

Transforming healthcare in Asia.

Leaders are responding to complex business and social conditions, but they need an innovation mindset and agility to ensure that their institutions thrive.



Introduction

In Malaysia, a major business conglomerate hopes that integrating medical services within an existing assisted living facility will improve care and profitability. In Singapore, a half-century-old nonprofit hospital founded on Catholic values, is struggling to balance treating more patients without constructing expensive new buildings. In Indonesia, a top hospital operator struggles to recruit top-notch medical staff, especially high-quality nurses.

Healthcare in Asia continues to race through transformations at multiple levels. Sector leaders confront vast shifts in infrastructure needs, are bombarded with rapidly advancing therapies and technologies, and cope with constant changes in their financial models. Some nations have facilities and practitioners that rival anything in the Industrial West, while others are emerging and in the midst of development. But while specific challenges vary market to market, one common problem emerges from interviews with more than 40 healthcare leaders in seven countries across Asia: It's difficult to find the talent agile enough to successfully navigate the industry's tremendous growth and sweeping changes simultaneously.

Sector leaders spoke candidly to Korn Ferry about their needed push to transform their sector, institutions, and people to thrive in the face of modern medicine's many changes. These include efforts in some nations to pursue reforms, modeled

after the U.S. Affordable Care Act. Advocates globally are pressing hospitals, and their finances, to provide greater services, quality, access, and safety—all while maintaining or reducing costs. Healthcare institutions already face high regulation, different in each nation.

What qualities will help healthcare leaders stand out? This paper will discuss challenges and innovations, some that have already emerged and others just under way. To thrive in the Asian healthcare environment, leaders should have at least some of these key traits, experiences, and characteristics.

- adapt in a quick changing environment
- build consensus
- display strategic acumen
- demonstrate technical, not just managerial, expertise
- act as agents of change
- navigate ambiguity well

Interviews with 40 healthcare executives throughout Asia make clear the need for more agile healthcare leaders.

Asia's unique healthcare challenges.

Across Asia, despite an abundance of business opportunities, hospitals find themselves curtailed by a myriad of financial challenges. On the cost side, high land prices, particularly in urban areas where the most profitable clientele can be found, limit physical expansion. Plus, high manpower costs, coupled with a chronic shortage of trained nurses, doctors, administrators, executives, and managers, curb patient throughput. On the revenue side, few establishments have the luxury of being able to charge what the market can bear, with large income disparities among heterogenous populations and government regulation often setting a cap to fees.

Technology is one solution hospitals are increasingly embracing to drive efficiency and reduce cost. The Rumah Sakit Pondok Indah Group is a prestigious private hospital group in Indonesia targeting the upper income market with three hospitals in Jakarta. Since 2014 the group has replaced paper, operating on an all-electronic hospital- information system from the moment a patient steps into the reception to when he receives his prescription at the pharmacy. Using data analysis, the hospital has already identified bottlenecks and seen to improvements, such as cutting down turn around time for laboratory and radiology as well as shortening queues at the pharmacy from almost one hour to eight minutes.

These advances are echoed in varying degrees throughout the region. In Indian hospitals, chief executives tell us that their operations are completely digitized and they are poised to take the plunge into next-generation services that, for example, can make, interactive medical reviews between external partners and internal teams.

Technology, however, while easy to develop or acquire, cannot be seen as a solution in isolation, says Lee Suen Ming, former CEO of Mount Alvernia Hospital in Singapore. While reducing the need for one segment of staff, it increases reliance on a whole new set of IT-savvy personnel from caregivers to CIOs and CTOs who can solidly navigate the high-tech environment. The challenge is looking at how to move suitable patients off of the hospitals' premises and into their own homes for extended care to free up space. That is a complex endeavor in itself, but the bigger challenges, Lee says, will still be human-related: facilitating communication between patient and healthcare giver and effectively manage patients remotely.

