

# From CFO to CEO: Transitioning to the Top Spot

*Written by Jeni Williams is associate managing editor, HFMA's Westchester, Ill., office.*

Four former healthcare CFOs share how they made the move to CEO—and how finance professionals who strive to become CEOs should prepare.

---

## **At a Glance**

**CFOs who want to become CEOs should consider the following strategies:**

- ❖ **Learn how to speak in a nonfinancial language.**
  - ❖ **Ask to be exposed to broader, more strategic responsibilities in your role as CFO.**
  - ❖ **Take an active role in quality-of-care initiatives.**
  - ❖ **Establish strong relationships with physicians.**
  - ❖ **Establish partnerships outside your organization.**
  - ❖ **Have a passion for healthcare leadership—and be able to express it.**
- 

As rising costs of care outpace improvements in quality, hospital boards are increasingly looking to CFOs to take the helm and lead their organizations toward improved value.

“The two things that hospitals worry about most are finances and physicians,” says Carson Dye, senior vice president, Witt/Kiefer, and the author of *Leadership in Healthcare: Essential Values and Skills*. “And since there aren’t as many physician candidates who would qualify to be CEOs, more and more, hospital boards are appointing their CFOs to the CEO spot.”

“I’ve met a lot of CFOs who not only have a strong command of the numbers, but also immediately understand the long-term implications of those numbers on the organization’s strategy,” says C. J. Bolster, vice president, Hay Group. “In health care, there are circumstances where very tough decisions around resource allocation, operational management, and strategy need to be made, sometimes very quickly. I think a lot of CFOs have the ability to marry the numbers to the organization’s strategy, which gives them the insight needed to lead their organizations as CEO.”

The unique skill sets of healthcare CFOs—and the way in which these skills could help hospitals and health systems tackle the challenges related to payment reform, the emergence of value-based business models, and more—are prompting hospital and health system boards to consider their CFOs when CEO vacancies arise.

“This is an enormous time of opportunity for CFOs to step into this role,” says Catherine Jacobson, FHFMA, CPA, president, Froedtert Health, Milwaukee. “Given the financial challenges of the industry going forward, CFOs are in a unique position to use their skill sets and apply them to a new role, like that of CEO, to better position their organizations in meeting the needs of the communities they serve.”

What does it take to transition from healthcare CFO to CEO? Here, HFMA profiles four members who have made the transition from CFO to CEO—and offers strategies that CFOs with an eye on the CEO role should consider.

### **Growing into the Top Role**

When Jacobson graduated from college with a degree in accounting, the idea of becoming a CEO was not on her radar.

“When I first got out of school, I thought, ‘Boy, wouldn’t it be cool to be a controller—to be the top accountant in an organization,’ she said. “It wasn’t until I became a CFO and became exposed to broader opportunities for leadership that I began to think, ‘Maybe I could do some of those things.’”

As she grew in her experience as a CFO and, later, as the senior vice president of strategic planning and finance—first for Rush University Medical Center in Chicago, then for Froedtert Health in Milwaukee—people began to tell her she should think about becoming a CEO, including the CEO at Rush. Jacobson says, “I would be sitting in meetings and I would start thinking, ‘I would do this in a different way. And I could do this in a different way. And this is how I would do it.’ I would imagine scenarios that were way beyond my scope of responsibility. It would keep me up at night, sometimes, thinking about how I would want to approach things on my own.”

The faith that others had in her abilities to lead and her own desire to make a more significant impact as a healthcare leader led her to transition to the role of president of Froedtert Health in June 2011. Her experience with HFMA, where she served as national chair in FY09-10, also gave her “a whole new appreciation for leadership,” she says.

As president of Froedtert Health, Jacobson says her work has taken on a different level of intensity as she assumes responsibility for operations of the system’s hospital and medical group, oversees long-term strategic and financial planning, and builds relationships on behalf of the health system in the local and regional market. “There is a learning curve associated with this role—not related to the technical aspects of care delivery, because there are other leaders in the organization who manage that aspect of operations, but in learning how to be the president of an organization,” she says. “I had been a CFO for so long that I’d felt as if I’d mastered how to do my job, and there was a comfort in that. Sure, there were new challenges and things to deal with as CFO, but I knew what tools I had to work with. Now, I’m learning how to master a new set of skills for a new leadership role, and there’s a certain level of stress that comes with that.”

