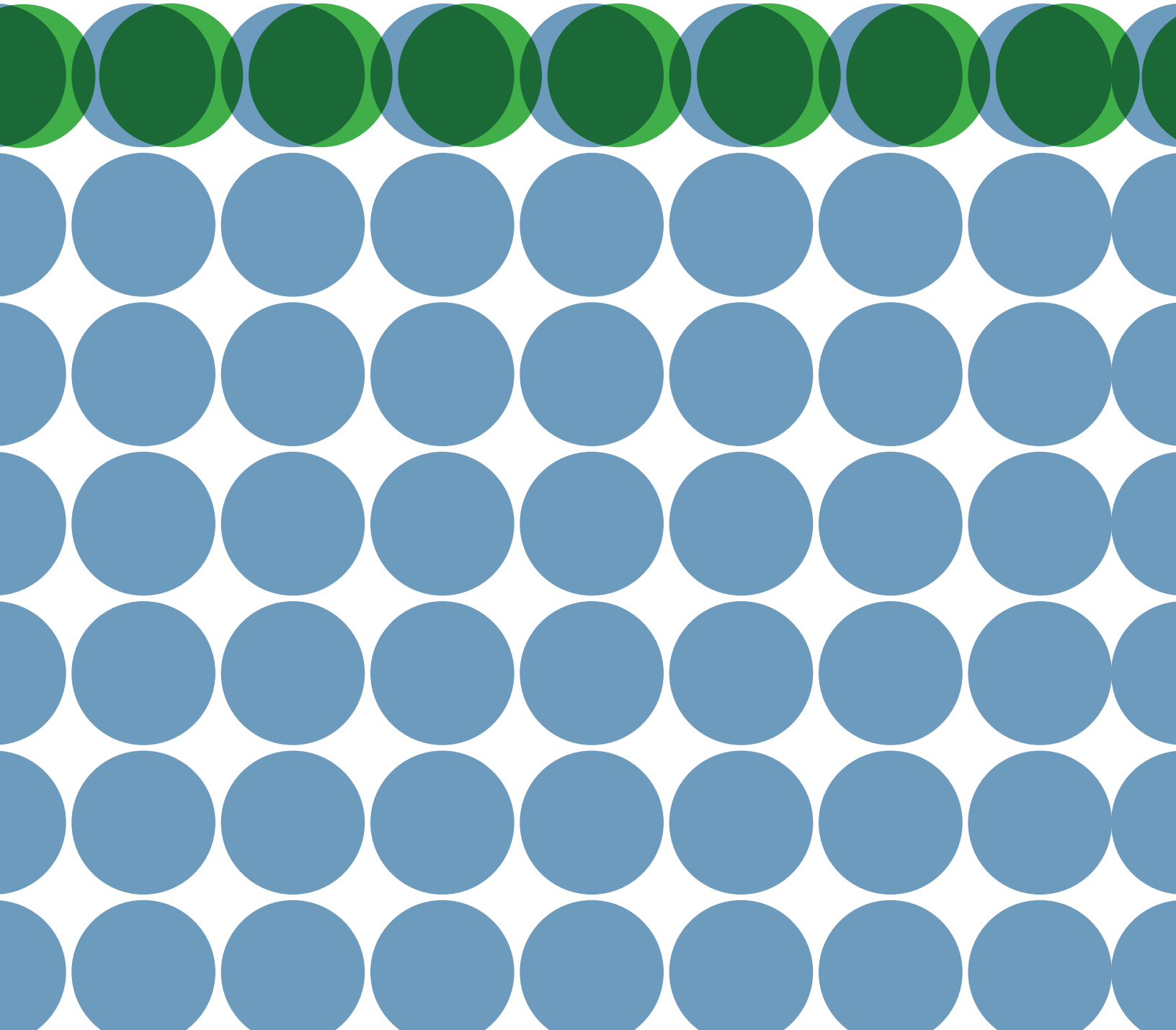


Moving Over or Moving On: Next Career Steps for Health Clinic CEOs

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"I am a lifer in the community clinic movement. I would only leave this job for another one that engages me as fully in the movement as this one does." That was the statement of a long-tenured community clinic CEO in response to the question of what she wants to do after being CEO. Other California clinic leaders in the same 2009 focus group made similar responses to the question.

