

Are leaders in healthcare gutsy?

An outlook on the challenges in 2023



Contents

Introduction	03
Instability & disruption	04
Social disruption	05
A challenging labour market	07
The necessity of a compelling story	09
Transformative leadership	10
About the Author	11

Introduction

The world in 2023: Changing politics, the ailing global economy, global political instability, rising costs of living, social trends such as ESG and creating more diversity, equality and inclusion, a challenging labour market and the after-math of the COVID-19 pandemic. All these developments have continued into the new year.

Given these developments, organisations and business are presented with unprecedented challenges and are being advised to prepare for prolonged disruption and volatility. What are the effects of these developments on the healthcare sector and more importantly: are leaders within healthcare gutsy enough to face the challenges ahead?

The current healthcare system is under pressure. The demand is increasing, the complexity of the demand is increasing

(multimorbidity) and the current financial situation is precarious.

Boards of Directors and Supervisory Boards of healthcare organisations are the chosen leaders to create sustainable and agile organisations which can endure, better yet – thrive over time to provide the necessary healthcare towards the future. Are leaders within healthcare gutsy enough to face the challenges ahead and can they come up with the right solutions?



Instability & disruption

For a long time, the West was dominant on the world stage. America and Europe were in charge and set the rules, both economically and politically. However, the international playing field is changing.

Global instability has rarely felt so fragile, with the US and an emboldened NATO increasingly clashing diplomatically with Russia. Sweden and Finland have applied to join NATO and China has been on the rise for several years. For 2023 Globalisation is in decline and the influence of China will further increase if Russia were to fall apart in the future.

The war in Ukraine dealt a heavy blow to global stability, the shockwaves of which affected energy prices, inflation, security and changed the dynamics of international politics. All the while, people are struggling with rising costs of living, organisations are struggling with supply chain issues due to the COVID pandemic and another recession is said to be on the way.

The power struggles on the global stage manifests itself in different ways and the impact on the economy is significant. First of all, it is difficult to do business between countries that are becoming increasingly protectionist and with power blocs setting their own rules. For example superpowers are increasingly using raw materials as leverage and a similar battle is taking place in the energy market resulting in a zero sum game: "my profit is your loss". According to a recently published report by the Economic

Intelligence Unit, the healthcare spending will fall in 2023 in real terms, given high inflation and slow economic growth, forcing difficult decisions on how to provide care. Patent cliffs for key drugs and measures to control pharmaceutical pricing in the US, India and elsewhere will force some major pharma companies to spur growth through deals and supply-chain disruptions will continue to push up drugmakers' costs, despite investment in more localised pharmaceutical production.

Organisations and businesses are being advised to prepare for prolonged disruption and volatility by doing a "geopolitical due diligence". So how do these instabilities and disruptions effect the strategic agenda of leaders within healthcare?

By having a good understanding of geopolitical developments at play, leaders within healthcare can make a good risk analysis prior to an investment. By not ignoring what seem to be 'far-from-home' developments and taking a critical look at the entire chain, which raw materials and semi-finished products are needed to keep the organisation running and how do you keep a grip on this? Although difficult, leaders are advised to build knowledge and obtain strategic advice.



Social disruption

Social disruption is a term used in sociology to describe the alteration, dysfunction or breakdown of social life, often in a community setting. Social disruption implies a radical transformation, in which the old certainties of modern society are falling away and something quite new is emerging.

One example of the social disruption is the acceleration of the focus on sustainable development goals. They are fundamentally changing the way that organisations will operate over the coming decades. Whether it is climate change, resource scarcity crises, food insecurity, disruptive technologies, changing demographics or rising geopolitical uncertainty, global megatrends have a massive impact on the business environment.

The 17 Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by all United Nations Member States in 2015, including The Netherlands, as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. They address

the global challenges we face and provide the blueprint to achieve a better and more sustainable future for all.

