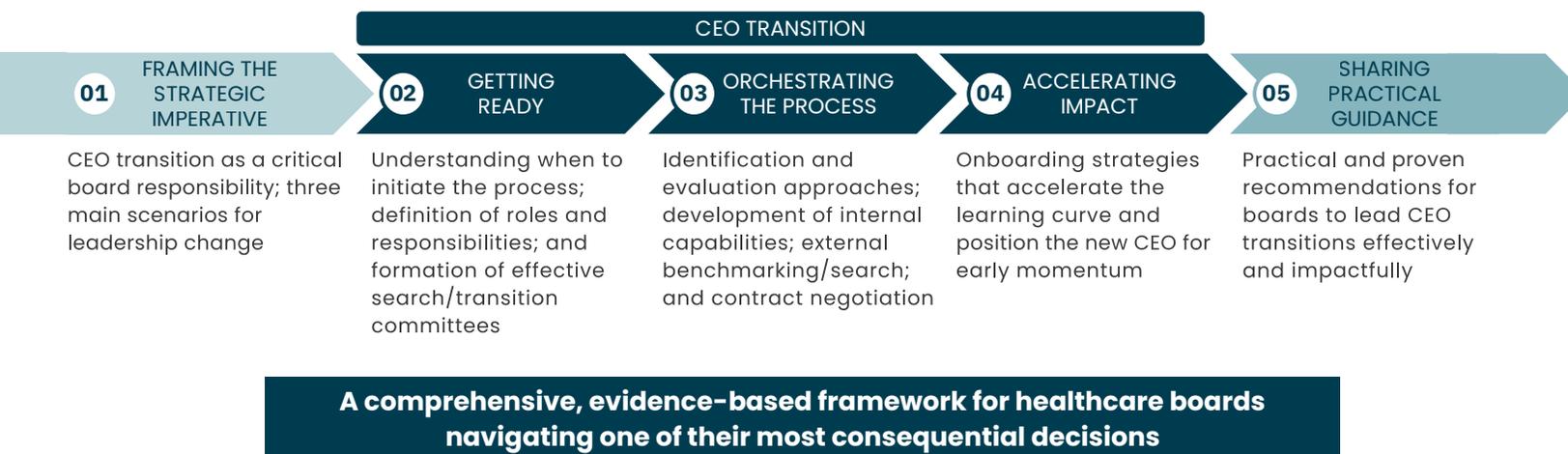
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This guide serves as a comprehensive reference for nonprofit healthcare boards navigating one of their most consequential responsibilities. We provide a cohesive roadmap to support boards in their unique CEO transition journey, offering tailored approaches to lead this process with clarity and discipline.

Structured in 5 chapters, the guide addresses:

- 1. Framing the strategic imperative:** Recognizing CEO transition as a fundamental governance responsibility and understanding the distinct dynamics of three main transition scenarios
- 2. Getting ready:** Determining the optimal timing to begin the process, clarifying board and search/transition committee roles, and building the infrastructure for effective oversight
- 3. Orchestrating the process:** Managing candidate identification, internal talent development, external market assessment, and final selection through contract execution
- 4. Accelerating impact:** Designing onboarding approaches that compress the learning curve and create conditions for early leadership momentum
- 5. Sharing practical guidance:** Offering actionable recommendations to help boards navigate common challenges and lead transitions with confidence and impact

## CEO TRANSITION ROADMAP GUIDE STRUCTURE



Whether facing an immediate CEO departure, preparing for a transition over the next 6 to 12 months, or building a multi-year succession plan, each chapter of this guide provides actionable frameworks and evidence-based guidance to manage the complexity with competence. The quality of the CEO transition process will shape an organization's trajectory for years to come.

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## CEO Transition as a Board Imperative

Managing CEO transition is a primary and ongoing responsibility of the board. Yet despite its importance for the organization's future, this planning is often postponed and addressed only when a leadership change is imminent due to retirement or performance concerns. This reactive approach represents a governance gap that exposes organizations to unnecessary risk, with 69% of boards less ready for transition than they believe (Harvard Business Review, 2023).

The governance ambiguity begins with a fundamental question: Who should raise the topic of CEO transition? This uncomfortable question often falls into a leadership void. Many organizations are unclear on who owns primary responsibility for CEO transition planning. Research reveals significant variation and even internal conflict: 56% assign it to the full board, 37% to the compensation committee, 29% to the nominating/governance committee, and 24% to the incumbent CEO (Deloitte, 2023). This lack of role clarity creates confusion and delays action — precisely when clarity matters most.

The reality of CEO exits compounds this challenge. In 2025, only 55% of all CEO transitions in the U.S. were orderly (i.e., the CEO stepped down or retired) (Challenger, Gray & Christmas, 2026). The remaining 45% were unplanned and driven by resignations, new opportunities, or undisclosed reasons. In healthcare specifically, unplanned exits stem from performance failures (financial, strategic, or turnaround efforts), relationship breakdowns (board-CEO or medical staff conflicts), and leadership sustainability issues (burnout, work-life pressures, or lack of strategic alignment).

Notably, 83% of transitions are initiated by the outgoing CEO, most often due to age/tenure, future organizational needs, or personal reasons (Harvard Business Review, 2024). This CEO-initiated pattern masks a deeper problem: when the CEO drives the leadership change timeline, boards often find themselves reacting rather than leading, undermining sound governance.

CEO transition planning must be prioritized as a critical board responsibility for the following reasons:

**First, it drives strategic alignment now.** The transition planning process serves as a forcing mechanism to surface areas where board directors may be misaligned with one another or with the CEO and leadership team. This enables the board to agree on future needs and requirements for the top leader while improving their ability to support — and when needed, challenge — the current CEO on strategic priorities. The benefits accrue immediately, not just during or after a leadership change.

**Second, it enables executive development today.** Proactive transition planning provides momentum for executive development across the organization. Long-term planning can identify and develop leadership talent well before the need, strengthening performance now while giving new talent time to truly understand the organization. This transforms transition from a periodic event into a development journey for the CEO, potential successors, and the board itself.

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**Third, it prepares organizations for inevitable leadership change.** Whether through retirement, resignation, dismissal, or illness, every CEO will eventually depart. A sound plan accounts for emergency situations and other contingencies while outlining what an orchestrated transition looks like. With a comprehensive plan in place, boards ensure smooth leadership transitions and minimize the disruption, replacement costs, and indirect damage.

## CEO TRANSITION AS A BOARD IMPERATIVE

### BENEFITS



#### DRIVES

strategic alignment  
**NOW**

*Surfaces areas where directors are misaligned in the boardroom and with the CEO and leadership team*



#### ENABLES

executive development  
**TODAY**

*Identifies and develops internal talent well before needs arise, strengthening both current performance and future readiness*



#### PREPARES

for inevitable change  
**TOMORROW**

*Ensures smooth transitions whether through retirement, resignation, dismissal, or unforeseen circumstances*

Effective CEO transition planning should begin early — ideally as soon as a new CEO takes office — and never really stop. It is a continuous process, not a discrete event. This approach treats leadership change like other critical business planning processes: strategic planning, capital expenditure planning, and financial budget planning all receive regular and focused board attention. CEO transition planning deserves the same discipline.

When transitions falter, organizations risk not just momentum loss but strategic drift, talent exodus, and eroded stakeholder confidence — consequences that can take years to reverse. Conversely, when boards lead the planning process proactively and systematically, they position their organizations to navigate leadership change with confidence, continuity, and clarity. And, in today's volatile environment, any activity that fosters both current and future performance is an absolute necessity.

The most effective boards recognize that CEO transition is not something to defer until necessity demands it. By treating transition as a continuous governance priority rather than a reactive and episodic necessity, boards transform one of their most significant risks into a powerful catalyst for organizational renewal and sustained performance.

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## Three Main Scenarios for CEO Transition

Not all CEO transitions are the same. Understanding the distinct circumstances of each leadership change enables boards to match their approach to the situation at hand while maintaining the discipline that effective transition planning requires.

Organizations typically face one of three scenarios for CEO transitions, each with distinct timeframes, activities, and implications. While these scenarios provide a useful framework, every organization's context is unique, and elements from multiple scenarios may overlap or present differently in practice.

### Scenario #1: Immediate CEO Transition

*(Days to Weeks)*

Immediate transitions are typically reactive responses triggered by sudden departure, incapacitation, or crisis situations. When a CEO unexpectedly leaves, boards face intense pressure to minimize the disruption during a critical period when organizational stability hangs in the balance. A primary goal is rapid stabilization: ensuring that critical decisions continue to be made, stakeholder confidence is maintained, and operations proceed without distraction.

In ideal circumstances, boards activate a pre-existing **emergency transition plan** that identifies successors who can step into the role immediately. These individuals are typically senior executives or board members who have been previously identified based on a CEO profile that identifies the skills, attributes, and experiences necessary for various scenarios. When the time comes, boards with an emergency transition plan in place match the leader to the current scenario or challenge, ensuring the right fit given the current market and organizational circumstances. Simultaneously, boards activate the previously developed emergency plan, including a communication plan.

When no clear emergency successor exists or previously identified candidates are unavailable, boards may appoint an **interim CEO** to establish organizational stability and provide continuity while the board determines a longer-term approach. This can serve the organization well by preventing rushed appointments and allowing the board time to conduct a thorough search process for a permanent successor. Throughout this phase, boards should support the interim CEO, align on expectations, ensure engagement with the leadership team and key stakeholders, update internal and external communication as needed, and stay vigilant for any unintended consequences related to the interim placement.

The benefit of having a robust emergency plan in place cannot be overstated. Boards that have prepared for this scenario are well-positioned for the unexpected and are aligned on their commitments, with critical tasks and responsibilities identified and preassigned. This preparation provides critical safeguards and business continuity, preventing the leadership vacuum that can paralyze decision-making, erode stakeholder confidence, and create reputational risks during already stressful periods. Conversely, without such preparation, boards risk making hasty decisions under pressure; very often, these are decisions that may not serve the long-term interests or result in costly mis-hires that compound the original crisis.

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## Scenario #2: Short-Term CEO Transition

*(Up to 12 Months)*

Short-term transitions represent a deliberate yet relatively quick process, typically occurring when boards have some advance notice — perhaps 6 to 12 months — to conduct a thoughtful CEO search. This scenario might arise when a CEO announces retirement plans, accepts another position, or when the board determines that a leadership change is necessary and can be managed with intentional planning.

The process is structured around clear, step-by-step procedures for identifying, selecting, and transitioning to a new CEO. Unlike the crisis response of scenario #1, boards have sufficient time to be structured and methodical while maintaining urgency. The challenge lies in balancing thoroughness with timeliness, conducting a comprehensive search without allowing the process to drag on so long that organizational momentum stalls or key stakeholders lose confidence.

A hallmark of effective short-term transitions is the **dual track** approach, which balances a diligent external search with the simultaneous assessment of qualified internal candidates. This ensures fair consideration of all options and prevents the common pitfall of either automatically promoting from within or reflexively looking outside without proper evaluation of internal options. The board examines internal candidates against the same rigorous criteria applied to external prospects, using a future-facing leadership profile and objective, data-driven assessments rather than familiarity or tenure as the primary decision factors.

Throughout this process, **strategic alignment** remains paramount. Despite compressed timeframes, boards must maintain focus on aligning the desired CEO leadership profile with organizational strategy. This means resisting the temptation to simply find someone who can do the job and instead identifying a leader whose capabilities, experience, and vision match where the organization needs to go, not just where it has been.

This approach provides a clear and efficient process for transitioning to a new CEO, ensuring alignment with enterprise goals while avoiding the pitfalls of rushed decision-making that plague crisis transitions. Organizations emerge with confidence that they have selected the right leader through a fair, comprehensive process.

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## Scenario #3: Long-Term CEO Transition

(2 to 5 Years)

Long-term transitions represent the gold standard of CEO succession planning: multi-year strategic development processes that emphasize building internal leadership capabilities and organizational readiness well before the leadership change becomes necessary. This proactive approach, ideally initiated when a sitting CEO is performing well and has no immediate plans to depart, transforms transition from a forced event into an invigorating journey.

The focus is squarely on **internal development** and **organizational capability building**. Rather than waiting until a vacancy exists to identify potential successors, boards work with the current CEO to assess and develop internal executives, preparing them for future leadership roles over an extended period. This creates a robust succession pipeline where multiple potential successors are identified, evaluated, and systematically developed through individualized development plans. These plans might include leading major cross-enterprise initiatives, serving on external boards, representing the organization in key stakeholder relationships, or taking on interim leadership roles that build specific capabilities identified as critical for future success. The goal is not simply to prepare one successor but to strengthen the entire leadership team and broader talent bench, creating organizational resilience and depth.

Comprehensive **external benchmarking** plays a critical role in long-term succession planning. While the emphasis is on internal development, boards benchmark internal candidates against external talent to ensure they are developing best-in-market leaders. This external calibration serves multiple purposes: it validates that internal development efforts are producing leaders who can compete with the best external candidates, it identifies capability gaps that need to be addressed, and it builds confidence in the internal pipeline. Importantly, this benchmarking is developmental rather than evaluative; the goal is to strengthen internal candidates, not to undermine them. And, in some cases, external benchmarking may reveal that a formal **external search** is warranted: either because internal candidates require additional development time or because market realities and organizational needs have evolved in ways that necessitate capabilities not currently available internally.

The benefits of this long-term CEO succession approach are substantial and multifaceted. Organizations build a robust leadership pipeline, strengthening executive talent and increasing the optionality of a well-prepared internal successor. The process of developing multiple potential successors enhances the entire leadership team, improving current organizational performance while preparing for future needs. When transition eventually occurs – whether to an internal or external candidate – the organization benefits from a stronger leadership bench. For internal appointments, this approach ensures leadership and cultural continuity while retaining institutional knowledge. It also demonstrates to high-potential executives that there are genuine pathways to the top, supporting retention of key talent. For external appointments, the organization benefits from fresh perspectives and new capabilities, while the strengthened internal team provides essential support during onboarding and knowledge transfer.

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While scenario #3 represents the governance ideal – proactive, multi-year, and development-focused – many organizations find themselves in scenarios #1 or #2. The essential discipline is accurately (and honestly!) evaluating the current leadership situation and understanding the range of approaches available. Boards should calibrate their response to fit their specific organizational context while simultaneously establishing the foundation for more planful, long-term succession planning in future transitions.

## THREE MAIN SCENARIOS FOR CEO TRANSITION

	SCENARIO #1 Days to weeks	SCENARIO #2 Up to 12 months	SCENARIO #3 2 to 5 years
	IMMEDIATE 	SHORT-TERM 	LONG-TERM 
FOCUS	Reactive Crisis response	Deliberate Structured process	Strategic Multi-year planning
KEY ELEMENTS	Emergency transition plan Interim leadership	Dual track Strategic alignment	Internal development Organizational capability building External benchmarking/search
BENEFITS	Organizational stability	Efficient transition	Leadership pipeline

Regardless of scenario, certain principles remain constant: the board must lead the process, clarity of roles and responsibilities is essential, and the focus must remain on finding the right leader for the organization's future, not just filling a vacancy. A board facing an immediate transition can still apply a strategic crisis response. A board conducting a short-term search can still incorporate developmental elements for internal candidates to the extent that the time allows. And a board engaged in long-term planning must remain flexible enough to adapt if circumstances change unexpectedly.

The three scenarios are not mutually exclusive pathways but rather points on a continuum of transition planning. Organizations can move along this continuum by investing in the essential elements of effective planning: clear CEO role profiles, robust executive development programs, regular talent reviews, and board commitment to treating CEO transition as an ongoing strategic priority rather than an episodic event.