That passion for a cause, along with the financial impact of the current recession, has kept boomer executives across all nonprofit sectors glued to their chairs. They can't see any attractive chairs beyond the ones they are sitting in. They've been tremendously successful in building their organizations and in building the social change movements of which they are a part. They continue to be effective leaders. But at what point should they step aside for a next generation of leaders? At what point would their organizations and their movements be best served by their making room at the top for fresh perspectives and fresh energy? And what can clinic boards do to support career moves for their CEO's?

This paper begins with a perspective on why long term clinic leaders without plans to retire or transition into a new role in the community clinic movement can hold clinics back. It will then report on the career moves previous clinic CEOs have taken and how they prepared themselves for those moves. The option of "partial retirement" for senior boomers will be highlighted. The paper will then offer recommendations for clinic CEOs on knowing when it's time for a move and how they might prepare themselves for that move. It will close with roles that clinic boards of directors can play in creating career options for clinic leaders and supporting their executives through a career transition.

What's the problem?

The problem is simple but the human dynamics around it are difficult. In simple terms the talent pipeline in California Community Health Clinics (CCHC) is clogged at the top. A 2009 survey of CCHC executives¹ found that 33% were over age 60, which is dramatically up from 18% in a survey with the same population conducted in 2003². And only 16% of the 2009 CEOs had a board-approved succession plan in place.

Community clinic leaders, up-and-coming clinic managers, and clinic supporters perceive this lack of movement and planning as a challenge to

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1 K. A. Howard and S. L. Dube, "Mission Critical: The State of CEO Leadership in California Community Clinics." Published online at www.btw.informingchange.com. 2009.

2 Jeanne Peters et al., "Securing the Safety Net: A Profile of Community Clinic and Health Center Leadership in California." Published online at www.compasspoint.org/research. 2003.

the future sustainability of the health safety net in California. They believe something needs to be done to unclog the pipeline, to move the next generation of movement leaders into positions of greater responsibility, and to move senior CEOs who want to stay involved in community health care into different roles, roles that take advantage of their years of experience.

Several of the interviewees for this paper had stories of difficulties in clinics (management team turmoil, ruptures in the board/CEO partnership, stalled fundraising) whose high-achieving CEOs stayed too long. Individual clinics can suffer if their CEOs don't develop fresh leaders with new perspectives and don't make space for them to step up. Several of the interviewees for this paper had stories of difficulties at clinics (management team turmoil, ruptures in the board/CEO partnership, stalled fundraising) resulting from high-achieving CEOs who stayed too long. A movement stagnates if its leadership pool sits still too long.

On the more complex side, the community health sector wants to hold onto the wisdom, knowledge, and skills of its seasoned leaders. Many have built their clinics from the ground up. They have grown and merged and led their clinics through various licensing and federal funding hoops. They have mastered strategies for dealing with ever-fluctuating revenue streams. They are skilled health policy advocates for services for their uninsured and under-insured clientele.

And many cannot see a next career step that would engage and fulfill them as completely as their current job. It is their life and their identity-- and a still necessary source of income. Pension plans have never been standard in the nonprofit sector; 401(k)s and similar products came in relatively recently, and they've been hit hard by the recession.