The 17 SDGs are integrated. They recognise that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability. ESG is a way of investing or assessing companies on their environmental, social and governance performance while also considering financial returns. It has become increasingly popular with investors who want to invest responsibly while still making a profit. And it provides the guidelines by which to hold organisations accountable for their actions.

“Change is the only constant, and disruption is inevitable.”

ESG is the most important development for 2023 that will affect the financial and control function. Lying dormant for a long time under the term 'social corporate responsibility' the subject of sustainability has become more and more prominent. First of all people are becoming increasingly aware of problems in society. High temperatures, the recent rise in energy costs and increasing poverty are bringing social issues close to home. Second, Europe has come up with regulations. The Corporate Sustainable Reporting Directive (CSRD) entails that accountability for sustainability will be audited by an accountant. CSRD will mainly be for larger organisations for now, but healthcare organisations can no longer ignore it.

When your government says that organisations must start doing sustainability accountability, healthcare organisations simply cannot be left behind.

The challenge for leaders in healthcare is not only how to be transparent about their environmental, social and governance performance (including their contributions to local economies) but also how to continuously improve results on ESG goals so that it exceeds just reporting. Set against the background of limited financial resources to invest in sustainable solutions, the healthcare sector needs gutsy and creative leadership to face the social challenges ahead.

“ In this context, the word sustainability becomes a synonym for the capacity of organisations to adapt to the potential impacts of global megatrends and endure over time. ”



A challenging labour market

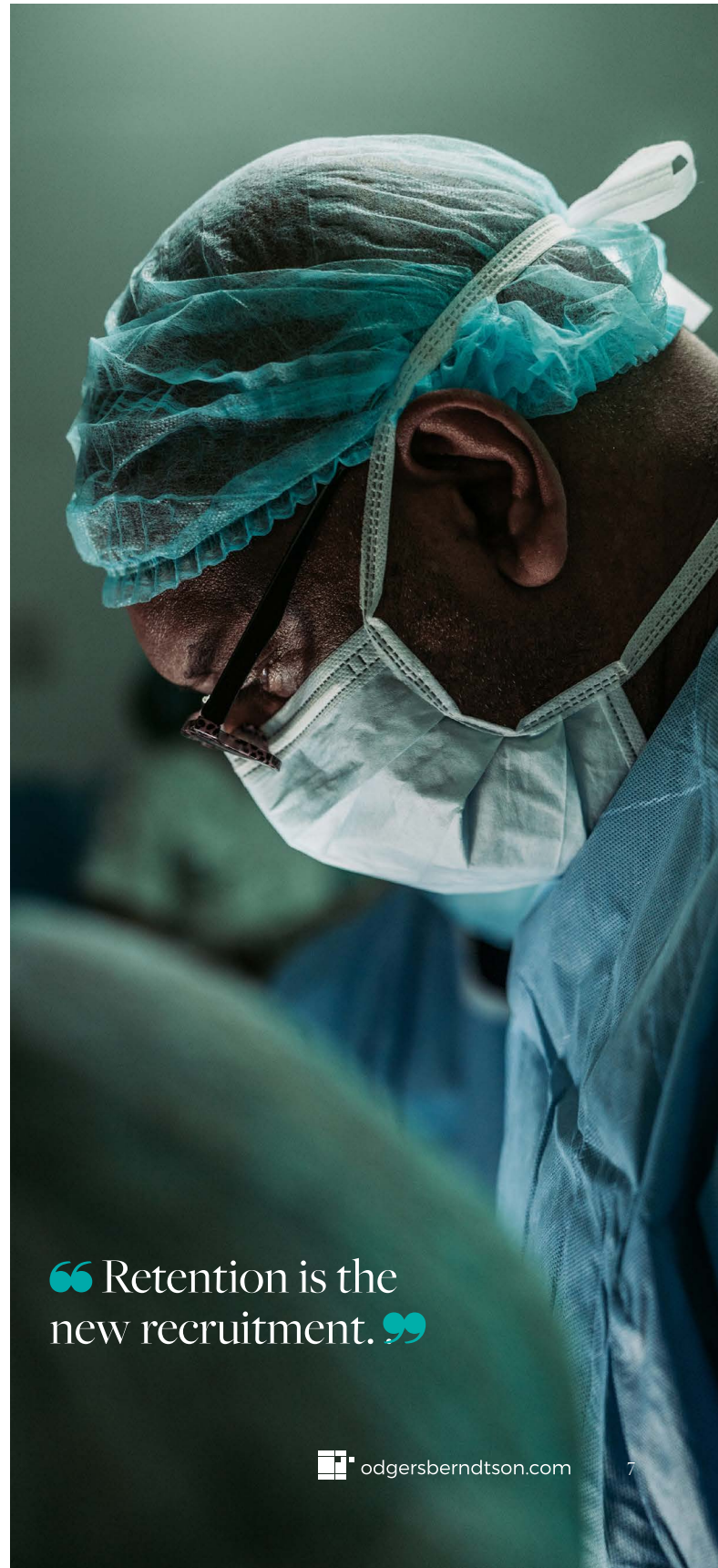
The COVID-19 pandemic has asked a lot of healthcare workers. And leaders within healthcare could be forgiven for hoping that when the pandemic is over, the world of work would return to something like normalcy.