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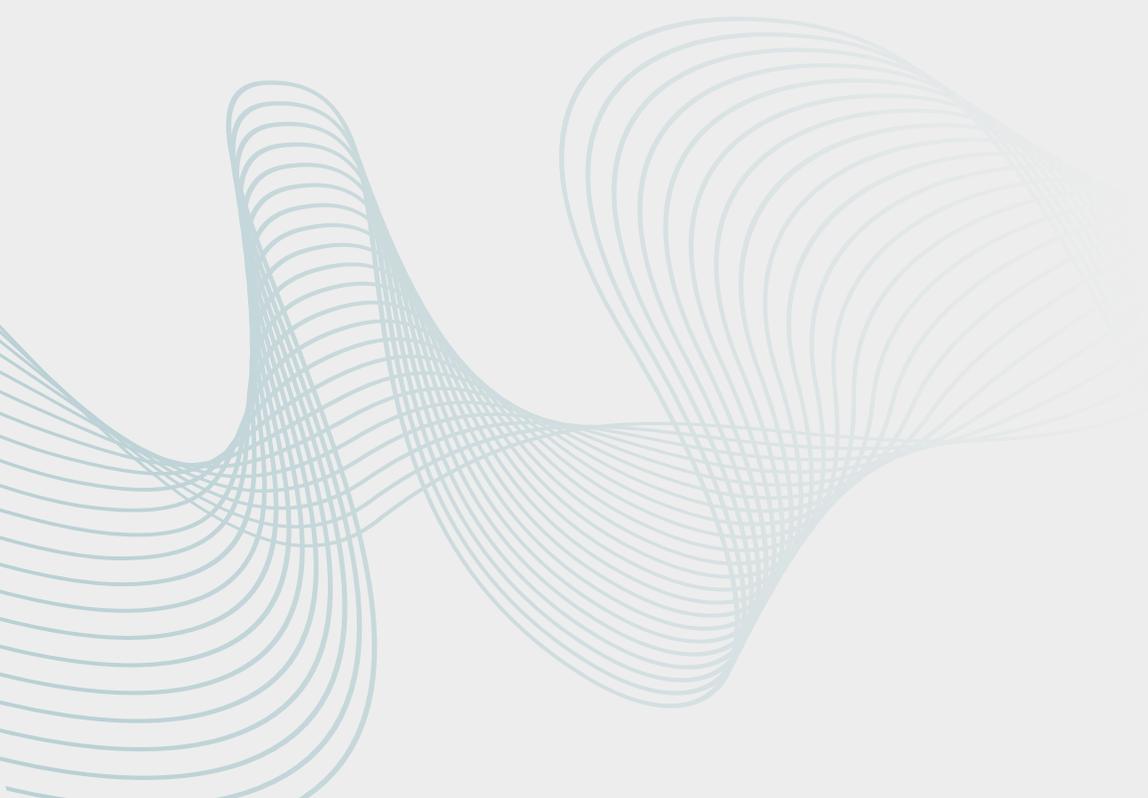
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## The Right Time: When Boards Should Act

The question is not whether an organization will face a CEO transition — it is when. Boards often struggle to recognize the signals that should prompt them to take action. Understanding these indicators and responding proactively separates high-impact boards from those caught unprepared. Two foundational practices enable a proactive approach regardless of the situation boards ultimately face.

First, a clear **engagement structure**. How boards structure the CEO employment relationship fundamentally shapes their ability to maintain strategic oversight and plan effectively for leadership transitions. In healthcare, organizations typically use one of two approaches: contracts with defined terms or evergreen arrangements. Each creates different dynamics and requires different disciplines.

Defined-term contracts create natural checkpoints — usually every 3 to 5 years — when boards must explicitly decide whether to renew the CEO contract. This built-in cliff forces strategic dialogue about organizational direction and leadership alignment at predetermined intervals. The impending contract expiration serves as a catalyst for conversations that might otherwise be deferred, providing clear timelines and reducing the awkwardness of initiating difficult discussions. This structural mechanism is especially valuable for healthcare boards, which often face governance dynamics that complicate proactive leadership discussions.

On the other hand, evergreen arrangements provide flexibility and mitigate the lengthy negotiations that can accompany contract renewals. However, they demand greater discipline from the board. Absent the natural prompt of contract expiration, boards must be intentional in creating regular strategic checkpoints, aligning them with multi-year strategic planning cycles or predetermined intervals to conduct comprehensive assessments of organizational direction and leadership alignment. This approach works well for boards with strong governance practices and the discipline to foster proactive strategic discussions.

Regardless of the structure chosen, the critical principle remains: boards must systematically evaluate whether current leadership capabilities align with the organization's evolving needs, ensuring continuous readiness for transition instead of scrambling when changes become necessary.

Second, robust **annual performance evaluations**. Distinct from the strategic checkpoints embedded in engagement structure, annual performance evaluations focus on the CEO's execution against specific goals, objectives, and organizational performance metrics. When performance evaluation is embedded as a regular, substantive conversation rather than a perfunctory exercise, both the board and the CEO develop a shared understanding of organizational needs and leadership effectiveness.

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In evergreen arrangements, these annual evaluations also provide a natural opportunity to address compensation adjustments, ensuring that performance and rewards remain aligned without the complexity of multi-year contract negotiations. In defined-term contracts, annual evaluations provide ongoing feedback between the broader strategic checkpoints that occur at contract renewal.

This continuous assessment ensures that decisions about leadership changes, while never easy, do not come as unexpected shocks to either party. Instead, they emerge from honest, evidence-based discussions that have been building over time, allowing boards to respond thoughtfully rather than reactively and plan for leadership transitions that serve the organization's best interests.

With these foundational practices in place, boards can more effectively recognize and respond to the specific circumstances that trigger CEO transitions.

### ***Planned Retirement or Departure***

Across U.S. industries, the most common scenario involves an orderly CEO transition (33% of all CEO transitions in 2025), followed by planned retirement (22%) – a pattern consistent with long-term trends in how CEOs exit their roles (Challenger, Gray & Christmas, 2026). When a CEO announces their intention to leave within a defined timeframe, boards are given an opportunity to plan accordingly. However, boards often squander this opportunity by delaying substantive planning until the departure feels imminent. To make the most of this situation, the best course of action is to take immediate steps the moment a departure timeline becomes known.

The demographic reality intensifies this urgency. With one-third of healthcare CEOs aged 65 or above, the industry faces a predictable wave of transitions. Rather than waiting for formal retirement announcements, boards should proactively engage their CEOs in ongoing conversations about long-term career aspirations and life plans, exploring how these align with the organization's evolving leadership needs. This collaborative approach fosters trust and supports thoughtful transition design that honors both the CEO's vision for the future and the organization's leadership continuity requirements.

### ***Strategic Inflection Points***

Healthcare's rapid transformation often demands different leadership capabilities. A merger or acquisition, geographic expansion, shift to alternative delivery models, significant technology implementation, or fundamental business model transformation may reveal that current leadership – however successful in the past – lacks the specific expertise required for the future. These strategic inflection points require boards to make honest, sometimes difficult assessments about leadership fit. A CEO who excelled at operational turnaround may lack the creative thinking, risk-taking, or market-oriented skills needed to drive innovation and growth. A leader who successfully navigated traditional reimbursement optimization may struggle with the complexities of population health management and risk-based contracting. Similarly, a CEO with deep clinical integration expertise may not possess the ability to build and manage strategic partnerships and alliances increasingly essential for competitive advantage.

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High-impact boards continuously assess whether their CEO's capabilities align with the organization's evolving strategic needs, particularly as healthcare delivery models undergo significant change.

### ***Performance, Ethical, and Cultural Concerns***

Some CEO transitions are more complex, particularly when performance issues, ethical breaches, or cultural concerns necessitate a change in leadership. Warning signs can creep up gradually: persistent underperformance against strategic objectives, inability to adapt to market shifts, erosion of stakeholder confidence, departure of pivotal executives or physicians, or frequent mentions of toxic organizational culture. In these situations, boards face the task of distinguishing between temporary setbacks and fundamental leadership misalignment.

When strategic execution consistently falls short, when the CEO's capabilities no longer match organizational needs, or when trust with key stakeholders, such as physicians, community partners, or regulatory bodies, deteriorates beyond repair, the board must take decisive action. Similarly, when leadership issues threaten an organization's integrity or patient care through failures of ethical judgment, transparency lapses, cultural insensitivity, or patterns that suggest compromised decision-making, boards must address their obligations immediately. The board's fiduciary duty to patients, employees, and the community requires swift, decisive action when a CEO's performance or conduct jeopardizes the organization's mission or reputation.

### ***Unexpected Departures***

Sudden resignations, health crises, or other unforeseen circumstances represent the most disruptive scenarios for leadership transitions. CEO departures to accept another position fall into this category because they are unplanned from the organization's perspective and often occur on compressed timelines. Healthcare's current environment makes these situations particularly relevant: competition for talent, work-life pressures, burnout and leadership sustainability issues contribute to unexpected exits. While impossible to predict these events with certainty, they highlight the importance for boards to have an emergency transition plan in place. Organizations with robust emergency plans can pivot quickly and effectively; those without risk potential crises that can destabilize operations, demoralize staff, and compromise patient care.

### ***The Proactive Imperative***

The CEO transition situations discussed above vary in timing and context, but they share a common reality: by the time warning signs become obvious, it is already too late. Yet even when warning signs are evident, boards often hesitate to initiate CEO transitions. The reasons are deeply human: comfort with the current CEO's leadership style, personal relationships or shared history between board members and the CEO, and fear of creating internal strife. Healthcare boards face unique additional pressures, including concerns about physician partnerships, community reaction, and patient care continuity. These psychological and relational barriers explain why boards frequently delay action until circumstances force their hand, allowing accumulated goodwill to obscure rational decisions.

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The most effective boards, however, do not wait for obvious signals. Instead, they treat CEO transition as a **continuous strategic process**. They begin planning the moment a new CEO takes office, recognizing that every leader will eventually leave the organization. This approach transforms a leadership change from reactive crisis management into proactive advantage, enabling the organization to build internal capabilities, maintain external networks, and ensure readiness to respond effectively in any situation.

## WHEN BOARDS SHOULD INITIATE CEO TRANSITION PLANNING

### FOUNDATIONAL PRACTICES

*continuous & proactive*

- ❑ Establish clear CEO engagement structures (defined-term contracts or evergreen arrangements) with strategic checkpoints
- ❑ Conduct robust annual performance evaluations
- ❑ Maintain emergency transition plan
- ❑ Begin succession planning with every new CEO appointment

### TRANSITION TRIGGERS

#### PLANNED TRANSITIONS

- ❑ **CEO approaching retirement age:** Begin collaborative discussions about transition timeline aligned with contract expiration or predetermined strategic checkpoints
- ❑ **Strategic checkpoints:** Use contract expiration or predetermined intervals for evergreen arrangements to evaluate organizational needs and leadership fit

#### PERFORMANCE & STRATEGIC SIGNALS

- ❑ **Persistent performance concerns:** Challenges meeting financial targets, quality metrics, or strategic objectives
- ❑ **Major strategic inflection point:** Significant organizational change requiring different leadership capabilities

#### ORGANIZATIONAL & CULTURAL HEALTH

- ❑ **Declining organizational health:** Frequent mentions of toxic culture, physician and staff dissatisfaction, key talent departures, or leadership team dysfunction
- ❑ **Ethical or trust concerns:** Issues with CEO's judgment, transparency, or behaviors that erode trust with board, medical staff, community partners, or regulators

#### LEADERSHIP CAPABILITY CONCERNS

- ❑ **Leadership sustainability issues:** Visible signs of burnout, declining energy, or waning motivation

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By the time leadership change indicators become obvious to everyone, boards are already behind. High-impact boards follow foundational practices: establishing clear CEO engagement structures with strategic checkpoints, conducting rigorous annual performance evaluations, maintaining emergency transition plans, and beginning transition planning with every new CEO appointment. With these practices in place, boards remain prepared — whatever the situation.

## Participants in the Process: Roles and Responsibilities

A CEO transition requires coordinated involvement from multiple participants over an extended, often intense period. Each brings a distinct perspective, yet all share a common goal: identifying the next CEO who will guide the organization into the future, continuing and broadening its legacy, brand, and impact.

Close collaboration among all participants is critical throughout the CEO transition process. When roles and responsibilities remain vague, organizations risk confusion, confidentiality breaches, and process breakdowns. By establishing explicit roles and responsibilities from the outset – for the board and its committees, the incumbent CEO, the leadership team, and external leadership advisors – organizations create the structure necessary for seamless coordination and risk mitigation during what is inevitably a complex and emotionally charged process.

### **Board: Architect and Steward of Transition**

The board holds ultimate accountability for CEO transition success, serving as the architect and strategic owner of the process from start to finish. This responsibility extends far beyond simply approving a successor; it requires active governance, decisive leadership, and sustained engagement throughout every phase. The board sets the tone, establishes the framework, and ensures implementation excellence.

The accountability is fundamentally about stewardship – protecting the organization’s mission while positioning it for future success. In healthcare, where organizations serve patients, employees, and communities, this dual responsibility becomes particularly acute. Boards must balance honoring organizational legacy with embracing necessary evolution, ensuring that the next CEO can both preserve what makes the organization distinctive and lead the transformation required for continued impact.

Before initiating the CEO transition process, boards must clearly establish which governing body holds ultimate decision authority for CEO selection. While this guide presents common governance frameworks, organizational bylaws vary significantly and may designate authority to the full board, an executive committee, or another governance structure. Clarifying decision authority at the outset – and documenting it in a decision authority matrix – prevents confusion, accelerates critical decisions, and builds candidate confidence. This matrix should specify not only who makes the final selection decision, but also which bodies hold authority for key milestones, including candidate approval to advance, compensation parameters, and contract terms.

The **board chair** assumes overall responsibility for the CEO transition process and its outcome, serving as the primary point of coordination and oversight throughout the journey. The chair’s leadership proves particularly critical in maintaining process momentum, managing board dynamics, and ensuring that difficult conversations occur when needed.

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## Board Chair Departure During CEO Transition

Board chair and CEO transitions should not occur simultaneously, as this creates leadership instability at a critical time. If a chair change is anticipated during the CEO transition process, boards should consider:

- Ensuring significant overlap between the current chair and incoming CEO (minimum 12 months)
- Extending the current chair's term through completion of the CEO transition and integration process
- Appointing a vice chair to provide continuity if the chair's departure cannot be delayed

Stability in board leadership during CEO transition significantly improves outcomes and reduces organizational risk.

**Defining leadership requirements.** The board's work begins with defining what the organization needs in its next leader, grounded in strategic priorities rather than automatically replicating the current CEO's job description. In healthcare, the leadership mandate might mean prioritizing expertise in clinical integration, value-based care, or digital transformation depending on the organization's long-term direction.

**Governance structure and oversight.** The board must then oversee the process. Given the complexity and intensity of managing a CEO transition, most boards establish a dedicated committee and delegate day-to-day process management to either a transition committee (for long-term planning) or a search committee (when an external search is necessary). The full board ratifies the CEO transition planning process and, ultimately, holds responsibility for appointing the new CEO.

**Managing the emotional landscape.** Throughout the process, the board must also attend to the emotional aspects of a CEO transition. These emotions cannot be avoided, and high-impact boards acknowledge them and create space for honest dialogue while maintaining focus on organizational needs. The board's ability to balance empathy with decisiveness often determines whether a CEO transition strengthens or destabilizes the organization.

**Facilitating impact acceleration and ongoing support.** Critically, the board chair collaborates with the outgoing and incoming CEOs to ensure a seamless, effective handoff and transfer of institutional knowledge, stakeholder relationships, and strategic context. For a new CEO, the board establishes clear performance expectations, defines success metrics, and provides appropriate support during the critical first 90 days and beyond through a thoughtful onboarding program and access to board expertise.

The board's ongoing commitment does not end when the new CEO starts. Effective boards remain actively engaged throughout the first year, providing advice, feedback, and support while allowing the new leader space to establish their leadership approach.

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## ***Search and Transition Committees: Operational Drivers***

The board's oversight typically flows through dedicated committees whose composition and mandate vary based on the transition scenario and organizational context.

**Emergency response (scenario #1).** For immediate transitions, the board typically acts as a collective unit or delegates emergency response to a standing committee (for example, the executive committee or governance committee) that can convene quickly and make rapid decisions. This committee activates the emergency transition plan, appoints an interim CEO if needed, stabilizes operations, and determines the appropriate timeline and approach for permanent CEO transition. Once the immediate crisis is addressed and the board determines the path forward, they may establish a search committee if a formal search for a new permanent CEO becomes necessary.

**Search committee (scenario #2).** For short-term transitions, the board approves a search committee to manage day-to-day process elements while the full board maintains oversight and makes the final appointment decision. This committee is accountable for: establishing the CEO search process and timeline, clarifying roles and responsibilities for all participants, driving communication with the incumbent CEO and other internal stakeholders, evaluating external and internal candidates, and making recommendations to the full board. Composition should reflect organizational diversity and ensure key stakeholder perspectives inform the process, typically including medical staff leadership, foundation physicians, and community representatives who can assess candidate fit with critical constituencies and provide diverse perspectives on leadership needs. Members should be selected based on their ability to contribute meaningfully to the process, think enterprise-wide, and maintain appropriate confidentiality throughout the transition journey.