The challenge to the sector is to create post-CEO options for its leaders that would contribute to the ongoing vitality of the community clinic movement and that are significant enough and remunerative enough that the leaders are "pulled" by the opportunities rather than having to be pushed. Stephanie Clohesy wrote a report, *"An Encore for Nonprofit Leaders"* for Civic Ventures, a nonprofit think tank on boomers, work, and social purpose.³ She conducted in-depth interviews with nine people, most in their 60s, about their transition journeys after exiting their senior management positions. She reports that

...all of those interviewed came to the conclusion that they wanted to begin a new stage of work that offered social impact, personal meaning, continued income (for most) and more flexibility and personal time. All of them had left social-purpose careers they loved and work they found meaningful, and they wanted no less in their next chapters.⁴

*"There is much more to be done... to seize this opportunity as a positive force in movement building."*⁵ Boomers built the infrastructure for many of our social change movements. As they reach what was "normal" retirement age for previous generations, they are healthy and still have much to contribute to their movements. They and the nonprofit sector are challenged to find the ways they can continue to contribute while facilitating the transition of their executive positions to the next generation of movement builders.

3 S. Clohesy, *"An Encore for Nonprofit Leaders: Making the World a Better Place, Continued"* Published online at www.civicventures.org. 2010

4 Clohesy, 5.

5 H. Kim and F. Kunreuther, *"What's Next: Baby-Boom Age Leaders in Social Change Nonprofits"* 2007. Published online at www.buildingmovement.org/resources, 3.

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Career moves planned or previously taken by clinic CEOs

For this paper, an extensive discussion with a focus group of eight long-tenured clinic CEOs from around the state was conducted on the question of what succession planning they had done in their clinics and how long they expected to stay in their positions. None of the eight had current plans to leave their positions.⁶ Most had given some thought to the future leadership needs of their clinics. However, none had undertaken serious succession planning, i.e., engaging their boards and their senior managers in preparing their clinics for the time when they would no longer be CEO. All referenced their passion their work and pride for having steered their clinics to become expansive health care resources essential to their communities. One declared quite eloquently that she loved her work and viewed suggestions that she do leadership succession planning as attempts to prematurely push her out of her position.

To gather stories on CEO career trajectories, an additional 17 persons were interviewed individually: Twelve current and former CEOs from California community health clinics, three clinic consortia executive directors and two veteran consultants in California's community health arena. They described 25 career moves taken by themselves or by other clinic CEOs they knew. Six of the moves were into retirement. Seventeen stayed employed in health care related positions, and two began very different lines of work.

Among the 17 who stayed in health care, two moved from CEO to medical director in their clinics, two moved to a CEO position in another clinic, five took other health care jobs, e.g., head of community benefits for a Kaiser Permanente region, four became program officers for foundations that fund health-related organizations, three became health care consultants and one became a mental health therapist.

Two CEOs followed more divergent dreams—pastor of a church and novelist. It is significant to note that they had training and experience in these divergent vocations prior to leaving their health clinic jobs. The novelist, for instance, had completed one novel and had three more underway before she left her CEO position.

In a 2009 survey of California community clinic CEO's respondents were asked what they thought their next career move would be. Retirement was the projection of 32% of the 121 respondents, consulting 18%, another nonprofit job 8%, a position in another community clinic 5%, and a government job 4%. Nearly one in four CEOs said they didn't know what they would do next.

Partial retirement: A win-win solution

A 2007 national study on post-executive options chosen by retirement-age nonprofit leaders found some executives staying within their organizations, either in a pared back CEO role or in a new role.⁷ Moving to a fundraising role or a public policy role is a common step for a seasoned executive director who wants to drop administrative duties and yet continue to contribute to his organization's work.

For a senior clinic CEO, the option of a "partial retirement" offers a potential win-win alternative that provides ongoing work fulfillment and income while making room for new leadership at the top of their clinic.

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⁶ Howard and Dube,

⁷ J. Masaoka, *The Departing: Exiting Nonprofit Leaders as Resources for Social Change*, 2007.