After all, the past two-plus years wreaked havoc on the relationship between employer and worker; it's simple human nature to wish for a breather. But as we study trends for 2023, we can prepare for another year of major work-related challenges.

The aftermath of the COVID-19 pandemic has created extra demand in tackling a backlog of non-covid care resulting in high percentages of absenteeism, higher risks for burn out and healthcare personnel leaving the sector. An ongoing shortage of talent, the growing emphasis on sustainability, the need for new skills and other factors guarantee that in order to thrive, organisations and leaders must be more flexible, proactive and purpose-driven than ever.

Talent scarcity is not a new challenge, by any means. Started by the digital transition and augmented by the COVID-19 pandemic, the skills shortage will not slow down in 2023. Many organisations within healthcare are struggling: just when attracting, retaining and engaging with top workers is more important than ever. According to the Organisation for Economic Co-operation and Development (OECD), labour markets remain tight and well below pre-pandemic levels.

The continuing tight labour market means it's crucial for organisations to manage their talent well. That means workforce planning: having a talent strategy to anticipate future talent needs and upskilling and re-skilling workers is key for organisations to stay resilient in the face of economic headwinds, and 'future-proof' themselves against the unexpected. Like market volatility, inflation and future supply chain crises. This is an important component of an overall vision of sustainable employment.



“Retention is the new recruitment.”

With talent at a premium, it's clear that talent retention will be crucial in 2023. Reskilling and upskilling workers, and in general providing career mobility opportunities, can make a big difference. Too many healthcare organisations however, are struggling to create such a culture of growth. If they fail to effectively develop their own front-line talent to grow into key roles, they risk losing workers and competitiveness. In 2023 organisations within healthcare need to offer a new employee value proposition adapted to changing times: personal attention, growth, development and in- and external mobility should be key components of this proposition. The crucial role of talent management in 2023 and beyond, confirms the increasing importance of a strong human resources strategy for healthcare organisations.

The working population has never been as diverse as present times. The generational makeup of the current workforce includes up to five different generations. This includes:

- The Silent Generation (born between 1928-45)
- The Baby Boomers (born between 1946-64)
- The generation X (born between 1965-1980)
- Millennials or Generation Y (born between 1981-96)
- The newest generation, Generation Z (born since 1997)

Each of these generations has unique expectations from their professional lives. They bring in different life experiences, voices and skill sets to an organisation. It is important for employers and people in leadership positions to be aware of the attributes and abilities of each generation. Leaders should use different strategies that cater to, and celebrate employees of every generation.

In recent years, emphasis has been placed on Diversity, Equity, and Inclusion (DEI) in the workplace as key pillars of a healthy corporate culture and a welcoming workplace. But does the current leadership of healthcare organisations represent a truly diverse team? Although women are represented fairly well, other DEI indicators such as ethnicity, background and culture are still lacking. This leaves much room for unconscious bias: the tendencies to process information and make decisions based on unconscious or inherent biases and prejudices toward an individual or group.

