



# Ask Len: Should we hire a unicorn?

By Len Schlesinger | January 26, 2018

*Len Schlesinger, Baker Foundation Professor at Harvard Business School, has written extensively for athenaInsight on the need for healthcare organizations to focus on customer experience under value-based payment models. In our Ask Len series, Schlesinger answers questions from healthcare executives about his research on success in service industries.*

**Q** ▪ Thanks to consolidation in the marketplace, many healthcare companies are expanding rapidly. What must leaders of organizations do – and who must they be – to avoid the pitfalls of high growth?

**A** ▪ There's an old saw in management: Growth creates complexity, and then complexity kills growth. Adding to that, not only are many healthcare organizations growing quickly to try and capture market share, they're doing so during a time of profound change in the external environment. That's a twin challenge for leadership.

Alas, healthcare leaders don't make it easy on themselves. Even more so than other industries, they are protective of their institutions and reluctant to drastically change course. From the top to the bottom of organizations, there's a widespread mismatch between the desire for continuity and the ability to adjust to changes going on externally. Put another way: When we try to move organizations from "here" to "there," we find most of them want to stay "here."

## Physicians to the rescue

Sometimes, healthcare leaders simply don't have the skills or expertise required to thrive amid such complexity. I tell directors that they should be looking for healthcare CEOs who have "T-shaped skills." The vertical stroke of the "T" is a depth of expertise in healthcare. The horizontal stroke evokes a wide-ranging curiosity and a disposition for collaboration across disciplines.

That may sound like a unicorn, but such people exist. They are called doctors – or, more accurately, doctors trained to be managers.

The financial, strategic and leadership skills provided by these physician leaders today go way beyond what was once taught by institutions when the field was called “healthcare administration.” The ability of healthcare institution to develop physician leaders will increasingly be a source of competitive advantage.

The talent required at the governance level is also in flux. Traditionally, healthcare governance was a sort of community-support role: Directorships were trophy posts that didn’t require much time or attention. Perhaps there was a ritual of bi-monthly meetings loaded with pleasantries and praise of management. (I speak from personal experience here, having served on the boards of major healthcare providers.)

That’s obviously not going to cut it today, yet it persists in many instances. The complexity of the U.S. healthcare market, the intensity of competition, shifting reimbursement – these challenges require organizations to have board members with diverse skills and knowledge and a shared dedication to their posts. So it raises questions of composition, skill sets, and process dynamics.

## Hiring checklist

If you’re a provider – and especially if you’re a growing provider – you need directors who are steeped in healthcare, ideally the new model of value-based care. But you also need at least one director who understands the evolution of technology and how it is changing healthcare. You need at least one person who is steeped in finance. You need someone with acute sensitivity to issues of talent and organizational change. And that’s before you get into ensuring your board represents the demography and social architecture of the community that you are supporting.

Growing isn’t easy – particularly during a time of industry turmoil. For better or for worse, that’s the strategy many providers have chosen. Before they leap into more acquisitions, however, they

should look up. They might find they don’t have the talent at the top that they need to succeed.

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