Some large corporations offer partial retirement for their long-serving managers as a way of holding onto the managers' skills and knowledge and of giving the managers time to develop and give greater responsibilities to their protégés.⁸ The corporation wins in retaining the talent and knowledge of valued managers and the managers win in staying engaged and paid in jobs they like at a reduced level of stress. One outcome reported is that some corporate managers, once they have more time for other pursuits on a reduced work schedule, find other things they can do and like to do. They move on to other jobs. "Partial" retirement becomes "phased" retirement.

In working with his board to set up a partial retirement, a clinic CEO might, for instance, pare off one-third of his responsibilities. The dropped duties could be delegated to one or more existing managers, given to a newly created part-time position, or given to the person being groomed to step up to the CEO position.

"*Table for Two*" is a 2009 research study on how six nonprofit founders successfully hired successors and stayed on in altered roles to co-lead their organizations with their successors.⁹ Based on their findings, the authors delineate guidelines for a "Mutual Success" model – "*how to maximize the use of the founder's assets for the good of the organization, while taking steps to guard against the very real pitfalls [that can arise when a founder stays on in a leadership role].*"

Moving to a different position in the same clinic could be the shape partial retirement takes for some CEOs. While the research for this paper didn't find examples of this option, it's an alternative not infrequently found in other nonprofit subsectors. Again, the prescriptions for success that emerged in the "*Table for Two*" research are important guidelines for ensuring the next executive is not inhibited by the continued presence of her predecessor and that the former CEO recognizes and adheres to their more limited role.

Recommendations for CEO's: Preparing for the next step on your career ladder

Develop your skills for your next dream job. The wise nonprofit professional will envision the next stop on his career path however remote leaving their current job may be. There's security and personal satisfaction in knowing there are other jobs that could excite his interests and fit his aptitudes. And the security is increased by taking steps to pick up the skills required for that next career phase, whether it is as a health care consultant, coach, or policy analyst or maybe as a minister, a therapist, or a novelist. A career counselor or coach can be helpful in the career exploration and planning.

Am I still right for this clinic? Out of a commitment to the mission and sustainability of her clinic, a responsible CEO will periodically reflect on the question, "*Am I still the right person for this job?*"¹⁰ At some point she will realize she has taken the clinic as far as her abilities, interests, and energy allow. It may be that she's grown stale in her job and wants a new perch in the community health movement that would more fully engage her talents. Or maybe the challenges ahead for her clinic will require skills in the CEO position beyond what she wants to pick up. Or it's simply time to cut back or retire. Again, executives reaching that decision

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8 P. Rupert, "*FlexBulletin #30: Phasing into Retirement – NOW*", 2010. Published online at www.rupertandcompany.com.

9 M. Leach, "*Table for Two: Can Founders & Successors Co-Exist So Everyone Wins?*" 2009. Published online at www.table-for-two.net.

10 T. Wolfréd, "*Building Leaderful Organizations: Succession Planning for Nonprofits*" 2008. Published online at www.aecf.org/knowledgeCenter.aspx. 15.

point often find that a life coach or career coach is a great asset in finalizing the decision and in laying out a path to a next job or retirement.

Engage in succession planning. Transitioning out will be easier for the executive who has made talent development and shared leadership standard practices in his clinic. He won't be held back by the thought that *"no one else can do this job"* or *"I'm irreplaceable."* Each of his critical responsibilities is backed up by someone else on the management team. The backups have received the necessary training and have had opportunities to use those skills while the CEO was on vacation or on an extended leave. With the delegation of duties, the CEO has developed a culture of shared leadership. Critical information is shared, and managers are trusted to make decisions within their departments and to address agency-wide issues and policy development as a team.

Take a sabbatical. A sabbatical is recommended for several purposes. It gives the CEO a rest and an opportunity to reflect from a distance on her career and her desires for the clinic. New visions for the clinic can emerge along with fresh energy to pursue them. Or the realization that it is time to move on can result, along with the first thoughts on how best to do that over the next year or two. For some, the simple awareness that there can be a fulfilling life outside of the clinic job is an important outcome.