One hospital that has seen success in its novel business model is Malaysia's HSC Healthcare Group, established in 2003 as a disruption in the industry by offering hospital-grade facilities in a predominantly outpatient setting. By embracing full electronic medical records—integrating laboratory and imaging records with the hospital information system—HSC enjoys efficient throughput and speedy patient turnaround. A unique device developed in-house allows patients to monitor blood pressure and check sugar levels at home, sending the data back to the specialists using a tablet. The hospital's insistence on non-invasive heart scanning also reduces the need for inpatient facilities. Patients are able to return home the same day after certain types of heart surgery.

The key to HSC's transformation, says the hospital's founder and former CEO, Soo Chee Siong, MD, is its focus on the use of information and medical technology to reduce hospitalization, which is expensive and labor-intensive. All staff is continually trained. Key Performance Indicators (KPIs) are set for every department on turnaround times. Doctors are selected based on how IT-savvy they are.

Korn Ferry interviewed 40 healthcare executives across seven countries in Asia: China, Hong Kong, India, Indonesia, Korea, Malaysia, and Singapore.

A scarcity of talents.

As the residents of the world’s largest and most populous continent grow wealthier, older, and longer-lived, the accompanying rise in demand for quality healthcare has reached epic proportions (see Figure 1). That demand exceeds the rate at which nurses, doctors, and specialists can be educated and trained through the system (see Figure 2).

Figure 1
Expected increases in healthcare spending 2015-2020*

Country	Annual Growth Rate
APAC Average	6.6%
China	8.8%
Japan	1.0%
Malaysia	8.9%
Thailand	3.2%
India	16.1%

*China, Japan, India, and APAC region estimates through 2019
Sources: Deloitte, Economist Intelligence Unit

Several issues exacerbate the manpower problem. In Indonesia, red tape protects employment of local talent, a detriment to hospitals hoping to solve understaffing by hiring foreigners. Even Indonesian doctors who studied abroad have to take an exam and additional courses, which can take up to four years, before they are eligible to practice in Indonesia. Umapathy Panyala, Ph.D., former president-director of Omni Hospitals in Indonesia, recounts an attempt to demonstrate a new minimally invasive technology for heart-bypass surgery conducted by a foreign doctor. It took about a year for the doctor to get a permit.

A senior executive of a large upscale healthcare group in Malaysia says that his main challenge is in acquiring skilled nursing staff—the biggest component of headcount. Due to the increasing number of Chinese patients, nurses who can speak the language and its

dialects are in urgent need. He notes that many local parents do not generally encourage children to take up nursing as a career, contributing to a smaller talent pool. Further, the good nurses that are around are increasingly turning to the Middle East and Singapore for better salaries and to gain international exposure.

The healthcare group also faces a shortage of specialists, especially foreign-trained, Malaysian-native sub-specialists. Policies imposed by the medical council restrict hiring international medical graduates to work in Malaysia, so the group works with government agencies to recruit Malaysians currently working abroad. Their recruitment efforts run the gamut: from personal and in-house doctors’ approaches to advertisements to recommendations from the general hospital and the national specialist register.

Hospital groups in Asia with the resources to do so are turning to tie-ups with good local training institutions, coupled with scholarships and bonds to ensure a more stable pipeline. But some leaders who spoke to us note that hospitals known for their good programs are, ironically, often the target of poaching from others.

Figure 2
Medical professionals, per 1,000 population (2016, latest year available)

Country	Doctors	Nurses
Korea (2014)	2.2	5.6
China (2014)	1.7	2.2
Hong Kong (2012)	1.8	6.1
Malaysia (2011)	1.3	3.3
India (2014)	0.7	1.4
Indonesia (2013)	0.3	1.2
Singapore (2013)	2.0	5.8
Asia average	1.3	3.2

Source: OECD Health Statistics 2016

With retention being a huge problem, good compensation remains a key driver in helping retention rates. However, determining what constitutes good compensation is not so straightforward. Ellon Xu, who is setting up Germany's Artemed Group's first facility in China, a 200-bed state-of-the-art hospital in Shanghai's Free Trade Zone, says that total compensation of doctors in public hospitals is hard to verify because of doctors' multiple income streams. Another hospital, Pondok Indah in Indonesia, aims to be a "performance-driven organization," where staff is made clear on the key performance metrics, goals, and objectives that will be used to structure salaries. But while the concept is sound, implementation is a challenge, the hospital admits, due to a wide variety of clinical and nonclinical roles, each with its own unique requirements.