The best advice she ever received on how to be an effective CEO came from the first CEO she ever worked for, when she served as CFO for Rush Health Plans. “The organization was struggling financially, and we often had layoffs—probably more often than we should have,” Jacobson remembers. “I remember the CEO telling me, ‘These are 30 people who are going to save the job of hundreds.’ Sometime you have to make very, very difficult decisions, but you’re doing it to make the organization better and to help it thrive. That is something that has resonated with me for 20 years: Sometimes, you have to make really hard decisions for the best of the whole.”

### **Adopting a CEO Mindset**

Craig Kinyon, CPA, president and CEO of Reid Hospital & Health Care Services in Richmond, Ind., never considered himself the standard CFO who focuses primarily on finance. “I’ve always identified myself as being open-minded and more creative in solutions and problem solving, not being wedded to tradition,” he says.

“As our industry has changed, I’ve focused on ways to help my organization adapt to those changes. I’ve been in finance since 1981 and in hospitals since 1983, so I undoubtedly have the mindset and thinking processes of a finance professional. But I also have been challenged over the years with being more involved in the strategic nature of the business and the problem-solving and the troubleshooting nature of the business, thanks to the opportunities my CEO gave me when I was a CFO.”



Kinyon had worked with the CEO for Reid Hospital & Health Care Services for more than 12 years when the CEO announced that he would retire in one year. The CEO encouraged Kinyon to think about applying for the top leadership position. “At first, I was really on the fence about it,” Kinyon remembers. He enjoyed his position as CFO and the impact he had been

able to have on his health system, and he wasn’t sure he wanted to leave finance to concentrate on leading the organization.

Kinyon began to think about the changes that had taken place throughout the healthcare industry over the past decade. “Through some soul searching, I started to think I might have a bigger impact on my organization if I could lead the organization through the types of situations and challenges that we’re starting to see in the industry now,” he says. “Given the business perspective I have and the way I’ve come to love this organization and its structure, I began to think, ‘I can do this.’”

Kinyon became CEO in October 2008. Today, he continues to draw upon the base of knowledge he gained as CFO as he focuses on larger, more strategic initiatives and decision making. He is also careful not to micromanage the CFO position. “I needed the CFO to be the CFO,” he says.

“The experiences I gained as a CFO help me in running through some of the risk scenarios and decisions I’ve had to make as CEO,” Kinyon says. “For example, I can make a mental map of certain decisions we’ve made and rule in or rule out various scenarios and strategies because of my background and training, rather than going down a blind alley and finding out at the end that it really isn’t financially viable. The sort of training you receive as a CFO never really goes away. In health care, we really don’t have the luxury of time to stare at issues over a number of months to make decisions. I’ve been able to draw upon the knowledge I gained as a CFO in making decisions on my feet for the good of my organization.”

### **Embracing the Privilege of Leadership**



Phyllis Cowling, FHFMA, CPA, president and CEO for United Regional Health Care System in Wichita Falls, Texas, had been a CFO for more than 15 years when she began to wonder, “Could I be successful as a CEO?”

“Throughout my career as CFO, I’d had a number of leadership experiences in nonfinancial areas, such as pharmacy, cardiopulmonary medicine, and laboratory, in addition to finance, and I found both types of leadership roles very rewarding,” says Cowling, a former HFMA chair

who celebrated her seventh anniversary as CEO for United Regional Health Care System this past December. “As a CEO, you have to be able to speak intelligently about such things as quality and service initiatives and priorities with as much passion or almost as much passion as you speak about financial initiatives. I knew that I had that passion. Over time, I started to think about whether I could apply the leadership and knowledge I’d gained, both in a hospital setting and as a national chair for HFMA, to the CEO role.”

Over the years, she’s had the opportunity to work with a number of talented CEOs and other leaders, both at United Regional and through her experiences at the local, regional, and national level with HFMA. “What I’ve learned is to approach every decision with the right heart as well as with your head, and to remember who you serve,” she says. “The best leaders would also tell you to focus on listening—to your staff, to your physicians, and to the communities you serve.”