**Transition committee (scenario #3).** For long-term transitions, the board establishes a transition committee focused on proactive succession planning rather than immediate candidate selection. This committee is accountable for establishing the CEO transition planning processes, communicating with the incumbent CEO regarding timelines and expectations, ensuring all constituents are actively engaged, fostering seamless communication and information exchange, monitoring development of internal leadership talent, and evaluating organizational readiness for eventual transition. Composition focuses on board members who partner with senior executives to drive succession planning, talent development, and organizational readiness over an extended timeframe. If circumstances change and a CEO search becomes necessary, this transition committee can evolve into a search committee, with additional constituents added as needed to reflect the shift from planning to active candidate evaluation.

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Regardless of committee type, the board should thoughtfully select the **committee chair**, recognizing this individual's critical role in driving process discipline, managing stakeholder communication, and facilitating difficult conversations. They should possess strong facilitation skills, the ability to build consensus among diverse perspectives, and the credibility to manage both internal and external stakeholders effectively. Critically, the committee chair should have substantial remaining tenure on the board to provide continuity throughout what is often a multi-year process extending from planning through CEO selection. The chair partners with the board chair and external leadership advisors to develop the committee's charter and purpose, ensuring all members understand their scope, authority, and accountability.

Effective committees typically comprise 5 to 7 members, balancing efficiency with inclusivity and cross-system representation. This size range optimizes decision-making quality while maintaining manageable group dynamics. Larger committees risk becoming unwieldy; smaller ones may lack the necessary diversity of perspective.

Effective committees share common characteristics:

**Clear charter and scope.** Members understand their authority, decision-making parameters, and relationship to the full board. The charter should explicitly define which decisions the committee makes and which it recommends to the full board, preventing confusion and ensuring appropriate governance.

**Defined communication protocols.** Committees establish regular updates to the full board, transparent stakeholder engagement, and confidentiality guidelines. Confidentiality is particularly critical: committee members must understand what information can be shared, with whom, and when. Breaches derail searches, negatively impact potential internal successors, and damage organizational reputation.

**Process discipline.** Effective committees maintain structured timelines, consistent candidate evaluation frameworks, and documented decision rationale. This discipline ensures fairness, reduces bias, and creates a transparent record that demonstrates the rigor of the CEO transition process.

### ***Incumbent CEO: Contributor and Facilitator***

The incumbent CEO plays a multifaceted role that evolves throughout the transition, requiring both active contribution and knowing when to step back.

At the start of transition planning, the incumbent CEO provides critical insights into the strategic agenda and its implications for the future CEO leadership profile. They share informed perspectives on the leadership team, key talent, and potential successors, offering honest input to the search or transition committee about readiness and development needs. Throughout their tenure, effective CEOs take primary accountability for developing successors, creating stretch opportunities through major initiatives, progressive leadership roles, cross-functional projects, board exposure, or formal leadership development programs.

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As the process advances, they provide impartial analysis and thoughtful judgment while recognizing that their role is appropriately minimal in selecting a firm, interviewing candidates, and selecting a successor. This shift can feel profoundly unnatural for many CEOs. The decisive leadership, strategic control, and alpha decision-making that defined their success, and often their identity, must now give way to a supportive, advisory posture. Gracefully navigating their exit from the organization often becomes a defining element of the CEO's legacy.

Once a successor is chosen, the incumbent CEO provides support and advice to facilitate a seamless handoff. This includes systematically transferring institutional knowledge, connecting the new CEO to key stakeholders, such as donors, external partners, and broader community contacts, and helping the incoming leader understand organizational culture and dynamics.

However, boards and outgoing CEOs must beware overstaying. Physical, symbolic, and role-related overlap should be minimized, not extended for months or even a year, as some organizations attempt. The goal is to provide sufficient support without creating confusion about who leads the organization. Increasingly, thoughtful outgoing CEOs attend to their own transition by working with a coach, recognizing that letting go of title, status, and identity requires its own navigation.

While these principles hold across transitions, their application must be tailored. The outgoing CEO's involvement varies significantly based on departure circumstances and requires careful board management.

### ***Internal Stakeholders: Organizational Intelligence and Continuity Partners***

While the board holds primary accountability for the CEO transition, other internal stakeholders — particularly the chief human resources officer (CHRO) and select members of the leadership team — serve as trusted advisors whose insights and engagement prove essential to success. Their involvement, guided by principles of inclusivity, thoroughness, and cross-system representation, ensures that transition decisions reflect organizational realities, strategic challenges, and cultural dynamics that may not be fully visible from the boardroom.

**The CHRO** can occupy a unique position as a critical bridge between the CEO, board, and broader organization, combining strategic insight with operational execution. When the CHRO operates as a true strategic partner — with established board credibility, deep organizational insight, and the trust of both CEO and board — they provide invaluable support throughout the transition. They ensure all constituents are actively engaged, fostering seamless communication and information exchange. The CHRO offers insights into the strategic agenda and organizational challenges as input for the CEO leadership profile, while also sharing informed perspectives on the leadership team and potential successors. This deep understanding of organizational talent, culture, and capability makes the CHRO well-positioned to provide true assessments of leadership readiness and development needs.

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However, the strategic positioning of CHROs varies considerably, as does the role they play in the organization (WittKieffer, 2025). Boards should assess early in the transition planning process whether their CHRO is positioned to serve as a strategic partner or would benefit from a more defined, operational role. This genuine, supportive evaluation protects both the process and the individual in the CHRO role, ensuring the organization has access to the unfiltered organizational intelligence and talent insights essential for a successful CEO transition.

Additionally, the CHRO's role varies depending on the transition scenario. In short-term CEO transition (scenario #2), the board should thoughtfully determine the CHRO's level of involvement in candidate evaluation and selection, balancing the value of their organizational insight against the potential complexity of the future reporting relationship to the incoming CEO. In long-term transition planning (scenario #3), the CHRO plays a more natural and expansive role in assessing internal talent, supporting leadership development, and building organizational readiness for eventual succession. The extended timeframe allows the CHRO to contribute meaningfully to talent identification and development.

Beyond CEO succession, the CHRO supports leadership bench development across the organization, ensuring that succession planning extends beyond the top role. The CHRO also helps ensure process objectivity, particularly when internal candidates are being considered alongside external options — a critical responsibility that maintains trust and credibility throughout the evaluation process.

Members of the **leadership team** can be involved in the CEO transition process to ensure that critical issues are known and effectively communicated to the board and its committees. While some executives may be potential successors themselves, all can provide valuable perspective on the organization's strategy, strengths and opportunities, and implications for the future CEO's role.

The leadership team also provides operational continuity during the integration period, maintaining organizational stability as the CEO changes. Their engagement and alignment significantly impact onboarding success, as they will ultimately work most closely with the incoming CEO and play a central role in the new leader's path to impact.

Beyond the leadership team, **other key constituents** require thoughtful consideration to maintain organizational stability and trust throughout the transition. In healthcare settings, engaging physician leadership and medical staff proves important. Their perspective on clinical strategy, quality priorities, and care delivery models should inform the CEO profile, while their confidence in new leadership directly impacts clinical partnerships and organizational effectiveness. Furthermore, transparent communication with all employees maintains morale and prevents unwanted turnover during periods of uncertainty. While not directly involved in candidate selection, employees need to understand the transition process, timeline, and how their voices are being heard. Emerging talent below the executive level may not be immediate CEO candidates yet, but they represent the organization's future leadership pipeline. Thoughtful attention to this group signals the organization's commitment to internal development and helps retain critical talent during transition periods.

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The collective wisdom of these internal stakeholders creates a foundation of organizational knowledge that strengthens transition decisions and accelerates new CEO impact. When roles are clearly defined and input systematically gathered, organizations benefit from more informed decisions, stronger internal alignment, and smoother leadership transitions.

### ***External Leadership Advisor: Strategic Partner and Transition Expert***

External advisors bring specialized expertise and objective perspective that complement the board's governance role throughout the CEO transition process. While their contributions are instrumental, the board maintains ultimate ownership of key decisions. The most effective partnerships occur when the board's judgment, informed by advisor expertise, drives the process forward.

CEO transition planning, internal candidate development, external search, candidate assessments, compensation benchmarking, contract negotiation, and integration support are often provided by separate firms – sometimes for legacy reasons, organizational requirements, or specialized expertise needs. When engaging multiple specialized partners, the critical success factor is the advisor's ability, openness, and experience in collaborating effectively with other external advisors across different phases and services. The most effective advisors recognize that CEO transitions require coordinated expertise and actively partner with complementary specialists to ensure seamless support throughout the process.

While engaging multiple advisors is sometimes necessary or appropriate, boards should consider bundling services where possible with a primary leadership advisor who can coordinate the full transition lifecycle. This approach delivers significant advantages:

**Convenience and continuity.** A primary leadership advisor who coordinates multiple services minimizes the coordination challenges and potential gaps that arise when managing multiple partner relationships, ensuring smooth process flow from planning through onboarding.

**Deep organizational understanding.** An advisor engaged across multiple transition phases develops comprehensive knowledge of the organization over time. This depth enables the firm to serve as a credible brand ambassador in the market when engaging top external talent, representing the organization's unique value proposition authentically and compellingly.

**Process management and board alignment.** Most importantly, a primary leadership advisor extends their role beyond technical expertise to manage the overall multi-stage, multi-stakeholder, multi-emotion process. A critical value-add is aligning the board when differing expectations emerge about the next CEO's role or leadership profile. In healthcare's complex stakeholder environment, where board members may bring diverse perspectives shaped by clinical, financial, community, or governance priorities, this alignment function proves essential. The advisor facilitates the difficult conversations that surface underlying assumptions, helps the board reach consensus on what the organization truly needs, and ensures that the CEO transition process reflects this shared vision.

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The strategic nature of board-advisor partnerships transforms advisors from service providers into trusted thought partners who guide the board through one of its most mission-critical responsibilities.

Selecting the right primary leadership advisor represents one of a board’s critical decisions in the CEO transition process. The next section explores the key criteria and considerations for making this selection, providing a framework for evaluating potential partners and establishing a productive working relationship.

## PARTICIPANTS IN CEO TRANSITION A COLLABORATIVE NETWORK

Level of engagement and authority across different stages of the CEO transition process

		CEO TRANSITION		
		GETTING READY	ORCHESTRATING THE PROCESS	ACCELERATING IMPACT
		<ul style="list-style-type: none"> <li>Ultimate authority</li> <li>Operational authority</li> </ul>	<ul style="list-style-type: none"> <li>Consultative role</li> <li>Kept informed</li> </ul>	
<b>Board chair</b>	Continuous leadership and accountability	●	●	●
<b>Full board</b>	Ultimate authority throughout process	●	●	●
<b>Search/transition committee</b>	Operational driver until appointment	●	●	●
<b>Incumbent CEO</b>	Strategic input, then graceful exit	●	●	●
<b>CHRO</b>	Communication bridge to onboarding champion	●	●	●
<b>Leadership team</b>	Engaged observers to active partners	●	●	●
<b>Organization</b>	Informed and connected	●	●	●
<b>External leadership advisor</b>	Process driver to strategic counsel	●	●	●

Successful CEO transitions depend on a collaborative network where each participant brings unique expertise while respecting established boundaries. The board holds ultimate authority as the architect and steward of the process, supported by the search and/or transition committee, internal stakeholders, and external advisors, each providing valuable insights. When roles and responsibilities are clearly defined and executed diligently, the CEO transition can be coordinated smoothly, reducing risks in this complex and emotionally charged process.

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## External Expertise: Selecting a Leadership Advisor

While the previous section established the value of integrated search and advisory services throughout the CEO transition, this section addresses how boards evaluate and select the right partner to guide them through this journey.

External leadership advisors bring a distinct advantage: extensive experience managing CEO transitions that most board members encounter only once or twice during their board tenure. This experience asymmetry, combined with deep healthcare expertise, enables advisors to guide boards through complex decisions with confidence and practical wisdom, tailoring their approach to each organization's specific transition timeline, strategic imperatives, and stakeholder dynamics.

External advisors deliver several critical capabilities that complement the board's governance role:

**Battle-tested expertise.** Experienced advisors bring insights from supporting dozens and even hundreds of leadership changes across varied organizational contexts and market conditions. This depth of pattern recognition and practical wisdom — learning that can only come from repeated, real-world application — enables advisors to anticipate challenges, navigate complexity, and guide boards through decisions they may not have faced in their board careers yet.

**Market intelligence and talent access.** Executive search consultants maintain comprehensive networks of highly skilled leadership talent, providing boards access to candidates who may not be actively seeking opportunities but represent exceptional organizational fits. They conduct external benchmarking even when strong internal candidates are available, ensuring boards have a comprehensive picture of available talent.

**Rigorous assessment methodologies.** Assessment experts provide psychometric evaluations and behavioral interviews that assess candidates against the CEO leadership profile, offering data-driven insights that complement board judgment. These assessments reveal not only what candidates have accomplished, but how they think, lead, and are likely to perform within the organization's specific context.

**Development of internal candidates.** A distinct benefit of engaging experienced leadership advisors is their role in developing internal candidates. The most effective advisors provide developmental feedback to all assessed candidates, helping internal executives understand how they compare to best-in-market leaders and what capabilities they need to strengthen. This developmental approach transforms what could be a purely evaluative process into an investment in leadership capability that benefits the organization regardless of the final selection outcome.

**Process discipline and confidentiality.** Advisors maintain confidentiality while managing complex, multi-stakeholder processes spanning months and years. Their experience navigating board dynamics, managing candidate expectations, and coordinating multiple constituencies prevents the process breakdowns that plague many transitions.

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**Comprehensive onboarding support.** Beyond candidate identification, experienced advisors help accelerate the new leader's time to impact through customized integration programs. These may include detailed onboarding plans, executive coaching, mentorship, team alignment sessions, and other elements tailored to the specific leader and organizational context.

**Board guidance.** Advisors ensure compliance, manage contract negotiations, maintain confidentiality protocols, and provide market intelligence on competitive executive compensation structures. Their expertise becomes essential in navigating complex employment agreements and ensuring offers align with governance best practices.

**The healthcare imperative.** The most effective advisors bring consultant teams with deep healthcare expertise who understand industry trends, regulatory changes, and emerging leadership models. They know how different leadership profiles succeed across healthcare contexts: from large integrated delivery systems to community hospitals, from academic medical centers to specialty care organizations. This healthcare fluency enables them to match leaders with roles that align with their strengths and organizational cultures, remaining actively engaged throughout the CEO transition journey to maximize results.

### ***Making the Selection Decision***

Boards should approach advisor selection with the same rigor they apply to other significant governance decisions, following a structured process that ensures a thorough evaluation and an informed choice.

- 1. Define requirements.** Based on the CEO transition timeline and strategic context, clarify what services are needed and what success looks like.
- 2. Conduct market research.** Identify multiple firms with strong healthcare credentials and request proposals that address the organization's specific leadership situation.
- 3. Evaluate proposals rigorously.** Assess not just what they propose to do, but how they think about the organization's leadership imperative and what market and talent insights they bring.
- 4. Conduct in-depth conversations.** Meet with the specific team members who will work on the engagement and clarify the level of senior partner involvement in day-to-day activities.
- 5. Check references thoroughly.** Speak with a few board members and search/transition committee chairs who have previously worked with the firm on similar projects. Additionally, seek perspectives from former CEO placements who can speak to how the firm managed the candidate experience and supported their transition.
- 6. Assess chemistry and fit.** Beyond credentials and methodology, evaluate whether there is a genuine sense of partnership potential and cultural alignment.
- 7. Negotiate terms clearly.** Ensure the engagement agreement specifies scope, timeline, deliverables, and impact.

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Once selected, effective board-advisor partnerships are characterized by clear role definition (where the board maintains ultimate ownership while leveraging the advisor’s expertise), open communication, mutual respect, flexibility within the structure, and a shared commitment to excellence.

