

The Heroic Decision: Perspectives on the Healthcare CEO Retirement

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Healthcare leaders are choosing to retire later in life. According to WittKieffer research, industry CEOs retire at an average age of 65 compared with an age of 62 a few decades ago (WittKieffer, February 2024). This shift is influenced by many factors, including CEOs' strong drive for impact, achievement, and commitment to their purpose, which often extends their careers into their 70s. However, it is crucial for these CEOs to approach their exits with careful planning and foresight, ensuring a smooth transition for themselves and their organizations. The "worst course of action is doing nothing."

How do you know when it's time to log off and power down a long, successful career? With a retirement date in mind, how do you maintain your relevance? How do you initiate a succession process without unintended consequences and with positive, long-term benefits?

This article presents a review of common pitfalls to avoid and key indicators that signal it's time to give retirement serious thought.

Fears and Fulfilment

In our work, we have seen many CEOs who inwardly struggle with whether retirement will be perceived by others as an accomplishment or something they have left undone – which causes them to delay making a decision. In the classic book *The Hero's Farewell: What Happens When CEOs Retire*, author Jeffrey Sonnenfeld outlines four types of retiring chief executives:

- The *monarch* who must be forcibly removed
- The *general* who leaves reluctantly (and may plot some form of a return)
- The *ambassador* who leaves gracefully and lends a helping hand on the way out
- The *governor* who willingly departs and doesn't look back.

Most healthcare CEOs fall into the latter two types, gracefully leaving and, if needed, helping their successor get the lay of the land. Still, leaders who consider themselves gracious and graceful at every turn don't always get the timing right. They do not always recognize the telltale signs that it's time to hand the reins to a successor.

"While CEOs are working 70-to-80-hour weeks, it is impossible to consider [retirement] questions with clarity or to explore what might be possible or fulfilling after they retire," writes Bill George of Harvard Business School. "Giving up their jobs feels like stepping off a cliff. Without answers, many CEOs default to remaining too long in the job. Yet by doing so, they may imperil their legacies and their companies."

This can be especially hard in a mission-oriented industry like healthcare, where many CEOs are driven by an altruistic orientation. Retirement often means giving up their purpose, as well as prestige and power, leading many CEOs to fear losing their professional identities. Sonnenfeld notes how a CEO's personality can shift when looking retirement squarely in the eye. Indeed, the outgoing CEO's responsibility is not only to prepare the organization for the transition but to prepare themselves.

Myths

Maybe you find yourself with retirement on the horizon? If so, consider (and question) the following myths that many executives come to embrace as they contemplate this consequential decision:

- **“I’ll know when I know.”** Many executives we speak with feel like there will be a defining moment or visceral urge that signals the time to retire. In our experience this is rare. Most often the decision is hard and requires trade-offs, and rarely presents itself clearly.
- **“It’s my decision.”** Ultimately, yes, it is you who must decide. But what about your spouse or partner? Your aging parents? Your kids (and grandkids)? Consider what your life may call for concerning those closest to you. And then think about your colleagues and the leadership agenda for the next three to five years: Is it the right time for your organization? Are you making decisions about things you might not be around to see through, even if it might not be (or seem like) the right time for you?
- **“I’ve still got too much to do.”** Yes, you have a lot on your agenda, but is this what the organization wants and needs?
- **“They can’t do without me.”** To protect their legacy and prepare for their successor, a CEO might believe they are still the best person to lead the organization. After all, they have a perspective on its opportunities and challenges that no one else (not even the board chair or COO) has. While often true, it can also be misguided, as most organizations exhibit an uncanny resilience when faced with turnover at the top.
- **Contingency planning is succession planning.** Giving someone your login credentials in case you are unable to perform your duties is not succession planning. Contingency planning is for the reactive, immediate and urgent. Succession planning is proactive, intentional and important because the essential purpose is to ensure organizational continuity. You can work with your board and CHRO to conduct a comprehensive succession plan that addresses your questions around retirement and ensures there’s at least one internal successor who can take the reins.
- **The transition will be easy, once the decision is made.** While many feel a sense of liberation when a decision is made public, the reality is there are typically several phases to navigate. Some are joyful, offering validation for one’s work. Others are harder, especially when a CEO begins to cede control and the focus shifts away from them. You’ll face unprecedented (for you, anyway) personal and professional challenges.
- **Retirement has to be “cold turkey.”** While there’s something to be said for a leader who moves on and doesn’t look back (Sonnenfeld’s governor persona), most leaders are getting creative in extending and phasing out their careers. After retirement, there may be an opportunity to support your organization in a clearly defined capacity that supports your successor, and you can devote more time to serving other organizations in an interim capacity, as a board member, or as a consultant. You can serve your peers as a coach and mentor. You can teach. In other words, you can define what retirement means for you. Spending time in advance defining what your life will be in retirement – or better said, what your life will be when not occupying a CEO role – is a fundamental, personal aspect of succession planning. Having at least directional clarity will ease the natural fears that could impede doing the right things as you near a major transition.

