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CFOs becoming strategic thinkers

More than ever before, CFOs are called upon to provide key strategic planning insights for their hospitals.



Chuck Green



The timeworn image of the number-crunching hospital CFO, toiling behind the scenes, has transformed over the past several years into that of a key management figure, deeply entrenched in daily operations (/directory/operations) and strategic planning.

"We've seen a marked difference in hospital CFOs over the last five to eight years; they're more on the front lines, working with the CEO to develop a strategic plan for their organization, and the board of directors and community to identify growth opportunities," said Paul Esselman, executive vice president and managing principal of Cejka Executive Search in St. Louis.

Highly successful CFOs possess the ability not only to examine trends and analyze data, but to extrapolate and combine that information along with what consumers seek, Esselman added. Those attributes are essential now as hospitals and health systems focus on adding physician group practices which generate an initial expense to an organization, further emphasizing the importance of CFOs, he continued.

"The CFO plays a key role in helping the hospital manage through that acquisition and the integration of the medical group practice into hospital finances, necessitating that CFOs take a more active role in the long term future and stability of a hospital," said Esselman.

[See also: [Healthcare providers increase reliance on demand forecasting \(/news/healthcare-providers-increase-reliance-demand-forecasting\).](#)]

Christopher Kerns, managing director, Research and Insights, at The Advisory Board Company, said most hospital CFOs with whom he's spoken point to the need to cultivate physician relationships in order to become effective strategic thinkers. "This is one of the most important changes in the CFO's role in the last few years; they spend far more time, maybe as much as 40 percent, dealing directly with physicians," said Kerns. In the process, the mindset of CFOs has segued from "gatekeeping to gatekeeping around access spending," he explained. With that, CFOs must strike a greater partnership with clinical leaders in order to develop strategic plans and reduce costs, Kerns emphasized.

CFOs must be adept at interacting and engaging with the hospital medical staff, as well as providers within a community, all of whom are critical to a hospital's success, said Esselman.

On the other hand, because the first CFO for whom he worked was a keen strategic thinker, Rob Tonkinson, regional COO & CFO at Mercy Health (formerly Catholic Health Partners) near Cleveland, said he's always regarded CFOs as similarly strategic. Since the healthcare environment is growing increasingly difficult to negotiate, with fast-moving legislative and regulatory changes, it's paramount for a CFO to have a solid understanding of operations and the strategies leading to successful operations, he noted.

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Not only that, an effective CFO and strategic thinker "needs an almost insatiable curiosity" about their own operations as well as what's occurring in the industry, Tonkinson added. "You have to read a lot, network and think about how you might leverage what you see other

organizations doing." Meantime, CFOs must "study the numbers" to understand the market and the drivers of profitability and blend it all together, he said.

Ultimately, Esselman believes a successful transition from a CFO to a strategic thinker largely hinges on the individual. "Some CFOs enjoy the number crunching, the basic finances, but they're not as comfortable (being out front), judging opportunities, interacting with staff and interacting in the community."

Consequently, hospitals and health systems must identify those finance leaders who enjoy strategic planning (/directory/strategic-planning), and give them a voice in organizational decision-making, said Esselman.

Of course, there's help, including mentoring and guidance, for those aspects of the position that don't come as naturally, he pointed out. "There are organizations that help train or give individuals the guidance, tools and education," said Esselman.

[See also: [Managing risk by drilling down \(/news/managing-risk-drilling-down\).](#)]

Tonkinson agreed, noting "CFOs can find mentors and partner with those who are stronger in certain areas than they are and pick up skills."

CFOs must also be adept at developing a collaborative, engaging team that understands the needs of the hospital staff, departmental leadership and independent providers. Furthermore, CFOs need the ability to forge a highly

communicative relationship with both senior leadership and the mid level management team, regularly share information and be transparent, Esselman said.

Additionally, Tonkinson encouraged CFOs to follow national, regional and local news about the healthcare care industry. "Click on stories so you can keep your ideas fresh and monitor what's unfolding beyond your market. If you don't do that and have been in one organization for a long time, there's a danger that you get stuck on things you've done and miss significant opportunities."

And, by all means, identify, hire and rely on good people so that you can focus on strategic objectives: "otherwise, (a CFO) is always going to be fighting fires," said Tonkinson.