## KEY CRITERIA FOR SELECTING AN EXTERNAL LEADERSHIP ADVISOR

### HEALTHCARE EXPERTISE & TRACK RECORD

- ❑ Deep healthcare experience
- ❑ Understanding of the organization’s specific context
- ❑ Relevant references from similar organizations



### ASSESSMENT & DEVELOPMENT RIGOR

- ❑ Proven assessment tools and methodologies
- ❑ Evaluation of fit-to-role and fit-to-organization
- ❑ Developmental feedback approach



### INTEGRATED SERVICE CAPABILITIES

- ❑ Comprehensive services across transition lifecycle
- ❑ Coordination across planning, development, assessment, search, onboarding
- ❑ Demonstrated acceleration of CEO impact



### BOARD ALIGNMENT & PROCESS MANAGEMENT

- ❑ Facilitation of board alignment
- ❑ Trusted advisor to board chair
- ❑ Experience in orchestrating complex, multi-year projects
- ❑ Stakeholder management and confidentiality



### MARKET INTELLIGENCE & TALENT NETWORK

- ❑ Real-time knowledge of healthcare and leadership trends
- ❑ Depth and caliber of the relevant leadership network
- ❑ Immediate access to the talent pool, national reach



### PARTNERSHIP APPROACH & CULTURAL FIT

- ❑ Strategic thought partner vs. transactional positioning
- ❑ Tailoring team and approach to a specific client situation
- ❑ Communication style and chemistry



Selecting the right advisor is one of the board’s significant decisions in a CEO transition process. The difference between an exceptional advisor and a mediocre one can mean the difference between a transformative leadership transition and a missed opportunity. When boards invest the time to select the right leadership advisor and establish a productive partnership, they position themselves to navigate a CEO transition masterfully, ultimately securing leadership that drives sustained organizational performance and impact.

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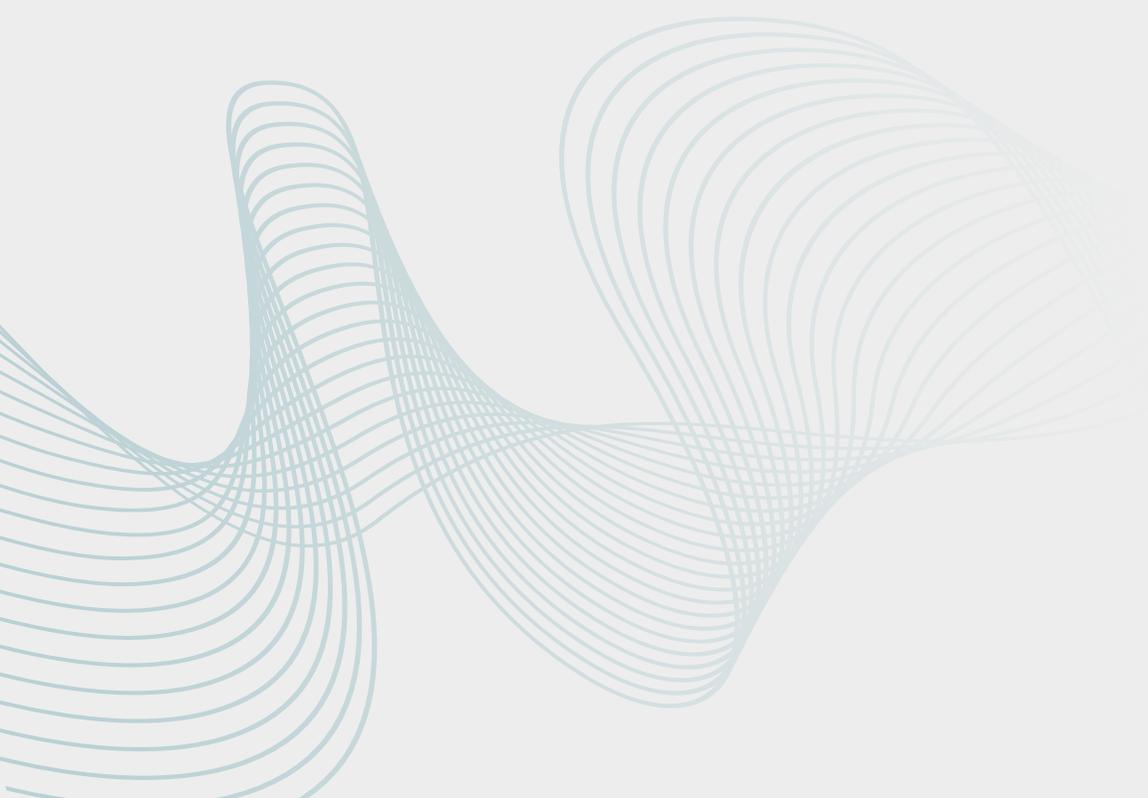
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## The Art of Orchestration

The process of selecting a new CEO is often misunderstood as a single culminating decision point – a final vote cast in a boardroom after a series of interviews. In reality, effective CEO selection is a complex, multi-faceted journey that requires careful orchestration.

This orchestration involves the intentional coordination of various workstreams that span months or even multiple years. Key steps include defining the future-oriented leadership profile, scanning the market for potential external candidates, conducting rigorous candidate assessments, developing internal candidates, managing team dynamics, and calibrating all findings against the organization's long-term strategic goals. Just as a conductor ensures that every instrument contributes to unified harmony, the board must navigate this intricate process while aligning competing stakeholder interests, honoring the nuances of organizational culture, and balancing the technical requirements of the role with essential leadership competencies.

This chapter provides a framework to manage that complexity effectively. By treating CEO selection as an orchestrated process rather than a series of isolated interviews and decisions, boards can mitigate risk, avoid the pitfalls of scope creep in leadership expectations, ensure business continuity during the leadership transition, and move forward with clarity that they have identified the right leader for the next era of the organization's history.

## Establishing Realistic Timelines: The Discipline of Strategic Pacing

Another pivotal decision boards make during CEO selection is determining the appropriate pace for the process. Too little time may invite "panic hiring," a reactive approach that prioritizes speed over strategic alignment and can result in costly mismatches between leadership capabilities and organizational needs. Too much time, particularly paired with lack of communication, may create organizational drift, stakeholder anxiety, and the risk of losing top candidates to competing opportunities. Strategic pacing requires establishing a realistic timeline that acknowledges the tension between the need for leadership continuity, the long-term requirement for the right leader, and the time needed to develop internal candidates.

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The timeline must be calibrated against the specific CEO transition scenario the organization faces. Boards typically encounter one of three scenarios, each requiring a fundamentally different approach to timeline planning:

- Scenario #1: Immediate transition (unexpected departure or crisis)
- Scenario #2: Short-term transition (up to 12 months advance notice)
- Scenario #3: Long-term succession (2 to 5 years of proactive planning)

Regardless of specific scenario timelines, several principles apply universally:

**Set non-negotiable milestones.** Clearly define specific dates for finalizing the leadership profile, shortlisting candidates, conducting finalist interviews, and making a final decision. Build in buffer time for unexpected delays, but hold the search/transition committee accountable to the overall timeline. Timeline creep signals indecision and causes candidate attrition.

**Communicate transparently.** Provide regular updates to internal stakeholders (for example, senior leadership team, medical staff leadership, key board committees) and external partners (for example, major donors, community leaders, regulatory bodies where appropriate). This helps reduce the perception of a leadership vacuum and gives the committee the space to conduct a thorough selection process while minimizing constant pressure to make a decision.

**Build flexibility into plans.** Recognize that circumstances can change. Market conditions may fluctuate. Internal candidates' development may accelerate or plateau. Strategic priorities may evolve. Effective planning should include decision points where the board can reassess the approach without compromising the overall discipline of the process.

## CEO TRANSITION TIMELINES ACROSS THREE TRANSITION SCENARIOS

### SCENARIO #1 IMMEDIATE CEO TRANSITION days to weeks



### SCENARIO #2 SHORT-TERM CEO TRANSITION up to 12 months



### SCENARIO #3 LONG-TERM CEO TRANSITION 2 to 5 years



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## **Timeline Guidance for Scenario #1: Immediate CEO Transition**

*(Days to Weeks)*

**Context:** Triggered by sudden departure, incapacitation, or crisis, immediate CEO transitions require the board to respond with a dual imperative: stabilizing operations while activating an emergency transition plan. The organization faces intense pressure to minimize disruption during a critical period when organizational stability hangs in the balance.

**Timeline approach:** Immediate transitions must follow a rapid-cycle milestone sequence.

### **I. Initial response: crisis stabilization**

This phase focuses on immediate action to mitigate the leadership vacuum.

- Board chair assumes a visible leadership role, acting quickly to assess the immediate situation and stakeholder sentiment.
- The board activates an established emergency transition plan, leveraging pre-identified successors who can step into the role immediately to ensure seamless leadership continuity.
- The board identifies interim leadership (either an internal executive or an external interim professional) when a clear emergency successor does not exist, or the pre-existing plan is not viable for the specific circumstances of the crisis.

### **II. Accelerated search: candidate identification**

While the interim leader manages daily operations, the board initiates an intensive search process for a permanent successor.

- The board forms a search committee and begins an accelerated process to identify a leadership advisor, engaging an external firm with deep healthcare expertise and established talent networks to facilitate efficient market outreach and candidate identification.
- Strategic profile definition and market outreach occur in parallel to maintain momentum throughout the permanent CEO search process.
- Candidate screening, interviews, assessments, and finalist evaluations proceed with both urgency and thoroughness.

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### III. Integration: transition from interim to permanent CEO

- The final phase centers on the decision and formal handoff from interim to permanent leadership.
- The entire board, led by the board chair, ratifies the final selection decision, which may originate from the search committee or involve full board deliberation from the outset.
- A designated lead (such as the board chair or a search committee representative) manages contract negotiation and the candidate notice period with a focus on minimizing the gap in leadership.
- Pre-start onboarding activities are launched immediately upon acceptance to compress the learning curve for the incoming CEO.
- A structured transition from interim to permanent CEO is executed with a clear, transparent communication strategy.

**Critical success factors:** A well-maintained emergency plan is paramount, as it serves as the organization's first line of defense. If the emergency plan is unavailable or insufficient, the quality of interim leadership becomes the determining factor in ensuring business continuity. A strong interim CEO provides the necessary operational and cultural stability, granting the search committee the time and space required to run a full search for a permanent successor while resisting pressure and avoiding compromise.

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## **Timeline Guidance for Scenario #2: Short-Term CEO Transition**

*(Up to 12 Months)*

**Context:** The sitting CEO has provided advance notice of retirement or departure, creating a compressed but manageable timeline. This scenario requires accurately diagnosing the organization's current position and calibrating the approach based on available time.

**Timeline approach:** Planned transitions follow a structured and methodical milestone-based sequence that balances comprehensiveness with momentum.

### **I. Strategic foundation and alignment**

Before candidates are identified, the board must be aligned on the vision for the organization's future. This phase builds the scaffolding for CEO selection by defining the leadership profile required for the organization's next chapter. Rushing this phase to save time often results in a leadership profile that lacks depth or board consensus. Without this internal alignment, board members may evaluate candidates against different criteria, leading to fractured decision-making and prolonged deliberations. This may lead to significant delays later in the process, as mismatches between candidate profiles and actual organizational needs often become apparent during the interview stage, forcing a costly mid-search recalibration.

- The board forms a search committee and selects external leadership advisors to provide process guidance and expertise.
- The board conducts a strategic organizational needs analysis to determine where the organization is today and where it needs to go.
- The definition of 3-year strategic imperatives leads to the identification of the critical leadership competencies, experience, and cultural attributes required to establish a forward-facing CEO profile.
- The search committee architects the CEO transition process and openly discusses potential challenges and roadblocks that can impede and slow down success.
- A comprehensive communication strategy is developed for internal and external stakeholders, managing confidentiality, timing, and messaging throughout the process.

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## II. Market engagement and candidate evaluation

This is the core of the selection process, where the board moves from leadership profile to real-world candidates. While the duration of this phase varies based on organizational complexity and available talent pools, the board must maintain a disciplined cadence with clear progress markers to ensure candidate engagement.

- A comprehensive market assessment of candidate availability is conducted, followed by candidate engagement, targeted outreach, and identification of qualified candidates.
- Both internal (if available) and external candidates are evaluated against the future-facing CEO leadership profile.
- Structured stakeholder engagement sessions provide diverse perspectives on finalists.
- Candidates are assessed using behavioral interviews, psychometric tools, and competency-based evaluation to provide the search committee with insight into the depth of their alignment with the role, reducing risk and enabling a customized onboarding process.
- Finalists are evaluated through board presentations, in-depth 360-degree referencing, and comprehensive background verification.
- For internal candidates, developmental elements are included to the extent that time allows.

## III. Selection and negotiation

The process concludes with final candidate selection and the formal transition of authority.

- The search committee facilitates direct comparison of shortlisted candidates (both internal and external), leads the calibration discussion to ensure alignment with strategic imperatives, and provides a formal recommendation to the full board.
- The entire board, led by the board chair, facilitates the final selection decision for the organization's next CEO.
- The board finalizes the offer via a formal vote and approves the contract terms; the actual negotiations are typically conducted by a designated lead (such as the board chair or a search committee representative) and include terms, salary, benefits, and relocation based on market benchmarks and organizational context.
- The board, supported by internal communications, approves the comprehensive communication strategy for the formal announcement and stakeholder notification.

**Critical success factors:** Short-term CEO transitions allow for comprehensive candidate evaluation while maintaining timeline discipline. The board must balance thoroughness with momentum, ensuring the selection process does not extend indefinitely and cause top candidates to accept other opportunities. The integration of rigorous psychometric assessment methodologies reduces risk and provides additional data points on lead candidates.

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## **Timeline Guidance for Scenario #3: Long-Term CEO Transition**

*(2 to 5 Years)*

**Context:** The board and sitting CEO are engaged in proactive, multi-year succession planning focused on developing internal leadership capabilities while maintaining strategic flexibility. This represents the ideal scenario: a development-focused approach that establishes a foundation for future CEO transition through early leadership assessment and ongoing development. Rather than reacting to departure, the organization strategically integrates succession planning into ongoing governance.

**Timeline approach:** This scenario follows a fundamentally different rhythm than scenarios #1 and #2. It emphasizes leadership development as the core activity, with assessment and external benchmarking to ensure internal candidates are progressing appropriately.

### **I. Strategic alignment and assessment**

The board and the sitting CEO collaborate to define future-facing leadership profiles based on a 3-year strategic direction. The focus is explicitly on identifying high-potential internal leaders who can be prepared to be internal CEO candidates.

- The board establishes a transition committee focused on succession planning, talent development oversight, and organizational readiness.
- The board and CEO, with input from the leadership team, define the future-facing leadership profile based on a 3-year strategic direction, identifying what capabilities the organization will need that may differ from today's requirements.
- Using a structured process of talent review and assessment, the transition committee, CEO, and CHRO identify high-potential internal leaders who could develop into CEO-ready candidates over the planning horizon.
- Individualized development plans are prepared for and discussed with high-potential leaders, focusing on identified areas of development.

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## II. Development of internal candidates and external benchmarking

This phase focuses on developing internal candidates' CEO-readiness capabilities through targeted development activities. Near the end of this development process – typically one year before the anticipated CEO departure – the transition committee conducts a comprehensive external market scan to benchmark internal candidates against the external talent pool, ensuring the internal pipeline remains competitive.

- The organization implements development activities, including, for example, leading enterprise-wide strategic initiatives, building credibility across clinical and administrative domains, developing external stakeholder engagement capabilities, participating in board/committee meetings and strategic planning sessions, and receiving executive coaching and 360-degree feedback.
- The transition committee conducts regular assessments of internal candidates' progress against CEO-readiness criteria to determine whether they are developing the required capabilities and to identify gaps that need targeted development.
- The transition committee conducts a confidential external market scan to benchmark internal candidates against external talent, ensuring the board maintains an objective perspective on internal candidates' competitiveness and identifies capability gaps that require further development.
- The board maintains readiness to pivot to external search if circumstances change – for example, when strategic direction shifts, internal candidates' development plateaus, key internal candidates depart, or unexpected market opportunities arise.

## III. Selection and negotiation

This phase focuses on final selection decisions, which may involve promoting an internal candidate or launching an external search if internal development processes indicate outside candidates are needed for evolving strategic goals.

- The transition committee conducts a comprehensive evaluation of internal candidate(s)' readiness.
- The transition committee evaluates internal readiness and provides a formal recommendation to the board, which makes the critical decision whether to promote an internal candidate, conduct an external search, or pursue a hybrid approach (internal candidate with external benchmarking through the finalist stage).

If internal promotion:

- The board finalizes contract negotiation with the selected internal candidate.
- The board chair, CEO, and CHRO consider retention scenarios for all members of the senior leadership team and all internal candidates, followed by one-to-one communication.
- The board, supported by internal communications, approves the comprehensive communication strategy for the formal announcement and stakeholder notification.

