

RxCel Blog -Jan 2024

Healthcare investing and talent requirements- what you will see more of this year...

Interim Executives—it's a strategy that can allow organizations to navigate transitional periods, crises, business surges, or other changes effectively by leveraging the expertise of temporary leaders. Many clients are asking about them as they can offer fresh, unbiased insights, helping the organizations to realign their strategies and priorities quickly while maintaining resilience in a very competitive market. Interims are used most often to fill temporary vacancies until a full time hire is made, or to serve as a leader in a time of transformation where the requirements for the current role may not be the same as the permanent one or to bridge leadership gap as the firm prepares for a significant event- like a sale, merger or exit.

Interims work well in times of economic uncertainty, where an uninterrupted operation is critical or where the firm needs time to fill the permanent position efficiently. In placing an interim executive, RxCel Partners follows the 80% rule- we try to balance qualifications with adaptability. Successfully leveraging interim roles isn't about finding a perfect candidate but rather adopting a realistic approach- recognizing that the right blend of practicality and vision can lead to hiring effective interim leaders.

For the interim candidates, these roles allow experienced executives to balance professional ambition with personal wellbeing and job satisfaction.

Hiring for Diversity inside PE firms and their Portfolio companies

Facts are facts and McKinsey reports that companies that have more ethnically or racially diverse leadership teams are 36% more likely to financially outperform companies with less diverse management.

In addition, LPs are asking for more data about DEI topics from GPs. Clearly some LPs are using DEI data as a threshold when deciding to allocate their funds, and they consider companies ineligible for their pool of money if the levels of diverse talent do not meet their thresholds.

Well if you're in the know, the newest word out there is **Neurodiversity- the limitless variability of human nervous systems.**

Neurodiversity does try and move beyond patchwork solutions to building a workplace environment that is adaptable, flexible and supportive, allowing all employees to do their best work. I am sticking with DEI however...

RxCel believes strongly that gender parity in promotions is a bigger issue...Some studies confirm that at the Principal level in PE firms- males are being promoted at a rate of 2.8 times higher than women. Given that Senior levels already have a narrowed funnel of women, it will

be hard to improve the numbers quickly when a promotion gap persists between genders. What solutions exist in the short-term? Dealing with unconscious bias and conscious inclusion, filling the pipeline, reducing minority turnover and doubling down on professional training- seem the most reasonable ST opportunities to change the slow pace of improvement. We offer practical solutions..

New Roles and Titles

In the past year we have seen new titles in our Executive Search business- Chief Growth or Revenue Officer and Chief Culture Officer... obviously the influence and criticality of digital and analytical solutions has also produced the need for Chief Technology (AI) Executives to rise in our discussions with Boards and CEOs.

Chief Growth Officer roles- marry strategy, sales, pricing and customer support. Their focus includes organic as well as M&A and strategic partnerships.

Chief Culture Officer roles focus on fostering a positive workplace environment. For many firms it has become an essential part of their value proposition to attract top talent, where salaries are no longer the preferred lever. CCO's align a company's values with their mission and purpose with internal processes.

In a nutshell, Technology Officers oversee the integration of AI and Technology to leverage data-driven insights for strategic advantage.

Lastly, there is a big uptick in roles that take costs out- at either the PE level or within portfolio company's. These roles are skewed towards functions with cost-out impact—so in Q4 we did see an uptake in Procurement and Operational searches.

ESG

In tough economic times, will this remain a priority? In a recession, my belief is that any projects marketed as the “right thing to do” will undoubtedly lose out to projects that can enhance long-term revenue or reduce costs.

RxCel sees in 2024-other **topics rising to the top of Board discussions-** including investing more in career management and leadership development, proactive succession planning and a focus on retaining talent/by building out a sense of “family”...all of which appeal to employees trying to recession-proof their careers. Simply said Employer brands more than ever, need to convey sustainability and resilience.

The Challenge of Turnover

It is clear that in the next 5 years, X-Gen and Millennial executive leader turnover and transition rates will occur at breakneck speeds compared to their Baby Boomer predecessors. I am afraid

that Long-tenured leaders, who stay with a company more than 5 years, are tied to a bygone era that will never return. Titles and accolades won't be enough to secure the employees of the future. In today's world company's need to appeal to people's deeper needs around learning and purpose. Boards must prepare accordingly. With egalitarian empowerment and enablement, the success of every organization has gone from depending on a single CEO to installing the conditions where employee's thrive and feel they are progressing and learning- all of which drives greater retention.

Call on RxCel if you have Talent and Culture challenges that need to be solved....Always ready to take on your most critical Human Capital challenges!

See our Core Capabilities PPT above to better understand why we bring unique skills to the Search process..

All the best for 2024, Jim

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Whether you are starting the M&A Journey or gearing up for scale, RxCel's blend of expertise, connections and seasoned CEO and CHRO global expertise allows us to focus on transactional complexities around Talent, Culture, Leadership and Team Development.