To build a truly inclusive work environment within healthcare organisations, established leadership must have the guts to open up the boardroom to new leadership from different backgrounds, cultures, ethnicities etc. And equally if not more important: create room for different perspectives to be heard and taking into account.



The necessity of a compelling story

If we look at the definition of great leadership over time, you can see dominant views evolving from 'heroic leadership' in the late 18th century based on the stories of victorious men such as Julius Caesar and Alexander the Great, into 'scientific management' towards the end of the 19th century under the influence of the industrial revolution.

Realizing the importance of rational, systems and processes. The economic depression of 1929 caused another break in leadership thinking and a realization that management is not only a rational-technical process, but that the human side of work is also a highly relevant variable.

The common denominator in these evolving definitions regarding leadership is, that it has always been related to the cultural mores of the time and the 'political-zeitgeist'. And therefore has always set the standard of customary and decent managerial behaviour. In recent years leadership has developed from a more autocratic approach towards a more coaching and/or serving approach.

With the world around us changing rapidly combined with shifting world views, cultural mores and political instability, it is fair to ask the question if current leadership styles are still adequate? In the recent past leaders were required to have a strong personality and a strong drive. To be the first on the way to change. They were expected to provide a vision, create a strategy and to lead and mobilize others with conviction on the path towards that vision.

Leaders of today are still required to provide vision, create a strategy and show a path forward. The real shift for leadership in today's context however, is to create a compelling story. Humans communicate with, connect with, and learn about one another through stories. By facilitating this connection between leadership, employees and other stakeholders, a sense of value and camaraderie can be fostered. In a disruptive world, trust can be low and people are looking for a sense of normalcy, consistency and sincere, genuine connections.

Storytelling in leadership can play a big role in driving employee buy-in and improving worker engagement within an organisation. It is a learned skill that can shift employees' mindsets by suspending beliefs and introducing new ideas, and it allows leaders to communicate their vision to invite rather than lead employees in the right direction and drive the transformation. Creating a compelling story will ultimately play a big role in establishing a common goal throughout the organisation in which responsibilities are delegated and employees are invited rather than told to take up these responsibilities.

Leaders with great storytelling skills are able to share a compelling vision to recruit the best people for the job, are more effective at dealing with media, and are able to create better relationships with internal and external stakeholders.

Leaders within healthcare should provide consistency. Continuously reinforcing what the organisation is working towards and helping employees and stakeholders understand the perspective. Incorporating storytelling for leaders in healthcare also requires a look inside and being open about topics that are relatable. By being honest about overcoming struggles and difficulty, leaders within healthcare can inspire others and create a unified vision throughout the organisation and beyond. A compelling story is personal, relatable, aimed to connect and easily understood. The power of a story comes from the meaning of its message, rather than the actual details of the story.

Transformative leadership

Boardrooms within healthcare organisations are generally focussed on delivering high quality care, reducing risks and creating financial stability. They are also lacking diversity, and transformative power.

Leaders within healthcare are under increasing pressure to transform their organisation into agile and sustainable organisation that can endure instabilities and disruptions over time.

Transformative leaders are leaders with a compelling story, who encourage, inspire and motivate others to innovate and create long-term change that will help shape the future. Transformative leadership is accomplished by setting an example at the executive level and presents its own set of requirements such as:

- Strong core values and motives, knowledge about your values and motivations as a necessity to give direction to yourself and the organisation and to portray authentic behaviour;
- Combining core values with the challenges of the organisation. This results in the vision and mission that directs leadership;
- Building lasting relationships with colleagues and partners. Creating a compelling story that conveys intentions and mission to others is critical to personal relationship-based leadership. Being as open as possible and not running away from dissent;

- Acting consistently and decisively. Making sure your actions are in line with core values and mission.