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If external search is required:

- The transition committee evolves into a search committee to manage the external candidate search process.
- The search committee conducts a search process, while updating the previously defined CEO leadership profile and leveraging (and extending if required) the results of the market scan.
- The search committee maintains internal candidates in the finalist pool alongside external candidates.
- The search committee formally assesses all finalist candidates (internal and external) against the future-facing CEO leadership profile.
- The search committee evaluates finalists through board presentations, in-depth 360-degree referencing, and (in case of external finalists) comprehensive background verification.
- The search committee drives calibration discussions and facilitates the final selection decision for the organization's next CEO by the full board.
- The board finalizes contract negotiations, considering terms, salary, benefits, and relocation based on market benchmarks and organizational context.
- The board chair, CEO, and CHRO consider retention scenarios for all members of the senior leadership team and all internal candidates, followed by one-to-one communication.
- The board supports the comprehensive communication strategy for the formal announcement and stakeholder notification.

**Critical success factors:** Long-term succession planning requires sustained board discipline to maintain focus on succession planning even when it is not urgent. The sitting CEO must be supportive of this practice and genuinely committed to developing successors, not threatened by strong internal candidates. The payoff is organizational bench strength, reduced transition risk, and the optionality to promote internally or search externally based on strategic fit.

The timeline is not a race to fill a vacancy. It is a strategic sequence of milestones, each building toward the goal of identifying and preparing the right leader for the organization's next phase.

Boards that manage the timelines well navigate the inherent tension between urgency and thoroughness impactfully, ensuring that the selection process serves the organization's long-term strategic interests rather than merely responding to short-term pressure.

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## Precision: The Role of Assessment in CEO Selection

In the high-stakes environment of a healthcare CEO transition, the cost of a misstep extends far beyond financial metrics as it reverberates through clinical outcomes, organizational culture, physician engagement, and community trust. While a candidate's résumé provides a historical record of accomplishments, a rigorous assessment process reveals something far more critical: the capacity to lead through complexity and ambiguity, inspire action, and build followership.

Assessment in the CEO transition process is not a screening mechanism designed to eliminate candidates; rather, it is a risk-management exercise that provides the board and search/transition committee with an additional source of objective data — along with interview performance, track record evaluation, and reference validation — to make one of the most far-reaching decisions in the organization's history.

### *The Strategic Value of Assessment*

**Enhancing decision quality.** Assessment provides multidimensional insight beyond what interviews and references reveal. Validated instruments measuring cognitive agility, behavioral preferences, and leadership competencies enable richer candidate comparison through objective data. This holistic view unearths additional facets of each leader's profile by revealing how they are likely to be perceived by stakeholders, what energizes them, and where potential derailers may emerge under pressure.

**Mitigating risks.** Assessment surfaces potential concerns before a contract is signed, allowing for more informed decision-making. A rigorous assessment process also enhances the candidate experience, signaling that the organization is serious about leadership excellence and committed to setting its new CEO up for success.

**Reducing bias and ensuring fairness.** A consistent, research-based assessment approach moves the conversation from subjective impressions to evidence-based evaluation, mitigating unconscious bias and ensuring all candidates are evaluated against the same criteria. This is particularly important when comparing internal and external candidates, who often present very different profiles. Internal candidates carry both the benefit and the curse of being known: while their institutional knowledge and proven track record are assets, they can be unfairly pigeonholed by past roles, historical missteps, or subjective internal perceptions — the “prophet in one's own village” syndrome. Assessment provides an objective lens that levels the playing field, evaluating internal leaders against the same external benchmarks and future-state requirements as outside talent.

**Identifying areas for deeper exploration.** Assessment data informs and enhances the interview process. By identifying specific strengths or development needs, the search committee can target interview questions and reference calls to explore how candidates navigate their strengths and weaknesses.

**Creating a foundation for accelerated impact.** Assessment insights become the foundation for the new CEO's onboarding and development plan. Rather than waiting for performance gaps to emerge, the board and new CEO can proactively address development priorities from day one, ensuring the senior leadership team provides complementary capabilities.

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## MOVING FORWARD

# ASSESSMENT BENEFITS IN CEO SELECTION

## Objective evaluation of candidates and actionable insights for onboarding and development

### ENHANCE



the quality of hires and mitigate risks associated with candidate selection

### ALLOW



for richer candidate comparison by providing additional, objective data

### UNEARTH



additional facets and provide a more holistic view of the candidate

### REDUCE



unconscious bias through a consistent, science-based approach

### IMPROVE



candidate experience and strengthen employer brand

### CREATE



foundation for accelerated CEO impact and onboarding

### *Beyond Credentials: Assessing for Future-State Leadership*

Traditional interview processes, even when well-structured, may not fully capture the nuanced competencies required for healthcare CEO success. While interviews are essential for gauging cultural alignment and executive presence, they can favor extroverted candidates who excel in structured conversations but may lack the operational discipline or conflict navigation skills required for sustained leadership impact. To capture these nuances and move beyond surface-level evaluations, assessment serves as a vital tool to focus on multiple dimensions simultaneously.

**Strategic agility and cognitive complexity.** Healthcare organizations today operate in a state of continuous disruption. Assessment must determine whether a candidate can hold multiple time horizons in view: stabilizing current operations while simultaneously positioning the organization for a fundamentally different future. This requires the ability to synthesize disparate data points, recognize emerging patterns, and make decisions with incomplete information — all while maintaining stakeholder confidence.

**Operational discipline and execution.** Vision without execution is aspiration. Assessment must evaluate whether a candidate possesses the operational rigor to translate strategy into measurable outcomes. This includes their approach to accountability, their comfort with data-driven decision-making, and their ability to balance the competing demands of quality, access, and cost that comprise the perennial healthcare trilemma.

**Cultural enablement and relational intelligence.** The ability to galvanize a diverse workforce is a strategic imperative, not just a soft skill. Assessment tools measure a leader's capacity for empathy, their ability to create psychological safety across hierarchical boundaries, and their skill in fostering a culture where clinical excellence and operational efficiency are mutually reinforcing rather than competing priorities.

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**Self-awareness and adaptive capacity.** Perhaps the most difficult dimension to assess — and the most predictive of long-term success — is a leader’s capacity for self-reflection and growth. Assessment reveals how a candidate processes feedback, adapts their approach in response to new information, and maintains resilience under sustained pressure.

### ***Integrating Data-Driven Evidence Throughout the Selection and Onboarding Process***

Data-driven evidence should not be gathered through a single method or at a single point in time, but rather integrated across multiple evaluation approaches that deepen understanding at each stage of the search and beyond.

**Semi-finalist stage: behavioral interviews.** In-depth behavioral interviews and competency-based evaluation identify patterns of decision-making, leadership style, and mission and values alignment. These conversations should explore not just *what* a candidate accomplished but *how* they accomplished it: the stakeholders they engaged, the obstacles they navigated, the trade-offs they made.

**Finalist stage: comprehensive assessment.** For the final candidate pool, a more rigorous assessment provides multidimensional insight. This typically includes validated assessment instruments that measure cognitive ability, personality dimensions, and leadership competencies, combined with structured interviews conducted by experienced assessors. The goal is to provide a holistic view of each candidate’s strengths, potential development areas, and degree of alignment with the organization’s specific needs.

**Reference validation.** Assessment data should inform the reference process, allowing for targeted exploration of specific themes that emerged. Rather than generic reference calls, this approach enables deeper inquiry into how a candidate manages their own development edges, while further validating their strengths.

**Onboarding.** The insights gathered during the selection process directly inform the new CEO’s onboarding and development plan. By identifying potential blind spots or areas requiring additional support, the organization can tailor onboarding (before day one and through the first 90 days) to provide the specific resources and relationships that will accelerate the leader’s impact.

In an era where healthcare leadership has never been more complex or transformative, assessment elevates the CEO search from a high-stakes gamble into a strategic decision grounded in data and a commitment to leadership excellence. The results: improved retention, shorter time-to-impact, and stronger alignment between CEO capabilities and organizational needs.

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## Team Dynamics: Internal Candidate Development and Competition

The presence of internal candidates in a CEO transition process introduces a layer of complexity that demands exceptional care, transparency, and strategic foresight. While external searches bring fresh talent perspectives and market benchmarking, internal candidates represent the organization's investment in leadership development and embody institutional knowledge that cannot be replicated. The challenge lies in conducting a rigorous, objective evaluation process while preserving the dignity, engagement, and future contributions of leaders who have dedicated years to the organization.

Mishandling internal candidate dynamics can trigger a cascade of unintended consequences: increased risk of executive departures, erosion of trust in leadership development pathways, cultural fragmentation, and the loss of critical institutional knowledge precisely when continuity matters most. High-performing executives may leave if not selected, even when the process is handled perfectly. But a thoughtfully managed process ensures they depart as advocates rather than critics, protecting organizational reputation and future talent attraction.

### *Development of Internal Candidates*

Internal candidates should not be considered as obligatory considerations or tokens of organizational loyalty. Rather, they represent a strategic opportunity to benchmark the organization's leadership against external market standards while providing high-potential leaders with a transformational growth experience.

**Rigorous evaluation against the CEO leadership profile.** Internal candidates require structured interviews organized around the CEO leadership profile, with assessment focused on future-state capabilities rather than past performance in current roles. The question is not whether an internal candidate has been an exceptional chief operating officer, chief financial officer, or other executive leader, but whether they possess the strategic agility, relational intelligence, and adaptive capacity required for the CEO role in the organization's specific context.

This evaluation should be conducted with heightened awareness and sensitivity, recognizing that internal candidates are simultaneously being assessed and continuing to lead critical functions. The search/transition committee must ensure these leaders receive a fair and proper opportunity to present themselves before the board, with sufficient time to articulate their vision and demonstrate their readiness for enterprise leadership.

**Individualized development and transparent communication.** Throughout the long-term transition process, internal candidates benefit from individualized development plans that include executive coaching, targeted skill-building, and exposure to board-level strategic discussions. This investment prepares candidates for the CEO role should they be selected, demonstrates the organization's commitment to their growth regardless of outcome, and provides real-time data about their coachability and capacity for rapid development.

Clear and consistent communication is essential. Internal candidates should understand the timeline, the evaluation criteria, how they will be assessed relative to external candidates, and what support is available to them throughout the process. This transparency reduces anxiety, maintains focus on current responsibilities, and reinforces trust in the process.

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## Process Integrity and Confidentiality

Managing potential competition between internal candidates – and between internal and external candidates – requires disciplined process management, adherence to strict confidentiality protocols, and a post-selection strategy that prioritizes retention and organizational stability.

The search committee must be cognizant of and anticipate all ramifications of the internal candidate dynamic, including the timing of discussions, interviews, and announcements. Clear protocols about what information can be shared, when, and by whom are essential to maintain process integrity.

The period immediately following the CEO selection decision is among the most vulnerable in the entire transition process. Non-selected internal candidates must be informed of the outcome promptly and personally, ideally by the board chair or, in certain organizational contexts, the incumbent CEO, before any broader announcement is made – oftentimes, with preparation and support from the external leadership advisory partner. This conversation should include constructive feedback that acknowledges their strengths, explains the rationale for the decision in the context of organizational needs, and outlines specific development opportunities that align with their professional trajectory and the organization’s evolving requirements.

The organization’s post-selection strategy must address both the individual and the broader leadership team. For non-selected candidates, this may include expanded responsibilities, board exposure, or external development opportunities. The goal is to shift what could be experienced as rejection into a developmental milestone that strengthens rather than severs the leader’s commitment to the organization.

Failure to execute this phase with integrity and care often results in the departure of precisely the leaders the organization can least afford to lose – those with the ambition, capability, and institutional knowledge to drive strategic priorities forward. A robust retention strategy, developed in advance of the selection decision, is not an optional courtesy but an organizational necessity.

## RETENTION STRATEGY

### TURNING INTERNAL CANDIDATES INTO LONG-TERM ASSETS

#### RETENTION STRATEGY

- **Rigorous and fair assessment.** Evaluate internal talent against external benchmarks using the same future-facing CEO leadership profile applied to all candidates
- **Continuous development.** Provide executive coaching, board exposure, and individualized growth plans throughout the selection process
- **The critical retention moment.** Deliver prompt, personal feedback from the board chair and outline immediate growth pathways for non-selected candidates
- **Strategic compensation adjustments.** Provide retention incentives, expanded compensation packages, or deferred compensation structures for non-selected candidates
- **Deliberate re-integration.** Define clear roles, expanded responsibilities, and a partnership model between the new CEO and existing leadership team
- **Cultural transparency.** Maintain clear communication protocols and confidentiality to preserve psychological safety across the executive team



#### KEY SUCCESS INDICATORS



**Retention of non-selected candidates.** Key leaders remain engaged through the critical CEO integration period



**Strengthened leadership team cohesion.** The process builds unity rather than competitive tension



**Accelerated onboarding.** The new CEO is supported by a stable, engaged team of internal partners



**Enhanced employer brand.** Candidates report positive, professional experiences regardless of selection outcome



**Improved succession pipeline.** Future transitions are supported by a deeper, more capable leadership bench

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### **Leadership Team Dynamics During Transition**

The CEO transition process inevitably shifts the dynamics of the broader leadership team, particularly when internal candidates are involved. What may have been a collaborative, cohesive team can experience tension as colleagues compete for the top role or position themselves relative to potential new leadership. The challenge is to maintain operational continuity and psychological safety while acknowledging the reality of uncertainty.

During this period, the board and outgoing CEO should foster an environment where healthy debate and productive tension can coexist with mutual respect and shared commitment to organizational mission. The goal is to move the team toward a model of holistic leadership characterized by extreme clarity around priorities and expectations, where accountability is built without creating divisive competition among peers.

As the transition progresses, the leadership team must evolve from informed observers to active operational partners who can support the incoming CEO while maintaining strategic momentum. This requires intentional communication about roles, expectations, and the path forward, particularly for those who were internal candidates. By managing these dynamics with transparency and care, the organization increases the chances that the leadership team emerges from the transition as a cohesive unit capable of executing the next chapter of the organization's strategic vision, regardless of whether the new CEO comes from within or outside the organization.

Ultimately, the management of internal candidates serves as a litmus test of an organization's leadership culture. When a board treats internal contenders with the same rigor, respect, and developmental focus as the eventual appointee, it transforms a period of potential instability into a powerful catalyst for organizational growth. The measure of success is not simply who is selected, but whether the entire leadership team, including those not chosen, emerges stronger, more aligned, and more committed to the organization's mission.

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## Closing the Deal: Contract Negotiation and Compensation

The CEO employment agreement is a legal document that formalizes the terms and conditions of the role. Beyond this, the negotiation process itself holds significance, as it sets the tone for the relationship between the organization and the new CEO. Yet contract negotiation is often treated as a transactional endgame rather than a strategic opportunity. Boards may defer too heavily to legal counsel, losing sight of the relationship-building dimension of the negotiation. Conversely, some boards approach the finalization of the agreement without adequate market benchmarking or clear linkage to strategic goals, resulting in agreements that either overpay for mediocre performance or fail to retain exceptional talent.

The negotiation process itself reveals character. Pay attention to what the candidate prioritizes and what questions they ask — these early signals matter. While compensation must be competitive, the most successful CEO partnerships are built on shared mission commitment and strategic alignment, not merely financial terms. By this stage, compensation parameters and key terms should have been discussed throughout the selection process, minimizing the potential for misalignment or surprises. If unexpected rigidity on compensation emerges at this late stage, it may signal either misalignment with the organization's mission-driven culture or gaps in earlier communication.

### *The Negotiation Process: Building Partnership from the Start*

Effective contract negotiation requires both clarity and interpersonal skill. Both parties should be clear about non-negotiable elements while showing flexibility on details that matter to the new CEO but do not compromise organizational interests. The tone of final contract conversations must shift from evaluation mode to partnership mode. The board has made its selection decision; now the goal is to set the incoming CEO up for success. It is recommended to frame discussions around “How do we structure this agreement to support your success in achieving our shared goals?” rather than “What is the minimum we can offer?”

The board chair (or, in some cases, a designated board member) should lead the negotiation, not the full board or search/transition committee. Too many voices create confusion, dilute accountability, and can inadvertently signal internal board disagreement. The chair represents the board's collective judgment while building the one-on-one relationship that will be critical to CEO success.

Legal counsel plays an essential role in ensuring compliance, identifying risk, and drafting precise contract language. In searches conducted with external support, the leadership advisor often provides support in facilitating these discussions and ensuring alignment. However, the board chair must own the relationship-building dimension of the negotiation. The conversation should feel like the beginning of a partnership, not an adversarial legal transaction. The chair's role is to ensure the spirit of the agreement matches the legal letter of the contract.

