

## The Next Chapter for Healthcare CEOs: How to Manage a Successful Transition

The U.S. healthcare industry is in the midst of an extremely stressful period, primarily due to the ongoing pandemic but also factors such as talent shortages, a challenging economy and pricing pressure, among others. Many CEOs at hospitals and health systems [have stayed in their current leadership roles longer](#) than they might normally have, in order to help their organizations deal with these challenges. But they're likely to move on over the coming three to five years — either to retire or to take on new challenges. Yet the process of leaving the corner office can itself be challenging, due to a host of emotional and practical reasons.

We spoke with six long-tenured healthcare CEOs at major U.S. hospitals and health systems who have left the corner office. The circumstances and context will always be unique to each individual, but these former CEOs offered critical insights for how leaders can successfully transition out of the C-suite. They also gave advice for other CEOs to follow: the steps that can make the transition easier, as well as the pitfalls to avoid.

To be clear, there are major organizational aspects of a CEO transition — see the sidebar on succession planning — but our focus in these discussions was on the personal and emotional considerations. While those don't get as much attention, they are a critical part of how CEOs can successfully manage the transition to their next chapter.

## About the interviewees

**Jim Hinton** served as CEO of Baylor Scott and White Health from 2017 through 2021. Prior to that, he spent 21 years as president and CEO of Presbyterian Healthcare Services in New Mexico. Jim is currently an operating partner at Welsh Carson Anderson & Stowe, a director at McKesson and the board chair at US Anesthesia Partners.

**John Koster, MD** retired as president and CEO of Providence Health & Services in 2013. An internist and emergency room physician, he is currently on the board of Banner Health and 2Morrow Health and is an adviser to Nference.

**Kevin Lofton** retired in 2020 from his role as CEO of CommonSpirit Health (formerly Catholic Health Initiatives), where he worked for more than two decades, having led healthcare organizations overall for more than four decades. Kevin currently serves on the boards of Medtronic and Gilead Sciences, is a trustee on the board at Howard University and serves on the foundation board at Georgia State University (his alma mater).

**Patricia (Pat) Maryland** was the CEO of Ascension Healthcare, where she served in executive leadership for 15 years. She also held senior leadership roles at St. John Providence Health System in Michigan and St. Vincent Indianapolis Hospital. Pat is currently on the board at Encompass Health, Privia Health, Surgery Partners and the Henry Ford Health System.

**Sharon O'Keefe** retired from the University of Chicago Medicine, where she served as president of the medical center from 2011 to 2020 and COO of the health system from 2017 to 2020. She also held senior roles at Loyola University Medical Center, Beth Israel Deaconess Medical Center in Boston and the University of Maryland Medical System in Baltimore. Sharon is currently on the boards of Apollo Endosurgery, Convatec Group, Shirley Ryan AbilityLab, Artisight, Adtalem Global Education, Loyola University Chicago and Misericordia Home.

**Nancy Schlichting** retired as CEO of the Henry Ford Health System in Detroit in 2017, a role she held for nearly 15 years. She currently serves on the boards of Walgreens Boots Alliance, Pear Therapeutics, Baxter International, Encompass Health and Duke University Health System. She is also on the board of trustees for Duke University and the board of advisers for InStride and Press Ganey.

## Start planning early

A recurring theme in our conversations was the idea that CEOs should start planning for their transition early — as soon as they start in the role. Some executives shy away from any mention of succession planning, thinking that it will make them a “lame duck.” However, proactive, early conversations about succession and leadership development offer advantages to both the organization and the individual. “My best advice is actually plan for it yourself,” said Kevin Lofton, retired CEO of CommonSpirit Health, “before someone taps you on the shoulder and says, ‘Maybe this is the time.’”

Once the news is formally announced and the transition period begins, CEOs can start to think more concretely about what the next step could mean for them and what their future goals in life might be. For Jim Hinton, who retired as CEO of Baylor Scott and White Health in 2021, this process was very intentional. “After my move was announced, I had time during the transition to explore some things, and I set three goals for myself, all related to my personal mission to make healthcare better,” he said. “I wanted to serve on a public company board because I’d never done that before. I wanted to get involved in private equity, because they had proven to be a great partner to us when I was CEO. And I wanted to help some startup companies in healthcare.”

Nancy Schlichting, retired CEO of Henry Ford Health System in Detroit, went through a similar process but landed on different post-retirement goals. When Schlichting shared with her board that she would like to move toward retirement, the board asked her to help recruit her successor, and she stayed for two years as part of the transition. That gave her sufficient time to plot the right path forward for her.

“I had a very strategic plan during that time, focusing on three buckets of activity,” she said. “One was intellectual — making sure that I would still have challenges when I retired. The second was community — engaging in meaningful ways like I always had. And the third was personal — spending more time with family and friends.”