One early recipient in the sabbatical awards program of The California Wellness Foundation focused on her career trajectory while on leave. The thought that had been in the back of her mind that it was time to leave her position was given a chance to bloom and be carefully considered. Six months after she returned from her sabbatical, she told her board of her intention to resign.

For the clinic, the sabbatical provides a great opportunity for the management team to develop and test its executive wings for a two- or three-month period.¹¹ Sabbaticals *"...force a form of succession planning—preparing managers to lead while the ED is on a three-month leave."* In a 2009 study, The California Wellness Foundation likewise found, that, for many of its sabbatical awardees, the sabbaticals prompted the clinics' first efforts at succession planning:

In many organizations, planning for the executive director's absence was a revelation because it showed how few systems or procedures were captured in writing, or how concentrated some kinds of institutional knowledge were in... the executive director... [O]rganizations clarified staff roles, altered chains of command, and developed contingency plans for various scenarios...The sabbaticals helped some boards and executive directors broach the uncomfortable subject of *"What if...?"*¹²

Ultimately a well-orchestrated sabbatical strengthens the leadership of a clinic. It provides the CEO an opportunity to reflect on his career plans and consider next steps. It also provides assurance to board and staff that a transition at the top can be smoothly handled, whether it's next year or years down the road As one board chair observed, *"Now, if (our CEO) were to leave tomorrow, we know the organization would be in very good hands."*¹³

Transitioning out will be easier for the executive who has made talent development and shared leadership standard practices in his clinic.

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11 D. S. Linnell and T. Wolfred, *"Creative Disruption: Sabbaticals for Capacity Building & Leadership Development in the Nonprofit Sector"*, 2009. Published online at www.compasspoint.org/research 12

12 The California Wellness Foundation, *"An Evaluation of Five Years of the California Wellness Foundation's Sabbatical Program"*, 2009. Published online at www.calwellness.org/assets/docs/evaluations/Sabbatical_Evaluation_2009.pdf. v.

13 Linnell and Wolfred, 8.

Recommendations for clinic boards

Cultivate a candid, mutually supportive partnership with the clinic CEO. Within a trusting relationship, the CEO and board can discuss, without drama, challenges faced by the clinic and devise solutions for addressing them. Board and CEO can critique one another's performance and suggest resources for picking up critical missing skills. And the CEO can reflect on his ongoing appetite and ongoing fit for the executive position, and possible career moves when either is waning.

One important way in which a culture of trust and focus on performance is nurtured is in an inclusive strategic planning process. The board, CEO, and staff jointly create a strategic vision for the clinic, understand their various roles in pursuing that vision, and hold one another accountable for following through on their responsibilities. There are periodic check-ins on progress towards goals and annual performance evaluations—for the CEO and for the board. Where performance is lacking, goals are set for performance improvement, including skill development plans.

The CEO and board's discussion of the CEO's annual evaluation is a natural moment to check in on any shifts in what the clinic needs from the chief executive, on what support the CEO needs from the board, and on the leader's ongoing fit and passion for the job. If the fit and passion are waning, both parties, out of commitment to the success of the clinic, should take on the topic of planning for an orderly executive transition.

Demand succession planning—for the CEO, senior managers, and board leadership. Minimally a clinic should have emergency succession plans in place for the CEO and members of the management team. Backups are designated and trained to carry each of the critical functions of the clinic leaders in the event of an unplanned absence.

Even better for clinic sustainability and readiness for leadership transitions is a practice of strategic talent development. Clinic managers are tasked with creating a talent pipeline, with developing their supervisees to step up to greater responsibility and leadership. The CEO looks to developing in his senior deputies the skills needed to lead today's clinic and the skills that future challenges will require. The CEO may actually designate a specific deputy to be groomed as his successor.