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## Best Practices for CEO Contract Negotiation

- **Surface potential issues early.** Throughout the selection process, maintain open dialogue with finalists about compensation expectations, relocation needs, spousal/partner accommodations, and any non-negotiable factors. Addressing these elements proactively, rather than discovering them at the eleventh hour, significantly reduces the risk of failed negotiations. Providing finalists with a draft contract template helps avoid surprises at the final stage and prevents extended negotiations that can be difficult to sustain.
- **Focus on a balanced set of key metrics.** Design incentive structures around a disciplined balanced scorecard, typically spanning financial performance, quality and patient safety, and organizational health (such as staff engagement or culture). While contracts often reference mutually determined goals rather than specify exact targets, establishing the framework and categories during negotiation ensures clarity about performance expectations. Selecting a few high-impact measures within each domain ensures the CEO maintains a clear focus on what drives strategic value across the organization's mission.
- **Utilize external benchmarking.** Ground all compensation and term decisions in current market data from reputable sources and external leadership advisors. This practice demonstrates responsible stewardship while ensuring the offer is competitive enough to attract and retain top-tier talent.
- **Seek to understand candidate rationale.** When a candidate challenges a contract provision, approach it as an opportunity for deeper dialogue. Understanding the underlying concern often reveals meaningful issues that can be addressed through creative, alternative structures that protect both parties' interests.
- **Dedicate adequate time to final stages.** Resist the urge to rush contract finalization after months of careful selection work. Recognize that this agreement will govern the leadership relationship for years; investing time now to ensure clarity and alignment prevents friction and ambiguity later.
- **Maintain respectful communication with other finalists.** While negotiating with the preferred candidate, stay in contact with other strong finalists. Maintaining professional relationships throughout protects organizational options in case the board needs to pivot to another qualified candidate and demonstrates respect for all candidates' time and interest.
- **Transition from negotiation to onboarding.** The contract negotiation should flow seamlessly into onboarding planning. As the agreement is finalized, the conversations should transition into the CEO's first 90 days, early priorities, and board support structures.

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## MOVING FORWARD

# STRUCTURING CEO COMPENSATION

## A BOARD CHECKLIST

### CORE COMPENSATION COMPONENTS

#### □ BASE SALARY

Benchmark against nationally recognized compensation surveys based on organizational size, complexity, and geography — not the outgoing CEO's compensation

#### □ SHORT-TERM INCENTIVES (ANNUAL BONUSES)

Typically structured as a target percentage of base salary or a fixed amount. When tied to performance metrics, organizations often use a balanced scorecard approach

#### □ LONG-TERM INCENTIVES

Align with sustained strategic goals: for example, population health outcomes, value-based care transformation, financial sustainability, workforce stability, or merger integration

#### □ FRINGE BENEFITS

Include competitive retirement, executive health programs, professional development, and relocation support. Vet prerequisites for community optics and mission credibility

### HEALTHCARE-SPECIFIC PROVISIONS

#### □ CLAWBACK/REPAYMENT CLAUSES

Include provisions for repayment of relocation expenses, sign-on bonuses, or other upfront payments in case of early departure

#### □ MISSION ALIGNMENT METRICS

Incorporate community benefit targets, health equity outcomes, and social determinants of health initiatives into performance evaluation

#### □ REGULATORY COMPLIANCE REVIEW

Ensure legal counsel reviews for Stark Law, Anti-Kickback Statute, intermediate sanctions (501(c)(3)), and IRS reasonable compensation standards

Choose between **fixed-term contracts** (3–5 years for natural strategic checkpoints) or **evergreen arrangements** (ongoing flexibility requiring performance discipline). Align with governance culture and strategic planning cycle

The contract negotiation is the bridge between selection and onboarding. Done well, it establishes mutual expectations, aligns incentives with strategy, and sets the tone for a collaborative board-CEO partnership built on transparency, accountability, and shared commitment to organizational mission. The quality of this negotiation will influence not just the legal terms of employment, but the trust and clarity that underpin effective governance.

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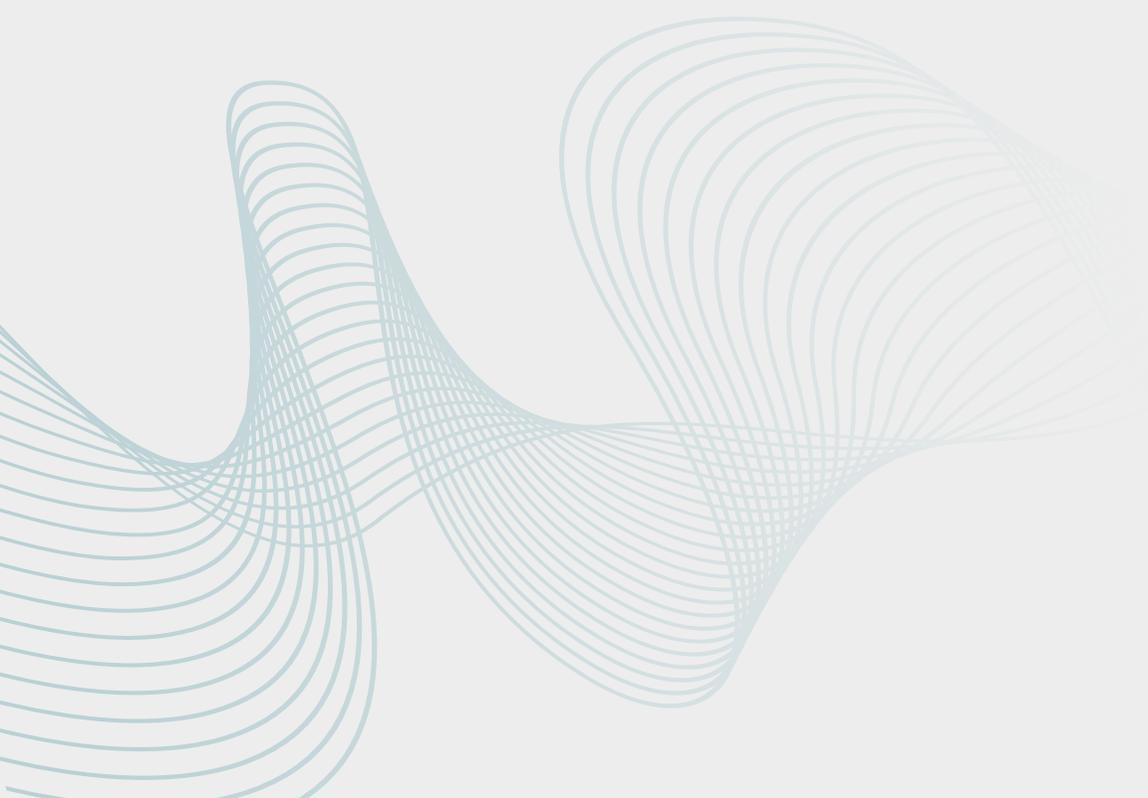
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## Strategic Integration: From Selection to Impact

The selection process represents only part of CEO transition. What follows is equally consequential: effective CEO onboarding. This is the intentional and disciplined process of aligning the new leader with the organization's culture, the expectations of the board and other stakeholders, and short- and long-term leadership imperatives to accelerate impact.

Michael D. Watkins' *The First 90 Days* (2013) and Michael Porter's *Seven Surprises for New CEOs* (Harvard Business Review, 2004) have long served as foundational texts on leadership onboarding, offering go-to frameworks for leaders entering new roles. Yet healthcare CEO transitions present unique complexities that extend beyond these seminal works. The interplay of clinical and administrative cultures, the multi-stakeholder governance environment (boards, medical staff, community, regulators), and the mission-driven nature of healthcare organizations often demand a more nuanced approach to integration.

Research consistently demonstrates that inadequate onboarding is a primary driver of executive failure (Harvard Business Review, 2016; McKinsey Quarterly, 2022). Even the most diligently selected CEO can falter without structured support during the critical early months. The board's fiduciary responsibility does not end with contract execution; it extends to creating the conditions for CEO success through intentional onboarding planning, clear role definition, and sustained partnership.

Deliberate, planned integration reframes onboarding from a simple administrative orientation into a process that accelerates impact. It is the process through which a new CEO moves from appointee to fully realized incumbent, from learner to leader, and from business or functional expert to enterprise orchestrator. When executed effectively, the onboarding process accelerates the new CEO's success and impact by enabling them to balance continuity with change, align the entire organization around shared priorities, manage expectations across stakeholders, build a strong leadership team, and maintain a positive public image.

This chapter outlines an approach for effective onboarding grounded in the realities of healthcare leadership transitions, offering boards and incoming CEOs a roadmap for the critical first year.

## Onboarding Strategy: Four Essential Pillars

Successful CEO onboarding rests on four interdependent pillars: defining strategic priorities, ensuring multi-stakeholder alignment, navigating cultural nuance, and sustaining personal energy. While these principles apply across industries, their application in healthcare is uniquely high-stakes — where organizational leadership directly impacts patient outcomes and lives — and requires particular attention to the sector's distinctive governance structures, clinical-administrative dynamics, and mission-driven culture.

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## Defining Purposeful Priorities

One of the most common traps for new CEOs is attempting to address too many initiatives simultaneously. Watkins warns in *The First 90 Days* that “failing to focus” can produce disastrous results: leaders cannot hope to achieve meaningful results in more than a few areas during their first year (Michael D. Watkins, 2013). The discipline of the onboarding strategy requires prioritizing a few imperatives that will generate early momentum and establish the foundation for sustained success, while consciously deferring other worthy initiatives.

Effective priority-setting begins with candid dialogue between the board chair and incoming CEO before day one. What are the organization’s most pressing vulnerabilities? Where are the greatest opportunities for impact? What does the board expect to see accomplished in the first 12 months? These conversations should produce a short list of *vital few* purposeful priorities that serve as the framework for determining the CEO’s time, attention, and early decision-making. Equally important is explicit agreement on what will not be prioritized in year one, meaning the *important many* that must wait for later phases of the leader’s tenure.

## Ensuring Multi-Stakeholder Alignment

The CEO’s relationships with the board chair, the board, and their leadership team serve as the cornerstone of integration success. When these partnerships are built on trust, candor, and aligned expectations, the CEO operates with clarity and confidence. However, if these relationships are marked by ambiguity or misalignment, even the most talented leaders struggle to gain traction. Beyond the board and the C-suite, healthcare CEOs must also establish productive relationships with medical staff, clinical leaders, community partners, and regulatory bodies, recognizing that each group has its own priorities and communication styles.

A CEO entering a new organization must quickly map the stakeholder landscape: Who are the formal decision-makers and who are the informal influencers? Where do perspectives align across stakeholder groups, and where do they diverge? What do these gaps reveal about organizational health and culture? The answers to these questions shape how the CEO sequences engagement, builds coalitions, and navigates early decisions.

Effective onboarding requires creating structured mechanisms for ongoing feedback and alignment: regular check-ins with the board chair, a leadership team that is clear on its remit and whose members can collaborate to accomplish it, medical staff forums that honor clinical autonomy while advancing organizational priorities, and community engagement that maintains trust and transparency.

## Navigating Cultural Nuance

Postponing attention to organizational culture is one of the most common regrets for new CEOs. In healthcare, the culture represents a constellation of clinical autonomy, mission-driven values, regulatory compliance, and, increasingly, business discipline. Leaders who do not understand and respect this cultural complexity risk alienating the very people they need to lead. The most successful transitions involve leaders who approach cultural learning with genuine curiosity and humility, recognizing that understanding precedes influence.

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Organizational intelligence plays a vital role in cultural navigation. Impactful CEOs go beyond gathering data points and insights through listening tours and stakeholder meetings; they also synthesize patterns across stakeholder feedback. They identify the unwritten rules that govern behavior, the historical events that shape current attitudes, and the informal networks that drive decision-making.

Yet understanding culture is only the first step. Evolving and sustaining it is the ongoing responsibility of leadership, as culture serves as the foundation that either enables or inhibits all other strategic priorities. The new CEO (with their leadership team) will need to reinforce desired behaviors, address misalignments, and model the values the organization aspires to embody. By treating culture as a dynamic system rather than a static mission statement, the incoming CEO creates the conditions for continuous organizational learning and agility.

### ***Sustaining Personal Energy***

Most new CEOs underestimate an important reality: the role is significantly more taxing, both physically and emotionally, than any position they have previously held. The sheer magnitude of demands – from clinical crises and workforce issues to financial pressures and board expectations – can rapidly deplete even the most resilient leader.

In addition to building momentum through early wins, successful integration requires establishing sustainable patterns of CEO involvement and intentionally seeking practices to foster their own resilience. This begins with treating personal energy as a strategic asset rather than an afterthought. Effective leaders do not just power through; they incorporate deliberate self-care practices to maintain balance across physical, mental, and emotional dimensions. By identifying specific factors that boost their capacity and those that drain it, they develop the self-awareness to monitor their own energy levels and implement swift, targeted re-energizing strategies before reaching a breaking point.

Ultimately, leaders who fail to protect their energy and set clear boundaries risk more than just personal burnout. Paradoxically, their attempt to stay involved in everything creates organizational bottlenecks – slowing down decision-making, disempowering their teams, and undermining the very momentum they are trying to build.

### ***Common Onboarding Pitfalls***

- **Delayed engagement:** Waiting until day one or the first 90 days to begin integration rather than leveraging the critical pre-arrival window
- **The hero complex:** Trying to do too much, too fast; becoming an organizational bottleneck
- **Cultural friction:** Failing to adapt to the organizational environment or attempting to change it before understanding its nuances
- **Misaligned expectations:** Board and CEO operating with different assumptions about timing and priorities
- **Premature action:** Making changes before understanding context or building sufficient trust
- **Isolation:** Failing to build a robust support network across key stakeholder groups
- **Low organizational intelligence:** Missing the informal power structures and decision-making patterns
- **Feedback voids:** Failing to establish intentional feedback loops early, preventing timely course correction

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## Board Engagement: Enabling CEO Success

The board's responsibility for CEO success does not end with contract execution — it intensifies during the critical first year. While the incoming CEO must take ownership of their integration, the board creates the conditions that enable or constrain that success. This requires moving beyond passive oversight to active partnership, particularly through the board chair's relationship with the new CEO. During this integration period, the board naturally becomes more closely connected with operational details to ensure continuity and stability. This heightened engagement should be understood as a temporary bridge: a way to support the new leader's learning rather than a permanent shift in governance boundaries.

The board chair serves as the CEO's primary partner in establishing a regular communication cadence that provides both support and accountability. These structured check-ins — for example, bi-weekly or a rhythm that balances support with the CEO's need for operational autonomy — create space for open dialogue about challenges, early observations, and emerging needs. The chair's role is not to micromanage but to serve as a trusted sounding board, helping the CEO navigate organizational dynamics, interpret stakeholder feedback, and calibrate the timing and frequency of change.

Beyond the chair relationship, the full board must resist the temptation to judge too quickly. New CEOs need protected space to learn before being held accountable for results. This does not mean lowering standards; it means establishing clear milestones and expectations for the first year — and then holding the CEO accountable to those agreed-upon benchmarks rather than to premature or unstated expectations. Equally important is resisting the instinct to evaluate the new CEO through the lens of their predecessor. Boards often unconsciously cling to the way it was done before, particularly in the early months. This comparison, whether spoken or unspoken, can stifle the innovation and fresh perspective that likely motivated the leadership change in the first place. The new CEO deserves to be assessed on their own strategic choices and leadership approach, not on their adherence to their predecessor's playbook.

High-impact boards also leverage their collective expertise as a strategic asset during CEO integration. Board members often possess deep industry knowledge, community relationships, and institutional memory that can accelerate the new CEO's learning curve. Making these resources accessible — for example, through informal conversations, introductions to key stakeholders, or sharing historical context — demonstrates the board's investment in CEO success while strengthening the partnership foundation.

Finally, boards should consider when external integration support adds value. For organizations navigating complex transitions, engaging advisors who can facilitate alignment conversations, provide confidential coaching, and connect with external mentors creates an independent channel for both board and CEO to surface concerns and course-correct early. This commitment protects the larger search investment and signals the board's commitment to getting the integration right.