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## Manage the social and emotional aspects of the transition

The shift from being in a highly public, powerful role to that of an ordinary “civilian” is profound. CEOs no longer have people deferring to them or seeking political advantages in the organization. Pat Maryland, who retired as CEO of Ascension Healthcare, said that although she made a healthy transition, it can also be jarring. “It was startling when I no longer had the title of CEO,” Maryland said. “It was a wake-up call. I knew, intellectually, that things were going to be different, but I didn’t realize how different. It’s a bit humbling, in a good way.”

John Koster emphasized that stepping down can be a necessary reset for some people accustomed to the attention and flattery they may have received as a senior leader. “The egos and the narcissism of some CEOs is a problem,” Koster said. “People don’t love you — they love the role of the CEO and what that person can do for them. And a week after you’re gone, you’re completely gone, and people move on. The whole notion that people love you and need you — that’s your ego talking to you.”

The board should play a role in making sure that CEOs don’t fall into this trap. Specifically, boards can ensure that CEOs are cultivating other interests and that they have a life outside of the CEO role. Not only does that combination of healthier balance and perspective round out leaders while in their current role, it can also ensure that they don’t try to extend their tenure for the wrong reasons. “When CEOs hang around too long, or let their egos get in the way of identifying and developing internal successors, that good talent moves on, the board has fewer choices and the organization gets weaker and weaker,” Koster said.

Hinton agreed, saying “The departing CEO should be a cheerleader for the success of the organization they’re leaving. Think of it like a relay race — you want the person taking the baton to run a better leg than you did. Especially in healthcare, where the race is even more important because it has to do with people’s lives.”



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**JIM HINTON**  
FORMER CEO, BAYLOR SCOTT AND WHITE HEALTH

## Be thoughtful about the immediate transition

CEOs are highly motivated, self-driven individuals, and the shift from a packed calendar full of obligations (plus the occasional crisis) to far more free time can be disorienting for some. To fill that void, some CEOs immediately take on a new set of responsibilities — potentially without fully considering whether those new activities are the right fit.

“Be very thoughtful about the things you don’t want to do,” counseled Sharon O’Keefe, who was president of the University of Chicago Medical Center. “When you retire, people call you with a lot of potential opportunities. Unless you’re clear about saying no, you can easily stumble into things that you’re not going to be very satisfied doing, but that also won’t be very easy to extricate yourself from.”

For John Koster, a year-long period of a remote advisory role was ideal. “I was able to relax, do the things I enjoyed and adjust to a different speed of life. I was made CEO emeritus, and because there was not much requested advice, I could get down to what I really wanted to do,” Koster said. “I love to swim, and I’m into meditation and yoga, so I finally had a lot of time to do that. After reflection, I realized that after a lifetime in different aspects of healthcare I still had enough experience and knowledge to make selective contributions, so I then wrote a book and started to take on other projects.”

At that point, Koster was far more deliberate about accepting only work that he wanted to do — the work he most enjoyed supporting missions he truly cared about. “I sensed that I didn’t need to do as much work in healthcare as I had thought I might,” he said. “I think of it as ‘preferment’ instead of retirement. I get to do what I prefer, when I prefer, with whom I prefer. And when I don’t prefer it anymore, you’ll know.”



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FORMER CEO, PROVIDENCE HEALTH & SERVICES

## Consider mentorship and giving back

A key area of focus for many former CEOs is supporting and advising people at earlier stages of their careers. Mentorship is something that people feel they can devote more time to in retirement — particularly those who benefited from these relationships on the way up and are now seeking to “pay it forward.”

“I’ve mentored young people my whole career, but I have more time for it now,” said Nancy Schlichting. “I’m helping people start companies and I’m connecting them with people I know. I just love being around young people — these are the people who get me energized.”

Jim Hinton noted that taking off the CEO hat can make you more approachable as a mentor as well. “When it’s announced that you’re leaving, you become a lot safer for people — you’re not the CEO anymore. You can really deepen the authenticity of your conversations with colleagues in the organization,” he said.

These relationships can be specifically targeted to people who have a greater need for support. “I’m focused in particular on mentoring women and communities of color,” said Pat Maryland. “As a woman and as a person of color, I know firsthand that navigating a career in the healthcare industry can be harder for us. I didn’t have a lot of mentors who looked like me. My mentors were male and white. There are so many young people who can benefit from our experience.”

In some cases, former CEOs have gone beyond one-on-one mentoring and set up more structured programs to support the next generation of healthcare leaders. That’s something that Kevin Lofton began to pursue before retirement and continues to lead. “I worked with some other retiring executives, and some active ones, to come up with an initiative called Elevate Black Healthcare Leaders,” Lofton said. “We wanted to identify a pipeline of Black healthcare executives who can step into big roles at regional and national systems. We’ve offered our experience to this group so that as positions come available, we can help them be better prepared.”