By and large, there are similar compensation issues throughout Asia, but some divergence can be seen between developing nations and the more advanced spots. In India, particularly, staff training is the biggest bugbear. Harish Pillai, Ph.D. of Aster Medcity echoes many of his peers when he says: "There are 10 to 15 highly reputed teaching institutions with a legacy of excellent standards. Most of the hospitals are looking to hire from this same pool alone."

While more advanced nations such as Singapore also faces a supply issue, compensation poses a different problem. At Johns Hopkins Singapore, a joint venture with the internationally renowned U.S. academic medical center, the physicians have accreditation from the U.S. school and many are American or European expatriates. CEO Lawrence Patrick says that the physical salary structure adds to the financial complications of the hybrid, public-private Asian hospital, which has private hospital costs but sees patients at public fees. While balancing the higher salaries, Patrick also wants to keep his institution at the cutting edge with technology with electronic medical records systems and in the back-end areas of the organization, such as finance. Patrick is considering restructuring the pay package to move it towards a higher Key Performance Indicator-dependent component but notes that it will be extremely challenging to implement.

Some healthcare organizations have been hiring outside of the hospital industry to fill the leadership ranks. While these outsiders from industries such as hospitality and property are bringing fresh perspectives in tackling the complex business of healthcare, they face unique pressures in relating to medical specialists and their demands. Examples of such C-suite executives include John Northen, former CEO of Columbia Asia Group in Malaysia, who hails from a hospitality background; Northen says his background gave him the needed skills to run Columbia Asia's expanding network with a focus on putting patients at the centre of the experience, something that the hotel industry has traditionally done well. His organization's strategy was to create clusters of hospitals in large urban areas, expanding its network to 34 hospitals and one clinic by 2018, with 80 to 100 beds at each hospital.

Alice Tso, Ph.D., founding director of Onward Healthcare Limited. in Hong Kong, recounts another narrative. She says that while hospitals are "complex businesses that requires management on building, retail, finance and business, and human capital," she had to first understand and accept how to get things done in China by building trust and credibility through leading by example. It was only with time that she was able to change the local management team's perception of her. Additionally, because she is not a physician, she hired a chief marketing officer who is to better interact with the doctors.

Yet, this trend of hiring from outside will only continue, and is filtering down to all levels in organizations. As noted by Yanwar Hadiyanto, Ph.D., of Pondok Indah, the group has been recruiting professionals from outside the hospital industry, turning to fast-moving consumer goods, IT, accounting, and other industries to recruit high-quality talent in marketing, IT, and finance roles. Hadiyanto estimates that approximately 95 percent of the nonclinical professionals at his group are from outside the hospital industry.

Malaysia

The predominantly Muslim population, with its own unique needs, has led Shaharom Md Shariff to create a niche by setting up a Shari'ah-compliant hospital based on Islamic principles. The managing director of Medic IG (MIG) Holdings Sdn. Bhd. will be running a 200-bed hospital in Penang, its second operation after An-Nur Specialist Hospital, at which he is CEO. The new concept will attract medical tourism in Muslim countries like Brunei and the Middle East. In the cards: a 100-bed hospital in Brunei, the group's first Shari'ah-compliant hospital based on integrative medicine, catering to both conventional and traditional medicine.

China

Leaders recruited from abroad find themselves having to learn to navigate the complex rules of guanxi, or interpersonal relationships, in order to get things done. Says Tan Bee Lan of Columbia China, an international healthcare business that develops and operates hospitals, clinics, and senior-living facilities in Asia: "A lot of managers manage teams as if they were friends and relatives. When one key person leaves, the rest of the team goes with him or her. It is the China phenomena. A team's loyalty is to the boss, but not to the company." She adds: "In the Chinese healthcare industry, there is lots of circumvention and unspoken rules. Staffs operate in the gray zone where nothing is black and white. That is why the overly structured person will not work." Her challenge is to have effective control to put system, processes, procedures, and framework in place, in order to eliminate the problems. Corporate governance needs to be clear and transparent, and not open employees to any risks.

