

Women CEOs

The path forward for healthcare.

There is an 80/20 rule on full display in the healthcare industry—just not in the way you might think.

This is an industry like no other in terms of women's domination of the workforce; in fact, almost 80% of healthcare and social assistance workers are women. But at the top? Women's representation in key leadership roles hovers around 20%...at best.

Let's break it down further. More than 75% of all hospital employees and people working in doctors' offices are women, as are almost 90% of home health workers.¹ Women represent over one third of professionally active physicians, which—while in the minority—reflects significant gains over the past ten years. In stark contrast, only 19% of hospitals are led by women. And at the helm of healthcare organizations? Only 4% of healthcare company CEOs are women. In the Fortune 500, only one healthcare company has a female CEO.

This absence of women at the top mirrors the broader corporate business landscape, where fewer than 24% of C-suite executives are female.² Moreover, this number is heavily skewed to the human resources, marketing, and legal departments—positions that are typically considered outside the CEO succession pipeline because progression to those roles does not require P&L experience or other deep exposure to how the business makes money. Meanwhile, in the roles of Chief Operating Officers, Chief Financial Officers, and Chief Technology Officers, women represent only 7%, 9%, and 13% respectively.

Only 5% of Fortune 1000 CEOs are women. Put another way, there are more than 10 men for every Mary Barra (GM), Lynn Good (Duke Energy), or Phebe Novakovic (General Dynamics).

However, across that broader landscape women make up about 48% of the workforce, and in some industries it is closer to 20-25%. So in an industry that is 80% female, why is healthcare not leading the way in women's leadership?

There are abundant, compelling reasons for organizations to embrace gender diversity in senior leadership. A McKinsey study found that organizations ranked in the top quartile in gender diversity are 15% more likely to have financial returns above the national median. Fortune 500 companies with the highest representation of women in senior leadership roles outperformed by 35% in return on equity and 34% in total return to shareholders. Meanwhile, those with the highest representation of women board directors achieve significantly higher financial performance (return on equity, return on sales, and return on invested capital), on average, than those with the lowest representation, as well as stronger-than-average performance at organizations with three or more women board directors.³

Diversity does more than generate revenue. It powers innovation, reduces turnover, and fosters employee engagement.



PUSH FACTORS

Away from the status quo.

Efforts to date are not doing enough to move the needle. The numbers tell a clear story: at the largest US companies, men still hold 95% of CEO roles and 88% of top team* roles.

Investor pressure. Major investment firms, state pension funds, shareholders, and social impact funds are demanding gender balance in leadership.

Customer and employee expectations. Purchasing, career, and investment choices are increasingly influenced by company's record on social issues.

Media spotlight. Highlighting abuses of power and related stories and investigations can be a huge negative. But it can also give visibility or a platform to companies that have committed to change.

Regulations. Some US states restrict the ability to gather compensation history, while quotas and other direct mandates gain steam in other parts of the world.

PULL FACTORS

Toward gender diversity in the leadership pipeline.

Leadership pipeline. Organizations cannot afford to overlook, lose, or underutilize 50% of the high-potential population.

Continuous improvement. Diverse leadership significantly correlates with greater employee engagement, productivity, ROI, and profit.

Ideation and innovation. Critically intensified in today's rapidly changing environments, and accomplished through diversity of thought.

Purpose-driven, inclusive cultures. Diverse talent seeks environments where they can see themselves thriving and advancing.

Navigation of complexity and ambiguity. Success demands optimal contribution from talent in critical leadership roles.

*CFO and next three highest paid.

The results speak for themselves, which is a big reason that major investors and pension funds are exerting pressure on companies to diversify. They now consider its record on social issues when making purchasing, job, or investment decisions. Then there is the glaring media spotlight on the abuses of power.

When roughly 95% of Fortune 1000 CEOs are men, however, what qualities drive the 5% who are women to the most elite reaches of corporate leadership? To find out, the Korn Ferry Institute studied 57 women who have been CEO—38 currently and 19 previously—at Fortune 1000-listed companies and other sizable concerns.⁴

While there is no single path to the top, their career advancements could be defined in four distinct ways. That said, many started out in STEM professions. While some zigzagged, eager to learn new things, and some focused on driving innovation and growth, only a few concentrated primarily on strategic career experiences aimed at becoming CEO. That said, many started out in STEM professions, with more than 40% of these female CEOs earning college degrees in science, engineering, or math—twice as many as those with

a background in the arts and humanities (21%).