Consider a renewable, time-limited employment contract for the CEO. In one model, the CEO is given a five-year contract. At the end of the fourth year, negotiations begin on a five-year renewal. The renewal point prompts the CEO to consider where his career is going—committing to his job for another five years, re-upping for a shorter term, or beginning a career shift and transitioning out. Similarly, the board considers the question of whether or not the current CEO is the right leader for where the clinic needs to go over the next five years. If not, succession timeline and transition supports are negotiated with the CEO.

Consider a partial retirement option for a valued CEO. As discussed earlier in this paper, a reduced workload for the CEO nearing standard retirement age can be a beneficial alternative for all parties. The CEO offloads a portion of his responsibilities and stays engaged in the community clinic arena with an income and health benefits. Other managers build executive skills by taking on some of the CEO duties. And the clinic retains the accumulated knowledge and executive skills of its long-tenured CEO. The 2009 *“Table for Two”* research report cited earlier provides examples of six nonprofit organizations that successfully adopted this “moving over” option for their founding CEO's.

Provide a sabbatical. As described above in the recommendations for CEOs, an executive sabbatical provides benefits for both the

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executive and the clinic. It allows the CEO to recharge her batteries, returning renewed and with a fresh perspective for pursuing the clinic's mission. It builds the skills of the management team that runs the clinic in the CEO's absence. It reassures the board and staff that they can handle a CEO departure when it does occur. And it gives the CEO an opportunity to re-connect with interests and passions buried beneath the all-consuming demands of leading the clinic—interests that could point to a next stop on her career path.

Recommendation to the community clinic sector

Establish a formal post-CEO talent pool. Several interviewees for this paper proposed the creation of an organization to manage a cohort of health clinic veterans who would be available as consultants, interim CEOs, mentors, coaches, and thought partners for CCHCs and related organizations. One immediate consulting need that was cited is assistance to California clinics for interpreting the provisions in the federal health care reform legislation. The need includes help in setting up programs provided by the legislation (e.g., patient-centered medical homes).

As an additional feature of the new organization, one interviewee suggested an annual competition in which CEO's would submit proposals for innovative post-CEO jobs or projects for themselves that would benefit the community health sector. The author of the winning proposal would receive a modest grant to partially support the implementation of his proposal.

Conclusion

Is long tenured executive leadership at community health clinics a problem or an opportunity? As large numbers of boomer-age leaders remain healthy and engaged well beyond the traditional mid-60s retirement age, the community health sector is both blessed to be retaining their skills and challenged to make room for a next generation of leaders. In a rapidly changing operating environment, community health clinics need to both bring in the skills needed to meet the new challenges and continue to tap the wisdom and passions of their founding leaders.

This “new-normal” of delayed retirements and of more complex 21st century clinics demands innovations in the career paths of clinic leaders. Engaging and rewarding job options beyond the CEO position need to be created and promoted. CEOs need to prepare themselves to transition to that next career opportunity, whether it's a new position within their clinics or a different perch within the community health movement. And they need to attend to the talent pipeline in their clinics and establish structures in which they share leadership with emerging 21st century managers.

Boards must step up to provide the support and guidance CEOs need in succession planning for their clinics and in their exploration of when and how to move along their career paths. All in the name of ensuring the ongoing viability of our health care safety net.

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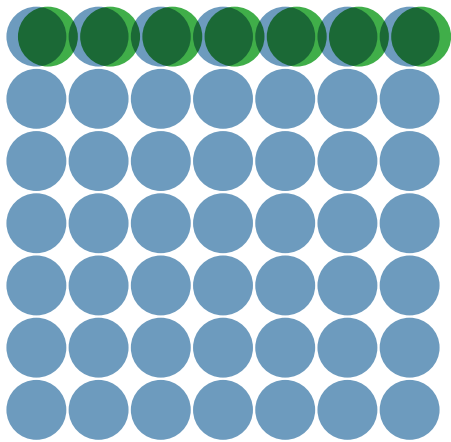
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