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# THE NEW CEO INTEGRATION TIMELINE FROM PRE-START TO IMPACT ACCELERATION

## Phase I: Foundation

## Phase II: Impact acceleration

### PRE-ARRIVAL WINDOW

### THE FIRST YEAR

*The golden gap*

*Learning and executing in parallel*

- Alignment conversations between board chair and incoming CEO on priorities and expectations
- Stakeholder mapping and communication strategy
- Context gathering: leveraging insights and institutional knowledge from the CEO selection process
- Administrative preparation
- Early strategic planning to enable execution readiness on day one

#### Weeks 1-2

#### Initial immersion and early action

- Establishment of communication cadence with the board chair
- Strategic first impressions and symbolic actions that signal priorities
- Gathering of organizational intelligence to inform immediate decisions

#### Weeks 3-7

#### Stakeholder engagement and strategic execution

- Structured engagement across key stakeholder groups
- Purposeful listening tours to inform real-time decision-making
- Recognition of patterns and problem identification
- Synthesis of learnings and validation of initial hypotheses

#### Weeks 8+

#### Accelerated execution and sustained momentum

- Validation and refinement of strategic priorities
- Alignment with board chair to confirm priorities and direction
- Deepening of stakeholder relationships and expansion of influence
- Establishment of performance metrics and ongoing feedback mechanisms
- Identification of support needs and early warning signs
- Sustained momentum and strategic execution without burnout

Effective CEO onboarding has lasting organizational impact. When boards approach onboarding with the same rigor as CEO selection and focus on defining clear priorities, ensuring stakeholder alignment, supporting cultural navigation, and protecting leadership energy, they create the conditions not just for accelerated CEO impact, but for sustained organizational momentum.

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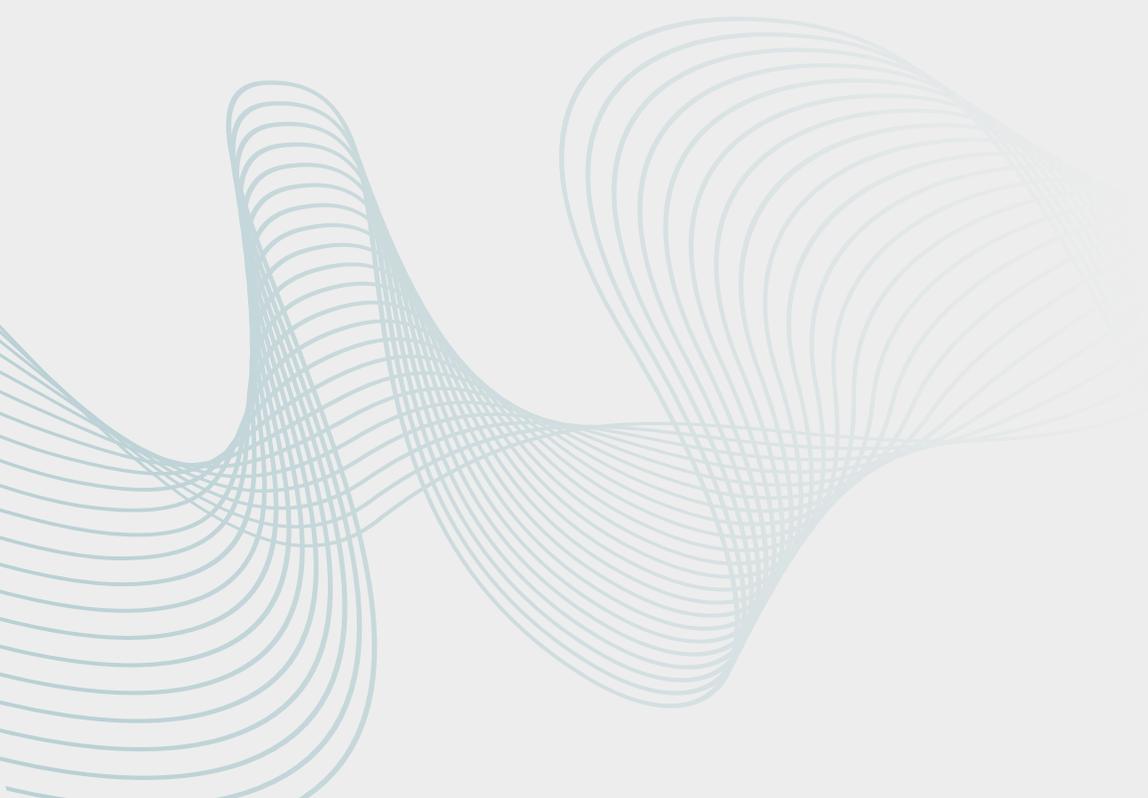
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This final chapter equips boards with practical guidance to lead CEO transitions effectively and impactfully. It outlines essential board practices throughout the transition journey, describes the behaviors that distinguish exceptional candidates and how boards can facilitate them, and addresses the board's critical role in supporting the outgoing CEO's graceful exit and organizational continuity. Together, these recommendations position boards to govern transitions with strategic clarity, operational continuity, and steadfast commitment to long-term organizational success.

## Board Leadership Essentials: Governing the Transition

- 1. Own CEO transition as a primary and ongoing responsibility.** The board holds ultimate accountability for the organization's future, and no decision is more mission-critical than identifying and integrating the new CEO. This responsibility extends far beyond the selection process. High-impact boards do not delegate this task entirely to a search/transition committee or external advisor but remain actively engaged as the ultimate decision-makers and stewards of the organization's mission.
- 2. Engage in continuous succession.** The most effective boards treat CEO transition as an ongoing process rather than a crisis-driven event. They integrate transition planning into their regular governance practices, reviewing leadership development progress and maintaining organizational readiness regardless of the current CEO's tenure plans. Leading boards schedule related discussions at least annually to assess internal leadership bench strength and ensure they maintain current knowledge of potential successors, even when no transition is imminently anticipated.
- 3. Recognize the specific transition scenario and plan accordingly.** Effective boards can accurately articulate which of the three transition scenarios they are facing – immediate CEO change, short-term CEO transition, or long-term succession planning – and adapt their strategy to match. Understanding the rhythm and requirements of the specific scenario prevents the board from applying a one-size-fits-all approach. Each scenario demands different timelines, committee structures, and stakeholder engagement strategies.
- 4. Establish clear roles and decision rights.** Successful transitions require precision in defining the distinct roles and responsibilities of the full board, the board chair, the search/transition committee, the outgoing CEO, members of the senior leadership team, and any external advisors. It is essential to clarify who holds authority over different aspects of the process, how information flows between the parties involved, and which decisions need full board approval versus committee action. Ambiguity creates confusion, slows decision-making, and can undermine candidate confidence in the organization's governance.

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- 5. Define the right CEO profile based on future needs.** High-impact boards resist the temptation to replicate the outgoing CEO's personality or to select based primarily on past organizational challenges. Instead, they anchor the leadership profile in a clear understanding of where the organization is heading and the leadership capabilities required to navigate that future successfully. They define future-facing leadership requirements before beginning candidate evaluation, ensuring selection criteria reflect strategic imperatives rather than historical preferences.
- 6. Maintain stakeholder confidence through transparent communication.** Leading boards develop and execute a comprehensive communication strategy that addresses the information needs of various stakeholder groups, including the senior leadership team, employees, community partners, payers, and regulators. They prepare stakeholder-specific communication plans, anticipate questions, provide consistent messaging across all channels, and ensure key stakeholders hear important news directly from the board rather than through informal channels. Silence creates anxiety and speculation; proactive communication builds confidence and maintains organizational stability during periods of leadership change.
- 7. Calibrate leadership readiness against market standards.** To ensure the best fit for the organization's future, effective boards maintain awareness of both internal talent development and external market dynamics. This dual perspective applies across scenarios: emergency transitions benefit from pre-existing market intelligence; short-term selections require dual-track assessment comparing internal and external candidates; and long-term succession uses external benchmarking to validate that internal development produces best-in-market leaders. By integrating external market scans with rigorous internal assessment, boards ensure leadership bench strength while maintaining strategic optionality to pivot to external search if organizational needs evolve.
- 8. Minimize risk through comprehensive assessments.** Successful transitions rely on evidence-based selection rather than intuition. Leading boards utilize rigorous assessment methodologies, including behavioral interviews, psychometric tools, competency-based evaluations, and structured reference checking to ensure a deep fit between the candidate and the future-facing leadership profile. This data-driven approach enhances the quality of hires, increases objectivity, and reduces the risk of cultural misalignment, leadership derailment, or strategic mismatch. Additionally, thorough assessments improve the candidate experience and strengthen the employer brand.

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- 9. Commit to active onboarding support.** High-impact boards understand that their work does not end when the candidate accepts and the contract is signed. They develop a structured pre-start engagement plan that includes initial activities and information sharing. Post-joining, the first 90 days – and indeed the first 12 months – require sustained support and board engagement that accelerates the new leader’s time-to-impact. A strategic integration process that moves beyond simple administrative orientation focuses on defining clear priorities, ensuring multi-stakeholder alignment, navigating cultural nuance, and sustaining leadership energy.
- 10. Prioritize the chair-CEO relationship.** The partnership between the board chair and the new CEO requires regular, honest communication and aligned expectations from day one. This could be established through frequent check-ins, which create feedback loops that allow the CEO to surface questions, test assumptions, and receive guidance. In successful transitions, the board chair acts as a mentor and advisor to the new CEO, helping to translate the board’s strategic plans into action while maintaining appropriate boundaries between governance and management.

## BOARD LEADERSHIP ESSENTIALS FOR CEO TRANSITION

ESSENTIAL PRACTICE	KEY ACTIONS	WHY IT MATTERS
<b>1 Own the process</b>	Maintain active board engagement throughout as the ultimate decision-maker	CEO transition is the board’s most consequential governance responsibility
<b>2 Engage in continuous succession</b>	Schedule annual CEO succession discussions even when no transition is anticipated	This practice transforms CEO transition from crisis response to strategic readiness
<b>3 Know your scenario</b>	Diagnose whether you are in Immediate, short-term, or long-term transition	Each scenario requires different timelines, processes, and stakeholder strategies
<b>4 Clarify roles</b>	Document who acts, who decides, and how information flows	Clear roles prevent confusion, accelerate decisions, and build candidate confidence
<b>5 Define future-focused profile</b>	Define the leader you need for the next 5 years, not the last 5	This approach ensures strategic alignment rather than historical replication
<b>6 Communicate transparently</b>	Prepare stakeholder-specific messaging throughout and post-selection	Proactive communication builds confidence, while silence creates anxiety
<b>7 Pursue the best fit</b>	Maintain awareness of internal talent development and external market dynamics	Integrating market calibration with internal development ensures the best-fit selection
<b>8 Integrate data-driven evidence</b>	Use behavioral interviews, psychometrics, competency evaluations, structured references	Evidence-based assessments reduce risk of misalignment and leadership derailment
<b>9 Commit to active onboarding</b>	Focus on clear priorities, stakeholder alignment, cultural navigation, and leadership energy	Deliberate integration accelerates the learning curve and positions the new CEO for early momentum
<b>10 Prioritize chair-CEO partnership</b>	Establish regular check-ins; create feedback loops	Real-time guidance and alignment build the foundation of integration success

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## Exceptional Candidates: Recognizing Key Behaviors

High-quality candidates view the selection process as a mutual evaluation rather than a one-sided interview. Boards should expect and welcome candidates who demonstrate strategic rigor, conduct deep due diligence, and assess organizational readiness with the same intensity the board applies to evaluating them. This scrutiny signals a commitment to long-term partnership rather than simply securing a position. The following behaviors, exhibited during the search process, distinguish exceptional candidates and guide boards in facilitating a thorough, two-way evaluation process.

- 1. Expect and facilitate due diligence on board governance.** Exceptional candidates will assess the board's alignment, stability, and understanding of the boundary between governance and management. They recognize that dysfunctional board relationships are one of the reasons CEO tenures end prematurely, and they look for evidence of clear governance practices, strategic focus, and respect for executive authority.

*What boards should look for:* Candidates who explore how the board describes its role in organizational strategy versus operational management, examine board composition and recent turnover, and seek to understand how the board chair describes the working relationship with the incumbent CEO.

*Board strategy:* Proactively address governance practices in positioning materials and interviews. Arrange candid conversations between finalists and the board chair about decision rights, communication cadence, and performance expectations. Candidates who ask sophisticated governance questions signal strategic thinking and awareness of what drives CEO success.

- 2. Provide strategic clarity and insights into organizational readiness.** Strong candidates will probe whether the organization has a clear strategic direction and whether the board can articulate why the search is being conducted now. They will move past vague statements about taking the organization to the next level and seek specificity about strategic priorities and success metrics.

*What boards should look for:* Candidates who probe the organization's top strategic priorities for the next 3 years, seek to understand what specific capabilities or experiences are being sought that differ from the current or former CEO, and clarify how success will be measured in the first 18-24 months.

*Board strategy:* Prepare clear, specific answers to these questions before beginning the search process. Boards that cannot articulate strategic priorities with precision will struggle to attract top-tier candidates. Use candidate questions about organizational direction as a diagnostic tool, considering that sophisticated inquiries reveal candidates who think systematically about competitive positioning and their potential impact.

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- 3. Facilitate evaluation of the organizational culture and energy.** Beyond strategic alignment, outstanding candidates will evaluate whether the organization's culture and energy align with their leadership style. They understand that culture misalignment, even when strategic fit exists, can undermine impact and professional fulfillment.

*What boards should look for:* Candidates who pay attention to how people interact, how decisions are made, and what behaviors are rewarded. They observe how board members interact with each other and with staff during interviews, listen to the stories people tell about the organization's history and values, and assess whether the organization's operating rhythm matches the strategy.

*Board strategy:* Create opportunities for candidates to experience the organization authentically — not just polished presentations. For a few final candidates, arrange informal interactions with leadership team members, facilitate site visits that reveal day-to-day operations, and encourage candidates to ask staff about organizational culture. Candidates who invest time in cultural assessment demonstrate awareness that strategic execution depends on cultural alignment.

- 4. Ensure transparency regarding the financial reality.** Leading candidates will request access to audited financial statements, bond ratings, and key performance metrics before making final decisions. They seek to understand the organization's financial position, margin trends, capital structure, and any pending financial challenges, recognizing that financial surprises after starting can fundamentally alter the nature of the role.

*What boards should look for:* Candidates who request 3 years of audited financial statements, current year budget and variance reports, capital structure and debt service obligations, and information about any pending litigation, regulatory actions, or compliance issues.

*Board strategy:* Proactively provide comprehensive financial information to finalists. Boards that withhold financial realities until after acceptance create conditions for early tenure failure and erode trust before the relationship begins. Candidates who conduct rigorous financial due diligence demonstrate the fiscal responsibility and analytical rigor essential for healthcare leadership.

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- 5. Evaluate how candidates navigate the selection process.** Candidates must manage the selection process with integrity and professionalism, while maintaining excellence in their current positions. The challenges faced by internal and external candidates differ significantly, and boards should understand these distinctions.

*What boards should look for:* Internal candidates who avoid politicking or lobbying board members and demonstrate enterprise-wide strategic perspective rather than functional advocacy, proving they can lead the organization they know from a new vantage point. External candidates who manage the selection process with discretion while maintaining full commitment to their current organizations, ensuring no lapse in leadership during their transition. Both should respect the selection timeline and prepare gracefully for any outcome.

*Board strategy:* Establish clear ground rules about candidate communication with board members during the search process. For internal candidates, create structured opportunities to demonstrate strategic thinking beyond their current functional role. For external candidates, respect their need for confidentiality and avoid pressuring them to disengage prematurely from current responsibilities. Candidates who navigate this balance professionally demonstrate the integrity and judgment essential for CEO leadership.

- 6. Look for future-focused leadership capabilities.** Successful candidates position themselves against the organization's future needs, not just their past accomplishments. They articulate how their experience, capabilities, and vision align with where the organization needs to go over the next years.

*What boards should look for:* Candidates who translate their track record into forward-looking insights, demonstrate understanding of emerging healthcare trends and challenges, and show how they would approach the organization's specific strategic imperatives with fresh perspective as well as proven methodologies.

*Board strategy:* Structure interview questions to elicit forward-looking thinking. Ask candidates to analyze the organization's strategic challenges and describe their approach to addressing them. Prioritize candidates who demonstrate both pattern recognition from past experience and adaptive thinking about future challenges.

- 7. Value authentic engagement throughout the evaluation process.** Leading candidates approach behavioral interviews, psychometric assessments, and competency evaluations as opportunities to demonstrate self-awareness and growth capacity. They provide candid responses that reveal their decision-making patterns, leadership style, and values.