Korea

Enterprising leaders have found a novel way of building their businesses by focusing on innovation and intellectual property, in the face of limited growth from patient receipts due to Korean laws limiting hospitals to nonprofit status. Dong Ik Kim, Ph.D., CEO and vice president of Health Science Cha Gangnam Medical Center, utilises the hospital's connection with the renowned Cha University and its M.D./Ph.D. track to recruit M.D./Ph.Ds who are simultaneously doing their own research while seeing patients. By having these academics in its employment, valuable business

While the common objective for hospitals is to keep patients healthy, how they go about doing so looks different due to the diversity across the four-billion-person continent. The heterogeneity of this population poses interesting challenges to leaders who seek to operate across territories, while at the same time leading to novel business opportunities. We look at four vignettes that illustrate this spread in cultures.

items or technology invented in the course of their research can be transferred to relevant Cha Hospital Group-owned companies.

India

The rapid growth of the Indian healthcare sector has led to a shortage of skilled professionals, from doctors and nurses to technical and managerial personnel. Leading healthcare organizations, such as Manipal Hospitals, Max Healthcare, and Aster DM Healthcare, have established specialized training centers to impart medical and functional skills to current and future employees. In addition, firms have institutionalized several in-house leadership-development programs, including rotation across group hospitals and continuous-process improvement initiatives through employee feedback. Some organizations are even actively recruiting in other countries, particularly amongst the Indian diasporas, where some people are interested in returning home.

At the same time as recruiting more talent, some organizations are also trying to instill a culture of innovation among their employees. Max Healthcare, which has a network of 14 hospitals and more than 2,300 doctors, has adopted a Six-Sigma model to drive new practices in various departments throughout the organization, says Rajit Mehta, Max Healthcare's managing director and CEO. Two recent developments include bed-side admissions to cut down on patient lines and having paramedics drive well-equipped motorcycles designed to cut through difficult Delhi traffic and reach patients faster.

The critical skills for healthcare leaders.

The Korn Ferry Four-Dimensional Executive Assessment (KF4D) has identified multiple competencies, traits, and drivers that can help leaders thrive in the Asia healthcare industry. A research-validated assessment is key to not only robust, successful recruitment, but also retention and leadership development. Assessments such as KF4D can help organizations move beyond relying on well-worn sector contacts for job candidates and leaders' gut instincts about candidates and potential.

From our interviews with the 40 healthcare leaders across seven countries in Asia who took part in defining the most important leadership competencies for a successful CEO, we have consolidated the results to produce six key leadership competencies listed in Figure 3.

In many ways, healthcare leaders in Asia face an operating environment that is as fluid as it is uncharted. Finding high-quality talent for Asian healthcare providers may be a daunting challenge. Internal HR resources may be stretched too thin, or they may lack familiarity outside the narrow confines of their country or specific healthcare niche. However, it's not an insurmountable problem. The best strategies will use any of the tried-and-tested best practices while taking into account the differences in cultural nuances in order to capitalize on unique opportunities and tackle peculiar challenges. At the same time, an external recruitment and leadership development resource can provide a healthcare organization with a broader, more systematic talent strategy.

Figure 3

Leadership competencies for healthcare leaders in Asia	
Situational Adaptability	Adapting approach and demeanor in real time to quickly match the shifting demands of different situations
Consensus Building	Persuading stakeholders to support a decision that is in the best interest of the whole organization
Strategic Vision	Seeing ahead to future possibilities and translating them into breakthrough strategies
Technical Expertise	Demonstrating technical, functional, and job-specific knowledge
Success as a Change Agent	Helping an organization transform, often introducing new performance metrics and restructuring employee roles
Ambiguity Management	Operating effectively, even when things are not certain or the way forward is not clear

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