There is a stress that comes from knowing that at the end of the day, the responsibility for the strategic direction the organization takes lies with her. “As CFO, I knew a lot about a fairly narrowly defined area of finance. As CEO, I’ve had to learn a little about a lot of areas, especially related to operations and strategy,” Cowling says. “I have responsibility for 2,000 employees, 200 physicians, and countless numbers of patients who depend on the decisions I make. It is an awful lot of stress, it is an awesome responsibility, but it is even a more awesome privilege to be trusted to do this.”

As someone who at one point could not imagine moving out of the CFO role, Cowling is at times surprised by the joy she receives from her role as CEO. “Being a CEO gives me the ability to make a difference on an even broader scale,” she says.

But Cowling cautions that the move from CFO to CEO isn’t for everyone. “I have incredible respect for CFOs who remain CFOs,” she says.

### **Anticipating Leading to Make a Difference**



Steven N. Little will celebrate the New Year with his promotion to CEO of Agnesian Healthcare, Fond Du Lac, Wis., effective Jan. 1. It’s a role he’s spent the past year preparing for, as the organization’s former CEO guided him through the transition.

“The stresses that come with being CEO are certainly more intense, because you have no security blanket,” Little acknowledged in an interview prior to becoming CEO. “In the CFO role, I always had my CEO there as a person to confide in. Granted, I have a governance structure that provides some of that support, but I no longer have a security blanket in the way I did before. That creates a whole other level of

stress, because ultimately, all of the decisions that are of significant magnitude fall on me, and they can be make-or-break from a career standpoint.”

But even as he reflects on the challenges that awaited him as CEO, Little can’t contain his excitement for the work ahead. “I think the exciting thing about being a CEO is the challenge, mentally and emotionally, to be the primary decision maker in a health system. That gets you fired up in the morning, to be able to have a meaningful impact on the people you work with and that you serve,” Little said. “To have the authority to make decisions that have a meaningful

impact on people's lives is something that is core to who I am and that has always been part of my personal strategic plan as it relates to career advancement."

CEO is a role to which Little says he has always aspired. "I've wanted to be in a position to have more impact on making meaningful changes for the betterment of the people we serve," he said. Although he won't understand the full extent of the differences between his work as CFO and CEO until well after the transition is complete, he knows he'll be under the microscope in a more significant way than he was in the past. "People throughout the organization are looking to me to provide wisdom, to provide direction, to provide discipline, and to provide a workplace and healthcare environment that meets their needs," he said. "On a day-to-day basis, I'm dealing with strategic issues, problems, and potential bottlenecks in the system that I may not have dealt with in the past. I'm also much more involved in clinical outcomes and clinical protocols than I've ever been before."

Little encourages CFOs who are interested in transitioning to the CEO role to keep the mission of their organizations as their primary focus in everything they do. Developing strong relationships—with staff, physicians, customers, payers, and vendors—also is critical.

"Never compromise your integrity, and be humble throughout your progression through various levels of health care," Little says. "There are a number of leadership opportunities for CFOs who have both the talent and vision to lead and who are also humble, have integrity, and can communicate well. It's also important to be willing to take some risk and step out of your comfort zone."

### **Making the Move to CEO**

How can CFOs with an eye on the CEO role position themselves for a leadership role such as this? These former CFOs and two executive talent specialists offer a number of strategies to consider.

*Learn how to speak in a nonfinancial language.* "You have to be able to speak intelligently about such things as quality and service initiatives and priorities with as much passion or almost as much passion as you speak about financial initiatives," said Cowling of United Regional Healthcare System. "Gone are the days when a CFO spoke only in numbers."

Know that the tone of voice you use in your communications with physicians and staff matters, says Little of Agnesian Healthcare. "I think a lot of CFOs tend to be more rigid, and the appropriate tone of voice and the appropriate timing of a conversation will have an impact on whether or not you are going to be successful as a leader," he says. "It's important to talk about difficult things in a respectful but transparent way, so that people know exactly where you stand on an issue. Honesty, transparency, and integrity in your communication and your communication style will earn you the trust and respect of the people you work with and report to."