*What boards should look for:* Candidates who are prepared to share specific examples that illustrate their leadership approach, engage openly with assessment tools rather than attempting to game them, and use the process to evaluate their own fit with the organization's needs.

*Board strategy:* Explain to candidates how comprehensive assessment tools inform the selection and onboarding process and how results will be used. Candidates who engage authentically with assessment processes demonstrate the self-awareness and transparency essential for effective board-CEO partnerships.

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- 8. Observe relationship building during the selection process.** Leading candidates use interviews and site visits to establish foundational relationships with key stakeholders, including board members and senior leadership team members. They recognize that these early interactions shape their ability to lead effectively if selected.

*What boards should look for:* Candidates who ask thoughtful questions that demonstrate genuine interest in understanding organizational dynamics and stakeholder perspectives. They listen actively to concerns and aspirations expressed by different stakeholder groups, identify potential allies and champions for their leadership approach, and begin building the trust-based partnerships that will be essential to their success.

*Board strategy:* Create structured opportunities for candidates to interact with diverse stakeholders: board members, leadership team, medical staff, community partners. Gather feedback from these stakeholders about candidate engagement quality. Candidates who invest in relationship-building during the selection process demonstrate the interpersonal intelligence and stakeholder orientation essential to healthcare leadership.

- 9. Approach contract negotiations as a foundation for mutual commitment.** Effective candidates view contract negotiations as an opportunity to establish mutual expectations and protections, not as an adversarial process focused solely on maximizing compensation.

*What boards should look for:* Candidates who address base compensation, incentive structure, and benefits; clarify performance evaluation criteria and timeline; negotiate severance provisions thoughtfully; secure appropriate relocation support if applicable; and ensure clear articulation of decision rights and board reporting expectations. They engage experienced legal counsel to review terms and ensure the contract reflects a partnership built on shared accountability.

*Board strategy:* Approach negotiations as an opportunity to build partnership. Be prepared to discuss performance expectations, decision rights, and evaluation processes with the same rigor applied to compensation discussions. Boards that view negotiations solely through a cost-minimization lens risk losing top candidates or creating misaligned expectations. Candidates who negotiate professionally and comprehensively demonstrate the business acumen and relationship skills essential for CEO success.

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**10. Support active onboarding before day one.** If selected, effective candidates begin their onboarding before their official start date, leveraging the golden gap for foundational learning. They understand that how they enter the role influences the organization’s future in lasting ways.

*What boards should look for:* Candidates who request access to strategic plans, board materials, and organizational assessments, schedule preliminary conversations with the board chair about priorities and expectations, begin mapping key stakeholder relationships and organizational dynamics, and develop a preliminary 90-day plan that balances listening, learning, and early action.

*Board strategy:* Proactively facilitate the time between contract signature and day one by providing comprehensive onboarding materials, scheduling structured conversations between the incoming CEO and board chair, and creating opportunities for the new leader to engage with key stakeholders before the official start date. Boards that support strategic integration during this period accelerate time-to-impact and demonstrate commitment to the new leader’s success.

## THE CANDIDATE LENS WHAT TOP-TIER CANDIDATES EVALUATE

### BOARD IMPERATIVE

Exceptional candidates conduct rigorous due diligence across these dimensions. The board’s ability to address each area credibly signals organizational readiness and governance sophistication.

This framework serves for the preparation of positioning materials, interview responses, and onboarding strategy.

#### GOVERNANCE & STRATEGIC FOUNDATION

- ❑ **Board governance:** Turnover patterns; functionality/best practices; management cohesion; commitment; risk tolerance/growth orientation
- ❑ **Strategy and vision:** Upside opportunity for growth; growth trajectory clarity; strategic priorities uniformly understood across governance and management
- ❑ **Financial vitality:** Balance sheet strength; operating performance trends; regulatory environment stability
- ❑ **Reputation:** Market position; competitive differentiation; stakeholder perception

#### ORGANIZATIONAL CAPACITY & CULTURE

- ❑ **Leadership team:** Caliber/depth of executive team; stability; dedication; change readiness; talent bench depth
- ❑ **Leadership structure:** Effectiveness/relevancy; adaptability; perceived need for/willingness to support structural evolution
- ❑ **Culture:** Mission alignment; employee engagement around vision; trust and psychological safety levels
- ❑ **Diversity and health equity commitment:** Board, staff, and leadership diversity; systemic equity practices and outcomes; inclusive and trust-based culture evidence

#### MARKET CONTEXT & TRANSFORMATION ENABLERS

- ❑ **Communities served:** Demographics; economic strength; growth potential; community support/need alignment
- ❑ **Digital and AI maturity:** Transformation progress; digital patient experience capabilities; IT infrastructure readiness; AI pilot projects and implementation at scale
- ❑ **Personal alignment:** Geographic fit; family considerations; lifestyle integration; relocation support

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## Facilitating the CEO Departure: Ensuring Legacy and Continuity

The board's approach to the outgoing CEO significantly impacts organizational stability, leadership continuity, and stakeholder confidence. Regardless of whether the departure is a planned retirement, a performance-based replacement, or an unexpected exit, the board must balance honoring the outgoing leader's contributions with ensuring a clean authority transfer to the successor. The following recommendations position the board to lead this sensitive process with confidence, stakeholder sensitivity, and unwavering commitment to organizational mission.

**1. Establish the board as the primary driver of all CEO transition activities.** Regardless of departure circumstances, the board must immediately demonstrate to all stakeholders — internal and external — that it has a hand on the wheel. Upon the departure announcement, the board chair should communicate the transition timeline, interim leadership arrangements (if applicable), the selection process, and the governance structure to appropriate stakeholders. All subsequent updates should be board-driven, preventing confusion about decision-making authority and ensuring the process aligns with future organizational needs rather than the departing CEO's preferences.

The board's visible leadership reduces speculation, rumor, and organizational anxiety during uncertain periods of leadership change. When the board appears passive or allows the departing CEO to control transition narratives, stakeholders perceive governance weakness, undermining board authority and creating confusion about decision-making channels during critical moments.

**2. Define explicit parameters and boundaries for the departing CEO.** Successful transitions require clear rules of the road established early, as the departing CEO's appropriate involvement in the transition process varies based on departure circumstances and relationship dynamics. Prior to any public announcement, the board chair and CEO should document agreed-upon parameters including: the CEO's specific involvement (if any) in the selection process, remaining decision authority on long-term strategic issues, timeline for departure, communication protocols with candidates and stakeholders, and post-departure relationship expectations. For planned retirements with positive relationships, the departing CEO may provide valuable advisory input on organizational culture and leadership competencies. For performance-based or strained departures, the board may establish limited or no involvement in successor selection and define clear communication restrictions.

Without explicit boundaries, the departing CEO may inadvertently (or intentionally) undermine the successor through continued informal influence, lobbying for preferred candidates, or creating confusion about decision authority. Clear parameters protect both the organization and the departing leader's professional reputation.

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**3. Manage the transition period and any overlap based on departure circumstances.** The appropriate level of interaction between the departing and incoming CEO varies based on departure type, organizational stability, and relationship dynamics. For departures with positive relationships, boards should design a brief, structured handoff period, focused on high-level stakeholder introductions and relationship transfers. The board chair and departing CEO should inventory critical relationships and create a deliberate introduction plan. After this period, the outgoing CEO should exit completely to allow the successor to establish authority. For strained or performance-based departures, boards should minimize or eliminate overlap entirely, using interim leadership to maintain stability during the search. Boards should also establish clear post-departure protocols.

Extended overlaps create confusion about decision authority and prevent the new CEO from establishing their own leadership rhythm. In all departure scenarios, failing to manage the diminishing involvement curve can lead to shadow leadership that destabilizes the new leader's authority.

**4. Balance individual dignity with organizational protection throughout the departure process.** The board must manage the CEO departure with professionalism while protecting organizational interests and positioning the new leader for success. It starts with communicating the transition to stakeholders with appropriate transparency about the process and without unnecessary detail about departure reasons, focusing all messaging on the organization's future direction and the board's commitment to selecting the right leader for the next horizon. When necessary, the board should provide fair exit support while protecting organizational interests through clear separation agreements and resisting public criticism of the departing leader, which damages organizational reputation and complicates successor recruitment.

A departing CEO who feels their legacy is threatened may resist succession planning or undermine the new leader through continued informal influence. Poor handling of any departure signals governance dysfunction to internal and external stakeholders and complicates successor recruitment. A professional, board-led exit ensures the organization's mission remains the central focus, rather than the circumstances of the departure.

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**5. Facilitate graceful retirements that honor legacy while ensuring clean transitions.** When a CEO retires after a long, successful tenure, the board must acknowledge the psychological complexity of relinquishing power and status. Boards should frame the graceful transition itself as a capstone leadership achievement that enhances professional legacy, providing formal recognition for contributions early in the transition process to alleviate anxiety about being forgotten or diminished. Boards should help the retiring CEO understand that the new CEO's success is a testament to the foundation they built, not a repudiation of their leadership.

Boards should proactively manage post-retirement community and donor relationships by defining which, if any, relationships the retiring CEO maintains (for example, personal philanthropic connections, civic board service) and which transfer to the new CEO (for example, organizational donor relationships, strategic community partnerships). Boards should maintain appropriate connections with the retiring CEO after departure through periodic updates on organizational progress and recognition of the retiring CEO's foundational role in current successes.

A retiring CEO who feels their legacy is threatened may resist transition planning, undermine the new leader through continued informal influence, or publicly criticize organizational changes. The board that proactively honors legacy, while facilitating a clean handoff, creates conditions for the retiring CEO to become an ambassador who champions the organization's future. Failing to manage the diminishing involvement curve can lead to shadow leadership that destabilizes the new CEO's first 90 days and confuses stakeholders about decision-making authority.

## FACILITATING THE CEO DEPARTURES THE BOARD'S FRAMEWORK

High-impact boards adapt their approach based on departure circumstances while maintaining governance authority and organizational momentum

BOARD IMPERATIVE	PLANNED RETIREMENT/VOLUNTARY	PERFORMANCE-DRIVEN/STRAINED
<b>1 Board leadership</b>	<ul style="list-style-type: none"> <li>Collaborative partnership</li> <li>Board drives timeline and communications</li> </ul>	<ul style="list-style-type: none"> <li>Decisive authority</li> <li>Board takes immediate control of narrative</li> </ul>
<b>2 Parameters and boundaries</b>	<ul style="list-style-type: none"> <li>Documented advisory role in selection</li> <li>Clear post-departure protocols</li> </ul>	<ul style="list-style-type: none"> <li>Limited/no involvement in selection</li> <li>Immediate communication restrictions</li> </ul>
<b>3 CEO overlap</b>	<ul style="list-style-type: none"> <li>Brief structured handoff</li> <li>Stakeholder introductions</li> </ul>	<ul style="list-style-type: none"> <li>Minimal to zero overlap</li> <li>Interim leadership maintains stability</li> </ul>
<b>4 Individual dignity</b>	<ul style="list-style-type: none"> <li>Legacy recognition</li> <li>Ambassador role in community/donor relationships</li> </ul>	<ul style="list-style-type: none"> <li>Professional separation and fair support</li> <li>Confidentiality</li> </ul>
<b>5 Retirement-specific</b>	<ul style="list-style-type: none"> <li>Frame transition as capstone achievement</li> <li>Manage the diminishing involvement curve</li> </ul>	

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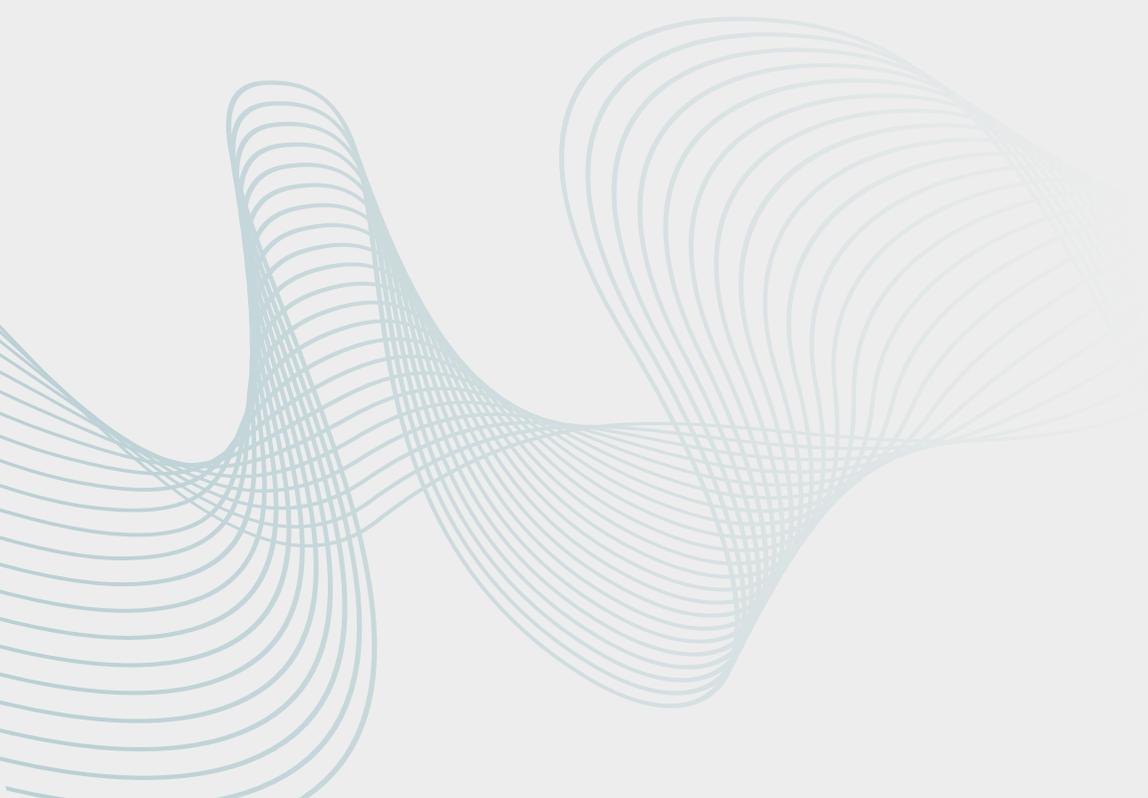
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CEO transition represents one of the most consequential decisions a board will make. The difference between a reactive scramble and a strategic success lies not in luck, but in board leadership, preparation, and process discipline.

Organizations that thrive through leadership change share a common characteristic: their boards treat CEO transition not as an isolated event, but as an ongoing governance responsibility. They recognize that transition planning begins years before a departure, that the process requires both rigor and flexibility, and that a new CEO's success depends heavily on how well the board orchestrates the transition and accelerates early impact.

We offer three imperatives:

**First, boards must lead proactively.** Waiting for a CEO to announce their departure puts the organization at risk. High-impact boards establish transition planning as a standing governance priority, regularly assess leadership bench strength, and maintain readiness regardless of current CEO tenure or performance.

**Second, process discipline matters.** The temptation to rush, skip steps, or rely on informal networks can be strong, particularly in crisis scenarios. Yet the organizations that achieve the best outcomes are those that maintain structured processes even under pressure: clear role definitions, rigorous assessments, comprehensive candidate evaluations, and thoughtful integration planning.

**Third, transition extends beyond appointment.** The board's work intensifies after contract signing. Strategic onboarding, active board engagement during the critical first 90 days, and ongoing support through the first year determine whether a well-selected CEO can translate potential into performance.

The question is not whether your organization will face CEO transition, but whether your board will be ready when that moment arrives. This guide provides the framework. The commitment to act on it rests with board leadership.

**The work begins now.**

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WittKieffer is the premier executive search and leadership advisory firm developing impactful leadership teams for organisations that improve quality of life. We work exclusively with organisations in healthcare, science, and education – the Quality of Life Ecosystem – and provide essential knowledge, analysis, and perspective that produce effective leaders and inclusive cultures. Through our executive search, interim leadership, and leadership advisory solutions, we strengthen organisations that make the world better. WittKieffer is proud to be 100 percent employee-owned.

With nearly 3,000 successful healthcare CEO placements across our 57-year history – averaging one CEO placement every week – WittKieffer brings unparalleled experience in healthcare leadership recruitment and development. Our deep industry expertise, combined with our proven ability to identify and place transformational leaders, makes us the partner of choice for boards seeking their next CEO. We understand that impactful leadership is the cornerstone of healthcare excellence, and we remain committed to connecting visionary leaders with organizations that share our mission.

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