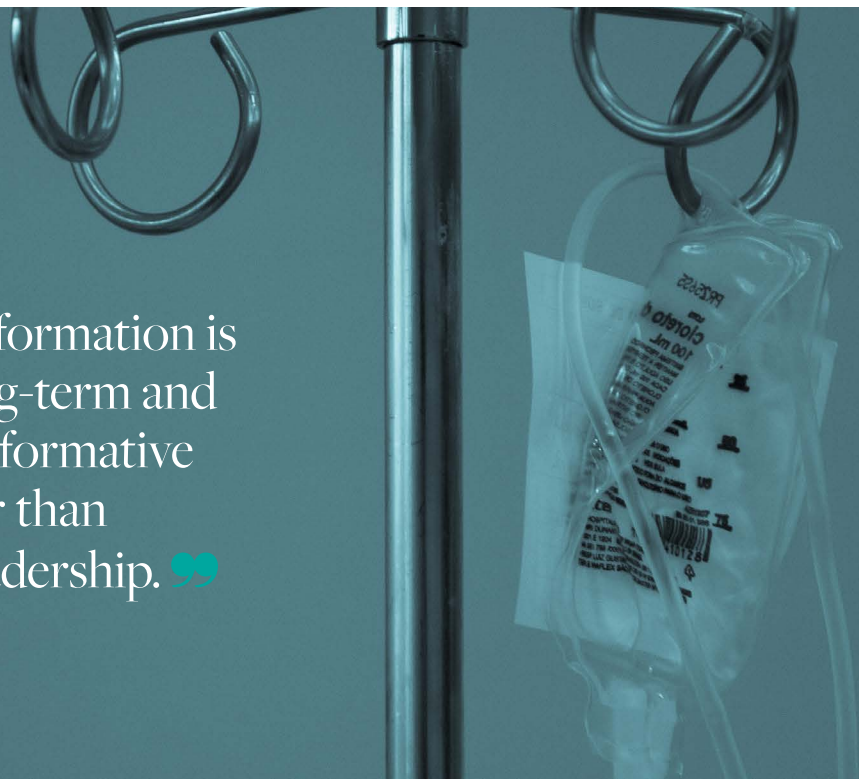
The disruptions following us into 2023 touch all aspects of life. To create a truly sustainable healthcare system, a long-term vision is required.

Leaders that have started down this path, have identified three basic actions that have enabled them to turn challenging developments from risks into an opportunities:

- First, they look ahead to understand how they can capture new growth opportunities.
- Second, they look inside, within their organisation, to find ways to reconfigure their operations to help accelerate the transformation
- Third and finally, they look around for opportunities to leverage their business ecosystem to help create competitive advantage.

To address current disruptions such as geopolitical changes, social inequality, resource scarcity, climate change and the aftermath of a global pandemic require a transformative approach.