*Ask to be exposed to broader, more strategic responsibilities in your role as CFO.* "CFOs are usually on the back end of strategy: Strategic decisions are made and they're asked to put numbers to them," Bolster says. Talk with your CEO about opportunities to become involved with committees that focus on strategic planning, operations management, and physician relations.

When Kinyon of Reid Hospital & Health Care Services was a CFO, his CEO encouraged him to become more involved in strategy, problem solving, and troubleshooting. “My boss really invited in a lot of thinking related to problem solving. He didn’t just problem solve on his own; he did it as a team,” Kinyon says. “Over the years, I gained experience in thinking through issues that were not necessarily financially based. I’m not certain that this is the standard way that administrators leverage their leadership team, but for me, it gave me a lot of great exposure that wasn’t necessarily in the realm of the CFO role.”

*Develop an understanding of how to manage around a board.* When Jacobson of Froedtert Health worked as vice president of strategy/CFO for Rush University Medical Center in Chicago, she had the opportunity to work with a number of board committees, not just the traditional finance, investment, and audit committees. “When the strategy element was added to my position, the CEO and I worked on a lot of committees together, and I really began to learn board management in a whole different way,” she says. “That’s clearly a skill you need to have: knowing how to engage the board in a dialogue, rather than simply reporting the numbers to the board, as a CFO traditionally does.” During her last year as executive vice president of finance and strategy for Froedtert Health, Jacobson worked with board members on a number of fiscal, operational, and strategic issues—key to gaining board members’ confidence in her capabilities and judgment. “My ability to interface with the board was a skill that I brought to the table,” she says, “and I’m still learning.”

*Take an active role in initiatives designed to improve quality of care.* Dye suggests that CFOs should ask to become members of the board of trustees’ quality committee. “One CFO called me a year after he joined the quality committee to thank me. He told me, ‘Doctors now see me in the hallway and I know they view me differently. They see that I have interest in the work that they do. I have different conversations with them.’ That experience opened the CFO’s eyes to a whole new world. He really enjoyed it.”

*Offer to take responsibility for clinical departments such as laboratory, radiology, and pharmacy.* “These departments take a finance person right into the heart of clinical care delivery,” Dye says. “Laboratory and radiology departments touch every physician in the hospital, and they touch all other clinical departments, too. CFOs who oversee these departments will begin to understand service delivery in a clinical world, because those departments are essentially where that activity occurs in a hospital.”

*Establish strong relationships with physicians on the organization’s medical staff.* This strategy could include becoming involved in physician recruitment, gaining a better understanding of how a physician practice operates, and taking part in committees or initiatives in which physicians play a critical role. “Get involved with as much physician activity as you can and heavily immerse yourself into the physician world,” says Dye of Witt Kiefer. “For example, CFOs are on the final end of reviewing recruited physicians’ contracts, whether the hospital or health system is offering employment or an income guarantee. Why not get involved in the front end of this process?” Bolster of Hay Group suggests that CFOs define the influence leaders in the physician community and build relationships with those key physicians. “When there is conflict, you’ll know in advance who to go to on the medical staff for assistance,” Bolster says.

*Establish partnerships outside of your organization.* “A big part of your role as CEO and president is to represent your organization in the community, nationally, regionally, and locally—wherever your organization wants to be positioned,” Jacobson says. “As a CFO, you can be successful inside your organization, but you have to establish relationships outside the organization, too. I think HFMA gave me a fantastic platform to do that. Because of the role I

was able to play for HFMA, I met national leaders in the industry and in government. Those experiences taught me how to have conversations with decision makers and thought leaders from across the country, and that's a critical skill to have as you move forward to represent your organization."

*Have passion for your work as a healthcare leader—and be able to express it.* "I often ask CFOs, 'Why do you want to become a CEO?' What I'm looking for is passion—a strong feeling for the organization's mission and what we do in health care," Dye says. "This is a very difficult industry that is becoming more difficult every day. Each day in the buildings where we work, tears are shed, and people are dealing with death and pain and suffering. I think those who have the passion and understanding for the core mission of their organizations and who have an internal desire to serve are those who make exceptional leaders."