About 19% studied business/economics/finance. But few set out with the ultimate plan of becoming a CEO. Only 12% of the women surveyed always knew they wanted to run the show and more than half gave no thought to being CEO until someone explicitly told them they had it in them.

Nevertheless these women share several key characteristics. Women who rise to the top of organizations thirst for challenges, and their assessments show a low desire for predictability in their work. These women don't just prefer difficult and unpredictable work assignments; they seek them out. They are motivated by purpose and culture and wish to have a positive impact on their employees, their community, and the world at large. Most want to engender a more positive culture—23% considered this among their most important accomplishments. They also maintain different mindset as CEO: They appear to highly value the contributions of others, and moreover concede they can't single-handedly bend the future to their will. They are often perceived as more humble than their male counterparts.



How it relates to healthcare.

Women gravitate toward industries with a higher purpose—that is, the organization should have a positive impact on its community, employees, and the world around them—and this is integral to a healthcare organization. For women who work as executives at healthcare organizations or are providers, purpose and mission are central to their message as leaders.

As has been a growing trend, healthcare organizations have been increasingly looking to clinicians as leaders. Despite comprising only 1/3 of practicing physicians, women lead some of the largest and most complex health systems and organizations globally. Laura Forese MD, for example, is the executive vice president and chief operating officer of New York–Presbyterian, a six-campus academic medical center that US News and World Report lists as the top-ranked hospital in New York and among the best in the country.



Similarly, many of the traits that characterize the CEO of a healthcare concern are the same as those for an emergency-room nurse. According to researchers at the University of Sydney in Australia, emergency-room nurses are perceived as more extroverted, agreeable, and open, attributes that help them handle the demanding, fast-paced and often stressful environment in which they work.⁵ They must be organized and able to multitask, as they tend to several patients at a time. Nurses have strong communication skills and they must be unbiased, in order to look at each patient's condition objectively. What's more, they need strong coping skills and be able to withstand turbulent times. All this could easily describe the successful chief executive officer.

- **Nancy Howell Agee**, President and CEO, Carilion Clinic, who oversees eight hospitals, the Jefferson College of Health Sciences and a joint ventured medical school with Virginia Tech in Blacksburg, Virginia. She began her career as surgical nurse.
- **Ruth Brinkley**, President, Kaiser Foundation Health Plan and Hospitals of the Northwest, who received a bachelor's and master's degree in nursing from DePaul University in Chicago.
- **Barbara Martin**, President and CEO, Vista Health System in Waukegan, Illinois, which oversees two hospitals as well as a campus in Lindenhurst and physician practice offices. She began her career as a registered nurse.
- **Marilyn Tavenner**, former administrator, Centers for Medicare and Medicaid Services, who began as a nurse at Johnson-Willis Hospital in Richmond, Virginia.

Digging deeper into the data, in our survey, women who rose to the role of CEO at healthcare concerns were twice as likely to score high on various competencies compared to women at the middle-management level. These CEOs had strategic vision. They saw future possibilities and translated them into actionable plans while maintaining uniformly strong visions for where they wanted to take their businesses. In addition, they drove results. Achieving results under difficult circumstances was the calling card for many.

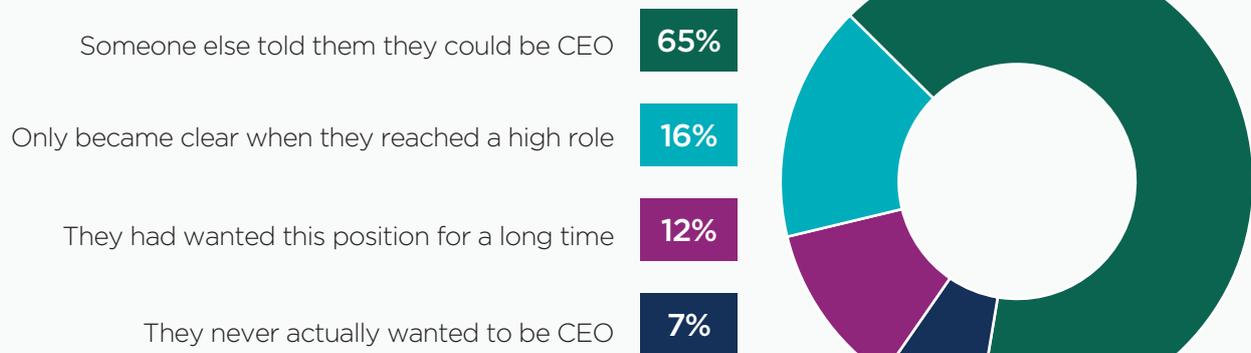
These CEOs managed to engage and inspire. They were proud of creating cultures that employees believed in and were willing to work for, and that had a sense of purpose. Rebounding from setbacks and adversity was vital for these women. They had resilience, which for some meant being passed over or losing a CEO role but then getting the job at another organization, displayed courage, and did what had to be done when facing some of their organizations' knottiest problems. These CEOs believed in leading with integrity, often embracing bold strategies, and had a high level of self-awareness: The CEOs had a grasp of their strengths and weaknesses, and were unafraid to ask for feedback. Most recognized how they came across and adapted to different audiences.



