



# Healthcare Market Transformation: When Taking Care is Business

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Healthcare's continuing evolution to patient-centered, value-based care creates demand for leaders with commercial, innovation and consumer orientation. This transformation to a marketplace mindset creates an opportunity for provider organizations to attract professionals from industries outside of healthcare to work alongside industry veterans and clinical leaders.

## HEALTHCARE DISRUPTION: VALUE-BASED CARE

In the new value-based care model, providers of healthcare services from community-based to acute to post-acute care are paid based on patient outcomes, not service volume. This change touches every node in the care continuum from primary care through acute and long term care. Reimbursement is tied to documented evidence of positive outcomes such as successful post-acute rehabilitation, reduced occurrence of chronic diseases and the adoption of healthier lifestyles. The "value" comes from assessing patient health against the cost of delivering care.<sup>1</sup>

The change to outcome-based reimbursement has given rise to a more discerning healthcare customer. Patients, payers and employers are becoming more engaged in the options available to them. To compete, providers must optimize outcomes in order to maximize revenue. Thriving in this environment means adopting "reform policies, programs promoting operational efficiency, technology use, population health management, wellness, and addressing the

social determinants of health," according to the Deloitte Global Health Care Sector Outlook.<sup>2</sup> Healthcare providers, both for-profit and not-for-profit, will need to address market demands and answer by recruiting leaders capable of operating in a more competitive environment where attracting patients and optimizing margins and return are considered basic necessities.

## NEW MARKET MENTALITY AND RISING OPPORTUNITY IN HEALTHCARE

Healthcare providers can find sources of talent across industries with longstanding experience in consumerism. The functional areas with the most opportunity for professionals considering the healthcare industry include:

- **Customer service.** Forty-nine percent of healthcare leaders said reworking the patient experience is one of their top three priorities for the next five years, according to a PwC report.<sup>3</sup> The Deloitte Outlook notes that, "Healthcare has an opportunity to learn from other industries (consumer products, financial services and hospitality, as examples) how to more effectively target, serve, communicate with, and retain customers and patients." There's also a need for personnel experienced in B2B relationship management since government payers and

<sup>1</sup> <https://catalyst.nejm.org/what-is-value-based-healthcare/>

<sup>2</sup> <https://www2.deloitte.com/global/en/pages/life-sciences-and-healthcare/articles/global-health-care-sector-outlook.html>

<sup>3</sup> <https://www.pwc.com/us/en/health-industries/assets/pwc-health-research-institute-top-health-industry-issues-of-2018-report.pdf>

insurance companies have more influence on revenue for healthcare companies.

- **Organizational analytics and metrics.** Data tracking and analysis is no longer an option; it's a necessity. "Unlocking actionable data insights in real time is critical for the future success for value-based care," says SAP Health Global President Thomas Laur. An SAP and Oxford Economics healthcare survey found that 76% of respondents plan to accelerate big data analytics investments to stay ahead of the competition.<sup>4</sup> Leaders must know how to deploy technology to monitor valuable data and turn that into actionable insights that support patient outcomes; financial and operational performance; and demand for services, equipment or staffing. It is not to be overlooked that interoperability of data systems in healthcare have lagged less-regulated industries, and collaborative leadership is equally as important as the technology skills needed to improve data quality and distribution.
- **Finance.** The traditional fee-for-service reimbursement is being replaced with a financial incentive framework – with data that shows outcomes. Finance managers need new strategies to leverage shared savings and risk and to manage increasingly common outcomes-linked models such as bundled care.<sup>5</sup> This creates opportunities for executives

who know how to generate efficiencies to improve operating margins and return on investment, as well as access capital sources in light of changes to the revenue cycle.

## THE IMPACT ON HEALTHCARE RECRUITING AND HIRING

Redesigning healthcare delivery to focus on the patient improves individual and population health, lifts satisfaction and loyalty, and is expected to increase margins and boost competitiveness. To capitalize on these opportunities, organizations will need to institute changes in their executive and board recruitment strategies.

Companies will need to recruit leadership talent with the skills to meet new requirements in critical areas. According to a Gallup survey of healthcare leaders, "More than ever, healthcare companies need exceedingly talented leaders who understand industry demands and inspire excellence in the midst of change." In response, more organizations are augmenting current clinical and healthcare administration leadership with new capabilities in the boardroom and the C-suite who think differently and possess the ability to disrupt. Critical areas of expertise include:

- **Patient/customer experience.** Companies will need to put more importance on leaders with demonstrated experience in consumer-focused hiring and workforce engagement, customer-centric operations

<sup>4</sup> <https://news.sap.com/sap-study-healthcare-organizations-expect-significant-impact-from-digital-transformation-in-next-two-years/>

<sup>5</sup> <https://www2.deloitte.com/us/en/pages/life-sciences-and-health-care/articles/value-based-care-life-sciences-and-health-care-services.html>

models, multichannel marketing, and B2B and B2C relationship management. Specific capabilities to emphasize include: mobile app development, public affairs and government relations, digital on-site and remote customer experience, alternative payment models, loyalty and satisfaction programs, workflow and information management, and patient connectivity and support.