Signs to Watch for

The following are signs that indicate you should consider retirement:

- **Your tenure's life cycle has run its course.** Tenure often plays a more critical role than age in determining when a CEO should step down, according to Harvard's George. If you've accomplished your primary goals or if the organization is shifting strategic directions, this can be a sensible time to retire. While many CEOs are tempted to stay on to a set age, critically assess whether that's best for both you and the organization.
- **Your energy and enthusiasm are diminishing.** Healthcare CEOs got to where they are by bounding out of bed each morning with vivacity and purpose. Age, and years of experience, can take their toll. Do you still have the same drive you've always had? Or have your ideas and energy considerably diminished?
- **Your skills and vision are not aligned for what the role requires, or will require.** After a long career you've accumulated a vast and varied skill set. Yet, are there key abilities now required for the role – technology innovation or M&A, for instance – you might be missing?
- **You're playing more defense than offense.** Are you spending more time protecting what you've built versus critically assessing and building anew? As CEO, your work holds significant value and much of it should be preserved, but is pride of authorship clouding your judgment about what the organization needs next?
- **You're spending too much time "tidying up."** Many CEOs want to leave their organization in good standing for their successor. While there may be many small details and loose ends to consider, what truly matters for the next CEO is the organization's structural integrity. Focus on taking care of the significant challenges that need immediate action and delegate the less critical tasks to others.
- **You're hiring executives you don't expect to supervise for long.** This can be a signal you may need to accelerate your retirement timeline. One CEO I know had an epiphany about retirement while recruiting a new CFO: "Whomever I hire will work more with my successor than me," she realized. This led the CEO to move up her retirement date so her successor could hire key members of their own team.

In healthcare, sometimes the most heroic CEO retirements are those with little fanfare, when the outgoing leader and organization have worked proactively and collaboratively to ensure a smooth transition.

For the Retiring Leader

Executives nearing and transitioning into retirement can keep the following in mind:

Reflective Phases:

1. **Accept it.** Allow yourself to feel what you feel. Give yourself grace and embrace the possibility of a new beginning.
2. **Get on the balcony.** What patterns do you see? What do you need to un-learn, re-learn, or learn anew?
3. **Let go.** Explore and challenge your mindsets, habits, identities. What do you need to stop?

Active Phases:

4. **Reimagine.** Renew or re-ground on your purpose. Experiment and engage your creativity.
5. **Incorporate.** Set concrete goals. Work your plan. Weave the transition into your life's narrative.
6. **Engage.** Seek help and support. Write a new story, and share it.

Board Considerations

The CEO's retirement is a challenging decision. Here are a few ways the board can broach the subject and ensure a smooth transition.

- 1. Prepare for difficult, crucial conversations.** Boards often face tough choices, specifically with regard to the organization's next-generation leadership. The "retirement conversation" with a current CEO is one they tend to delay. "Why rock the boat?" they figure. "The CEO will let us know when they're ready to move on." As we've seen, many CEOs are hesitant to make that decision on their own. They are human and they need help through transition, too.
- 2. Shore up your succession planning.** Roughly half of hospitals and health systems say they have a CEO succession plan, and fewer do succession planning for strategically vital executive roles. My colleagues, [Andrew Chastain](#) and [Susan Snyder](#), insist that succession planning is a strategic necessity. You need to have a forward-looking, strategy-informed plan for identifying your next CEO and, if internal, preparing that executive for the role.
- 3. Understand the psychological needs of a departing CEO.** Your CEO is facing the personal and emotional challenges of transitioning to being an ordinary citizen with a lot of newfound free time. Amid the desire to check boxes during a CEO transition, make sure to check in with the outgoing leader on how they're processing such an enormous life change.