Mentors

Several factors contributed to women ultimately climbing the corporate ranks to CEO. First and foremost, these women had mentors. Of the women who mentioned early mentoring, about 20% said a boss or outside mentor pointed out leadership potential that the woman hadn't seen in herself, sparking long-term ambition. They had early career coaching from early mentors and received performance feedback, exposure to high-level executives, coaching, and career advice.

When women realized they could be CEO.



Korn Ferry CEO Speaks, 2017

The importance of mentors cannot be overstated. The majority of the female CEOs Korn Ferry interviewed had not thought about being CEO at all—until others told them “I believe in you.” They also had late-career sponsors who provided crucial shepherding. At the senior-executive level, for women who might become CEO, important relationships shifted away from mentors who offer encouragement and advice, often outside the organization, to sponsors who take a hands-on role in managing career moves and promoting executives in front of the board. And finally, women have to help themselves by building their network. Beyond sponsorship, women need personal endorsements to reach the threshold of the CEO’s office.

The experience factor.

Beyond traits, drivers, and mentorship, future candidates for CEO must have the requisite functional experience. When climbing the corporate ladder they must acquire a breadth of business roles that provides a perspective on how the whole organization is run. Women must, in particular, seek opportunities in operations, finance, governance, and external relations. It is key that they gain P&L experience.



What Healthcare Organizations are doing to increase the number of women CEOs.

- **Identify potential leadership candidates early and work with them.**

Women CEOs share 17 of 20 traits with 99th percentile best-in-class CEO benchmark, according to our survey. Confidence in women looks different. These signs of potential can be measured and detected early in career, leaving enough “runway” for strategic development. Organizations and leaders may recognize someone has potential but fail to tell the person of her potential in the organization. This often leads to top talent attrition, particularly in higher level leadership roles, if the employee doesn't recognize opportunities for future roles aligned to her aspirations or motivations at the organization. The best cultures identify top talent early on, and clearly communicate to her that she has the potential to pivot from expert to leader.

- **Activate your leaders to be advocates.**

All CEOs share stories of the coaches, mentors, advocates, and sponsors who helped shape their leadership and contributed to their rise to CEO. Create programs to help your formal and informal leaders become better at spotting potential and developing rising women leaders. Build awareness in your coaches, mentors, and managers of the issues women face that slow or derail their developmental momentum and career progression. By activating your leaders and talent developers, they can better help identify strategies for mitigating or overcoming barriers to women rising to top leadership roles.

- **Evaluate your promotion process, address bias and remove barriers.**

Healthcare organizations should regularly review and analyze their promotions process to identify where in their leadership pipeline or in what critical roles women are underrepresented or exiting the organization. If it's important for an organization to have a woman as CEO, current leaders must look at the developmental and advancement process at every stage. What is the gender breakdown in these promotional moments? Where are you losing them? Deconstruct the process, figure out the barriers, and diagnose how to remove them.

- **Create communities of growth and development.**

Some healthcare organizations are supporting their diversity and inclusion initiatives by creating communities for women (and any other diverse population) where they meet regularly, encourage idea generation/sharing, innovation, and teaming/collaboration. In large, complex healthcare settings, these communities provide women with a voice whereby they feel that their needs are being heard and hopefully met. Leaders of organizations that encourage such communities, support their employees in learning how to effectively interact with and manage people in a diverse workplace. They also recognize the impact that diverse populations have upon the success or failure of the organization's strategic priorities.

- **Incorporate a talent audit into your succession-planning strategy.**

Finally, in concert with the succession-planning strategy, organizations should conduct a talent audit to understand the capabilities of the current leadership team, and what will be necessary to fill any gaps in the organization's leadership pipeline. This should be done with an eye toward ensuring that women are included in this process.

Healthcare organizations that actively pursue gender diversity in leadership will reap benefits throughout, all the way to the top.





Resources

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About Korn Ferry

Korn Ferry is a global organizational consulting firm. We help clients synchronize strategy and talent to drive superior performance. We work with organizations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people.