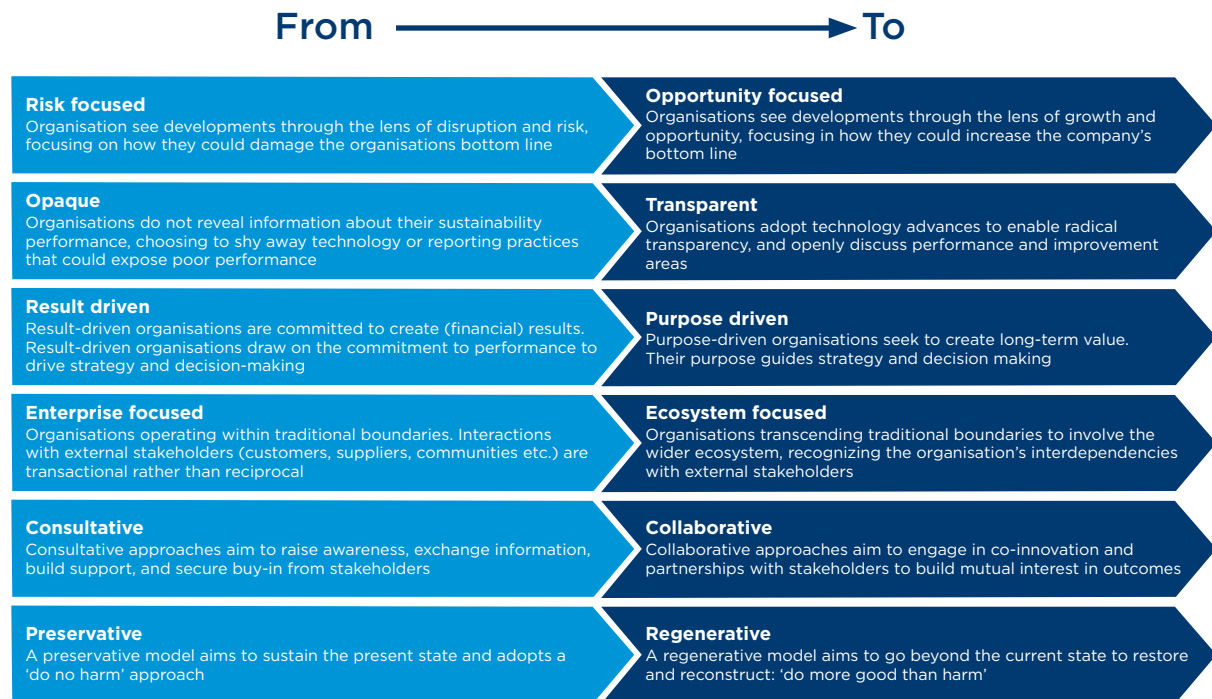
“ To lead a transformation is to lead on the long-term and will require Transformative Leadership rather than Transactional Leadership. ”



Look ahead, look inside, and look around

<p>Look ahead to future business</p> <p>Executives need to be aware of the shifts that take place and understand how developments may shape healthcare and their organisation</p> <p>Pull out of short-term thinking that is often driven by the pressure to perform, and 'zoom out' beyond the short term time horizons typical of strategy planning. Take a longer term view of 10 to 20 years ahead.</p> <p>Having a good understanding of what the future holds, creates the opportunity to then 'zoom in' and identify actions within the next 6 to 12 months</p> <p>That can help organisations reach that future destination.</p>	<p>Look inside for ways to accelerate your transformation</p> <p>With a longer-term narrative in place, leaders in healthcare can look inside their organisations to see what initiatives they could launch today to accelerate the path toward that future.</p> <p>Depending on the magnitude of the risks and opportunities they face, some organisations may find that they need to go beyond integrative approaches - which seek to weave new ideas into existing business models, strategies, products, and services - to transformative approaches in which considerations drive the design of new business models, strategies, products, and services.</p>	<p>Look around to leverage your business ecosystem</p> <p>Organisations can look around to support their transformation and gain competitive advantage by tapping into their broader business ecosystem.</p> <p>This strategy begins with the realization that it is not always necessary to build the capabilities - the knowledge, skills, and technology - or the influence needed to transform in-house. If the needed capabilities exist within others in their ecosystem, organisations should consider seeking to engage and mobilize ecosystem partners to help support their own transformation.</p>
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The transformative approach



“ Transformative leadership is the willingness to steer away from traditional focus points and instead create compelling stories to inspire and motivate. The willingness to do things differently, to be gutsy. ”

About the Author



Maaïke van Hetteema

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Driving others forward. Working together to make an impact.
On a career. On business.

And, ultimately, on life. Enabling others to open up and tell their story. Sharing goals, objectives and dilemmas. To discover what's next. In a sincere and open way. That defines Maaïke.

She is focused on board level and senior management roles in Healthcare. She is driven to connect clients and candidates who are looking for ways to improve and innovate the Healthcare practice.

Maaïke is Partner at Odgers Berndtson Amsterdam and specializes in board level and senior management roles in Healthcare. Over the past 10 years, Maaïke has made a decisive contribution to the development of the healthcare practice in the Netherlands.

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