- **Data measurement and analysis.**

Firms will also need to seek candidates who have been successful turning big data into meaningful insights across an organization via data management and informatics, as well as cross-platform data gathering and integration. Other competencies to look for include: collaborative leadership, communication and data visualization, documentation and standards, and optimization of EHR/EMR data.

- **Financial management.**

It's also important to recruit prospects who navigate and build on changing financial models with a clear strategic vision and who have direct financial experience, proven cost containment skills and expertise in risk sharing and management. Additional abilities to focus on include: financial performance data management and application, procurement optimization and incentives, communications, contract management, labor management and relations, and real estate asset management and capital expenditure oversight.

Targeting executives from outside the industry is a way to add missing talent. Healthcare companies will need to look for candidates in industries known for innovation, exceptional customer experience and valuable business intelligence, such as hospitality, retail, banking and finance, or insurance. They'll also look to identify talent at companies with reputations for savvy consumer marketing, supply chain optimization or application of analytics/data-driven decision making. Responsive employers are already attracting top talent from outside healthcare, for example:

- **Providence St. Joseph Health** hired its Chief Financial Officer from Microsoft.
- **Holiday Retirement's** Chief Operating Officer previously led real estate and hotel management companies.
- **Banner Health** recruited its Chief Human Resources Officer from Target, where she was Vice President of Stores and Distribution Human Resources.

There's also a strong case for luring talent from other industries and developing more than competitive compensation and benefits. Though a good package is critical, getting rising stars and established professionals to switch industries or sectors requires more. Help candidates see the opportunity clearly by promoting:

- **Industry size and growth potential.** At 17.9% of the U.S. GDP, healthcare is a vital sector of the national economy.<sup>6</sup> The sector

<sup>6</sup> <https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpend-data/nhe-fact-sheet.html>



has an aggressive growth forecast as more baby boomers (the last reaching age 65 in 2030) need care for chronic illnesses.<sup>7</sup>

- **Organizational and societal impact.**

The shift to value-based care generates multiple opportunities for goal-oriented, impact-driven candidates, such as spearheading the transition to a true consumer focus, leading critical digital transformations, and driving positive margins through innovative cost reduction measures and revenue sources.

- **Fertile ground for innovation.** Last year marked the largest year for digital health funding, and 2018 promises to be even bigger with \$1.62 billion invested across 77 deals in the first quarter, according to Rock Health data.<sup>8</sup> The Gallup poll identified four organizational strengths that indicate a healthcare organization's ability to weather disruption: a well-articulated mission and purpose, clear and open communication across the organization, leadership dedication to a positive work environment and a strong commitment to the community.<sup>9</sup>

- **Mission-driven work.** Healthcare's mission-based work is attractive to

people of all generations who want to make a difference.<sup>10</sup> Showcasing an organization's mission, vision and values makes it easier for prospects to see how and why a prospective employer aligns with their desires for work with purpose.

## CONCLUSION

Healthcare is undergoing a fundamental change brought on by technological advancement, demographic demand and a more discerning consumer. The healthcare delivery organizations that adapt quickly to new requirements and have the vision and agility to see future needs will thrive. Position your organization to succeed by using recruiting as an effective tool to manage disruptive forces.

You should also augment current leadership expertise with new perspectives to change prevailing mindsets and transform the organization. Seek assistance in accessing talent in industries outside of your organization or your industry.

Thriving in the new healthcare environment demands more deliberate recruiting and hiring to identify, attract and retain exceptional leaders. Use these insights to make the move.

<sup>7</sup> <https://www.census.gov/newsroom/press-releases/2018/cb18-41-population-projections.html>

<sup>8</sup> <https://rockhealth.com/reports/q1-2018-funding-keeps-climbing-as-digital-health-startups-double-down-on-validation/>

<sup>9</sup> <http://news.gallup.com/businessjournal/223406/ready-respond-2018-biggest-healthcare-trends.aspx>

<sup>10</sup> [https://cdn.imperative.com/media/public/Global\\_Purpose\\_Index\\_2016.pdf](https://cdn.imperative.com/media/public/Global_Purpose_Index_2016.pdf)

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Ms. Blackburn is a Senior Director and Head of the Healthcare Services Practice at Ferguson Partners. Her focus is on senior management and Board recruitment into and within the healthcare industry, including healthcare real estate. Ms. Blackburn draws on her commercial background and motivation to attract professionals who embrace technology, innovation and consumerism for the growing and global healthcare industry.

Prior to joining Ferguson Partners in 2018, Ms. Blackburn was an Executive Director at J.P. Morgan Chase. There, she led a regional commercial banking team, supplying capital and banking services to Midwestern companies across various industries. Ms. Blackburn also spent 12 years with McDonald's Corporation holding leadership roles in franchise and supplier finance, global liquidity and funding, and European treasury. She worked closely with colleagues in Europe and Asia, as well as with tax and banking partners to manage the company's capital.

Ms. Blackburn earned her Bachelor of Science degree in Marketing from Miami University in Oxford, Ohio and an MBA from the University of Notre Dame.

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