



RETAINING A SEARCH CONSULTANT

One of a board's most significant challenges is recruiting and selecting a new CEO. Given the average tenure of a health system and hospital executive is less than six years, this is something that boards do often (in my judgment, too often).

A CEO search is a complex process that demands a great deal of board time and effort; other pressing issues must be put on hold and the organization's metabolism slows down until the process is concluded. It requires expertise, contacts and experience that even the best boards don't possess. Put bluntly, this task requires professional assistance. Accordingly, the board should retain an executive search consultant.

STEP #1: The board appoints an *ad hoc* search committee. The committee should be small (fewer than five members), composed of only board members and, in most instances, convened by the board chairperson. The committee's charge should include: drafting the request for proposal that will be forwarded to search firms; interviewing firms and forwarding a recommendation to the board regarding which one should be retained; and serving as the board's primary point of contact with the consultant throughout the search process. The committee should not make critical decisions (e.g., choosing a search firm or making the final selection of a CEO) on behalf of the board.

STEP #2: The committee identifies a group of qualified search consultants. The list should include no more than a half-dozen firms and be restricted to those who specialize in the health industry or who have a component of their practice specifically dedicated to serving health system and hospital clients. Search firms vary widely in terms of philosophy, size, scope, approach, methods and fee arrangements. Candidates can be identified by contacting other healthcare organizations that have recently conducted executive searches, state/local hospital associations and the Association of Executive Search Consultants (230 Park Avenue, Suite 1549; New York, New York 10169; telephone: 212-949-9556).

STEP #3: The committee prepares and forwards a "request for proposal" (RFP) to qualified firms. Elements of an effective RFP are:

- Indicate that the RFP is being sent out to a selected number of executive search firms after initial screening and prequalification.
- Include a description of your organization and its market (if a financing has been done recently, the bond document is a good source). Enclose the annual report, organization chart and current CEO position description.
- Request promotional brochures, descriptions of capabilities in addition to resumes of consultants and support personnel who will be directly involved in the search.
- Request a listing of all health systems and hospitals clients of the firm during the last two years. Search firms will not recruit from organizations for whom they have recently worked. This is a big "catch 22s" of the process. You want an experienced and active firm, as reflected by the number of engagements they have completed. However, as the firm's volume of engagements increases so does the number of potential candidates who

are off-limits.

- Request a listing of references from organizations similar to yours that can attest to the firm's capabilities. They should be organizations roughly similar to yours. For each reference, the search firm should provide the name and phone number of the individual placed and the chairperson of the board and/or search committee chair.
- Identify any special needs and requirements associated with the search. Request the firm describe how they will be addressed. For example: if your organization has an ongoing total/continuous quality improvement program and wants a CEO with experience in this area, firms should describe their experience and expertise in conducting searches of this type. Additionally, they might be asked to demonstrate their commitment to TQM/CQI by providing specific examples of activities they have ongoing in their own firm.
- Request a sample letter of agreement or contract.
- Denote who the firm should contact if they need additional information regarding your organization and the search.
- Specify the date by which proposals must be received and to whom they should be directed.

STEP #4: After proposal review, the committee selects finalist firms who will be asked to make presentations. I suggest no more than three firms be invited, and this decision be made by the search committee, not the full board.

STEP #5: Finalist search firms make presentations to the committee. The interviews should be approximately 1.5 hours each and, if possible, all conducted on the same day. Be sure presenters are the consultants that will actually be directly involved in managing the search; some firms use "business getters" to land work and then hand the actual search off to others. The search committee should prepare a set of questions that will be asked of presenters and the dimensions along which each will be evaluated. Here are some illustrative ones:

- Describe the process through which you will familiarize yourself with our organization, its opportunities/threats, strengths/weaknesses and distinctive needs. How will you go about helping us draft the CEO position description and develop the specification of candidate attributes, competencies and experiences?
- How many CEO searches for roughly comparable organizations have you personally directed in the past five years?
- What are the key stages of a representative search?
- Are there some common factors that contribute to the success/failure of the searches you have directed?
- What will be the nature of your personal involvement in this search? Will you be making initial contact with the list of prospective candidates? Will you be conducting screening interviews? Will you be making candidate presentations to the search committee and board? Who will be working with you, and what will be the nature of their involvement?
- How many engagements do you now have? Is there a limit to the number of clients with whom you work at the same time?

- Based on your experience, what are the key success criteria of an effective search?
- What are your expectations of the search committee and the board?
- What was the last time you turned down an executive search engagement? What were the reasons?
- What comparable organizations are most pleased with your services, and why? Request the name and telephone number of contact persons at these institutions.
- What comparable organizations are most disappointed with your services, and why? Request the name and telephone number of contact persons at these institutions.
- How do the offices and partners of your firm cooperate in conducting searches? What are the incentives for them to work together in meeting our needs?
- What are the distinctive capacities and competencies that will be brought to this search by your firm? Why should we select your firm, rather than others we are interviewing?
- What distinctive knowledge, skills and experience do you personally bring to this search? Why should we retain you to help us with our search?
- What questions do you have that may help you determine whether you would like to work with us?

STEP #6: Check references, both supplied by the search consultant and those “unearthed” during the interviews. Far too often, I see this not done or done poorly/haphazardly. It’s important to talk with both organizations for whom the firm and search consultant have worked in addition to executives they have placed. Several members of the search committee should be assigned to conducting telephone interviews (15 minutes each is generally adequate). The interviewers should use a set of pre-prepared questions/probes and take notes.

STEP #7: The search committee convenes to review information compiled on the finalist search firm candidates and craft a recommendation. This may take several meetings in that follow-up information requests, or even an additional meeting with one or more of the firms, may be required. It’s important the recommendation forwarded to the board include a written (point-by-point) rationale.

STEP #8: On the basis of the search committee’s evaluation/recommendation, the board should select the firm. A letter of agreement should be requested from the firm which specifies: who will be directing the search; the services provided and activities that will be undertaken (in addition to exclusions, if any); a time line for the search; the fee and nature of reimbursable expenses; and what recourse the organization has if no acceptable candidate is found, the individual selected proves to be unacceptable, or leaves the position within a specified period of time.