## Be strategic about joining boards

Board service is another area where former CEOs have critical insights to contribute and far more time to do so. For executives who had limited experience on boards outside of their own organization, the transition period can be an opportunity to develop those capabilities. Pat Maryland was interested in board service and followed this path, stating, “The most crucial benefit of sitting on a board is that it allows you to truly make a difference.”

“Six months before I left, I started working informally with a faculty member on a board readiness program,” Maryland said. “She suggested a few areas that I

needed to work on before I retired from my CEO role, like understanding the expectations of corporate for-profit boards versus not-for-profit boards, how to effectively interview for a board opportunity, and how to revise your resume to emphasize the governance aspect. I also became certified through the National Association for Corporate Directors. These steps helped position me to successfully join four boards.”

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Other CEOs have expanded beyond their former area of expertise, to keep learning and growing in retirement. For example, Sharon O’Keefe worked most of her career at nonprofit hospitals and health systems. But today, she said, “I’m on three nonprofit boards — which are interesting and keep me close to healthcare and education — and on four for-profit boards. For-profit board service is a whole different world, with very different people than I was used to working with in the not-for-profit side, and new learning opportunities.”





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SHARON O’KEEFE

FORMER PRESIDENT, UNIVERSITY OF CHICAGO MEDICAL CENTER

## Four key takeaways

**Start early.** For both the organization and the current leader, early planning and ongoing conversations are critical in laying the foundation for a successful transition.

**Be proactive about planning.** Set goals for retirement in specific areas — intellectual activities, spending time with family and giving back to the community. You may want to simply relax for some time but likely not forever. “I love golf, but it doesn’t always love me,” said Nancy Schlichting. “I could never just play golf all day.” Consider hiring an administrative assistant, as you’ll likely need help with things like calendars and travel arrangements.

**Think about the social and emotional elements.** You’ll have less responsibility and fewer people deferring to you. If those things are important to you, the transition may be more disruptive.

**Don’t say yes to everything early on.** You’ll likely get asked to join boards, advise startups and take on other responsibilities. Avoid saying yes to everything and then having to extricate yourself from situations that aren’t a good fit. You’ll have future opportunities, and you can always say yes later on.



One overarching principle should guide your thinking about retirement — how you leave can directly affect your legacy. As Sharon O’Keefe put it, “You make a lot of decisions throughout your career, but the most important decision is to know when to leave and never overstay your welcome. Start thinking about it sooner rather than later. Be honest about where you are at with the strategy of the organization, be clear about the challenges that lie ahead, and don’t let your ego get in the way. Take pride in the fact that you’re leaving a good organization and let somebody else take over.”



## Thinking about your next phase? Here are 7 questions to help you plan

CEOs approaching their “next season” — whether it be retirement, board work, consulting or a hybrid role involving a change of focus and intensity such as a part-time position — face a rite of passage requiring immense focus, thought and even courage. How can CEOs prepare themselves for what’s next? We asked Jack Schlosser, who advised hundreds of CEOs and boards about CEO succession and CEO transitions before retiring from Spencer Stuart’s Healthcare Services Practice in 2019, what questions he recommends retiring CEOs consider.

- » How do you feel about your timing? Why now?
- » Are you comfortable with the state of your organization?
- » How prepared are you and the organization for you to move on?
- » How do you plan to spend your time? Do you have a passion for other activities (travel, board work, family, health and fitness)?
- » Have you spoken to others who have gone before you in this regard?
- » Do you have a trusted adviser (mentor, coach, therapist, friend) who you can use as a sounding board?
- » If in a relationship, are you and your spouse/partner in sync in terms of your plans?



## The organizational aspects of succession

This article focuses on the personal aspects of succession for a CEO, but the organizational aspects are just as important. Here are some insights from recent publications on the topic.

**For Boards.** Amid rising expectations for CEOs and a more dynamic operating environment, boards can improve the odds of success in succession by focusing on four key principles:

- » Take a multidimensional view when scenario planning to consider various scenarios and timelines (including emergency succession).
- » Cast a wider net for candidates, including a broad pool of both internal and external options.
- » Consider leadership potential — not just proven experience.
- » Think beyond the CEO and put the right supporting team in place.

(Read more at [Too Important to Fail: Four New Rules for CEO Succession Planning.](#))

**For CEOs.** Healthcare CEOs also have a role in helping the organization succeed. Specifically, they should:

- » Start early — as early as their first day in a new CEO role.
- » Plan for multiple scenarios: an emergency in which they become ill or leave unexpectedly, an accelerated transition and a long-term, orderly transition over the typical timeline of three to five years.
- » Focus on leadership development for potential internal candidates.
- » Provide potential successors the room to grow — particularly aspects that only the CEO can orchestrate, such as opportunities to engage with the board or communicate directly to outside stakeholders.
- » When it's time, step back from the process and let the board assume control of succession planning.

(Read more at [CEO Succession in Healthcare.](#))

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