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APAC Health Services Leadership Challenges  
**Looking Ahead: Who Will Be  
the Next CEO?**



## INTRODUCTION

In the past ten years, health services, as a sector, has grown dynamically. The trend is global, but the Asia-Pacific region is in a unique position. While a demographic shift toward a growing and aging population is visible in much of the world, in the Asia-Pacific region, this rising need for coordinated and quality care management is not being adequately met.

With insufficient resources and a fragmented landscape, the Asia-Pacific region has not made a demonstrated commitment to meeting growing patient demands, creating an opportunity for both traditional and innovative players to propose alternative models and strategies. This has prompted a large number of global organizations to explore strategic and financial investments in Asia-Pacific to build this sector. Obviously, a new opportunity brings its own set of challenges, which we will examine as we explore Asia-Pacific's health services leadership pipeline.

According to Forbes<sup>1</sup>, there are three ways the private sector can address the issue of health services in order to meet the region's growing demand:

1. Provide the required quantity and quality of hospital infrastructure
2. Meet the demand for health insurance
3. Introduce values-based, outcomes-based and consumer healthcare models

To make the most of this opportunity, the private sector must take a closer look at its current hospital leadership landscape. To understand the current talent landscape and future implications of Asia-Pacific's health services sector, we analyzed the demographic profiles and career trajectories of 67 CEOs and conducted interviews for proprietary market insights.

## ASIA-PACIFIC'S HEALTH SERVICES CEOS

The ongoing debate on who can manage a hospital entity better – a physician executive or a strong management leader – led Russell Reynolds Associates to investigate deeper into the Asia-Pacific hospital leadership landscape. Our findings are as follows:

The majority of CEOs have a general healthcare background, predominantly clinical, academic, education and patient healthcare. The remaining come from various industry backgrounds such as finance, consumer, technology and politics. The majority of executives have a business degree or a medical degree and have studied abroad. Despite the high percentage of CEOs who have studied internationally, only a small group has worked abroad.

Across the Asia-Pacific region, the group of health services CEOs is overwhelmingly male. The average CEO in this sector is 54 years old and has held the position for almost 8 years. Nearly three-fourths bring general management experience to their positions as CEO. One-third were promoted to CEO after an average of 10 years inside the organization, 45% are external appointments (this number is poised to rise) and 22% are their organizations' founding CEOs. The entrepreneurial spirit seen in the region is differentiated from that in the West; there is a trend in which individuals come to learn but eventually utilize the tools and knowledge elsewhere, an important factor in thinking about talent retention.



<sup>1</sup>Top 8 Healthcare Predictions for Asia, Forbes 2018.

Asia-Pacific Region

Demographics



**54 years old**

Current age, average



**36%**  
MD



**54%**  
MBA



**40%**  
Other graduate degree



**42%**  
Two or more graduate degrees



**57%**  
Studied abroad



**28%**  
Worked abroad

Current position



**22%**

Founder



**33%**

Internal promotions

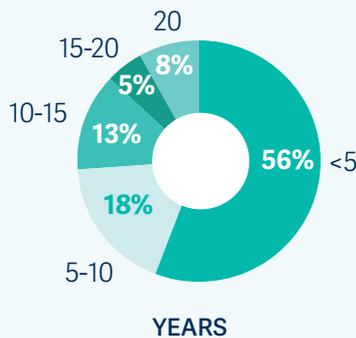


**45%**

External appointments

Internally promoted:

after **10.2** years of career track at his/her current company



YEARS

Tenure in the position:

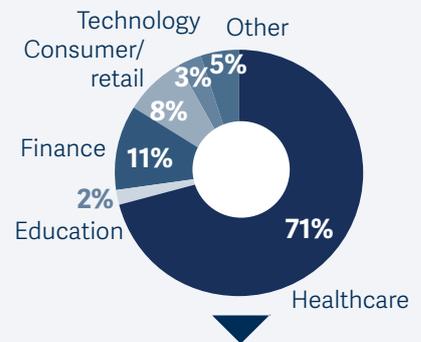


Professional experience

Functional background



Industry background



General healthcare



Clinical



General health services



Academic



Consumer



Pharma



## WHAT DOES THIS IMPLY?

Health services leadership will need to address the two critical gaps in the landscape:

- The difference in capacity between the provider systems and the expected skyrocketing needs
- The talent gap between the region's current leadership profile and the skills and experiences required to meet future needs

Our interviews with sector professionals offer insight into what kind of leader is best positioned to meet the region's growing healthcare needs and which sub-regions are producing that level of talent.

First, we heard that successful health services leadership must possess both the clinical expertise that comes from a medical background and the operational and strategic mindset of a leader with strong P&L experience. While nearly three-fourths of health services CEOs in the Asia-Pacific region have a primary background in management, we found only about one-third hold medical degrees, and less than 10% have significant professional experience as clinicians.

Second, international exposure is understood by those we talked to as a critical factor for success in the future health services sector. While the majority of the current CEOs we surveyed had studied abroad, we saw that barely over one-fourth have international professional experience. This will be an interesting point for further investigation in the next generation of leaders, especially as the field

becomes much more globalized.

Third, the experts we talked to said cultural sensitivity, especially given the diversity of Asia, is crucial to the sector—a trait that healthcare professionals are more likely to cultivate by working in places that are diverse and different from their cultures of origin. This is especially relevant in the context of needing to move established healthcare leaders to emerging markets and thus foster culturally agile leadership.

## WHAT NEXT?

Much will be asked of organizations that take on the task of closing the healthcare gap in Asia-Pacific. To gauge market movement and identify the first wave of leaders in the next generation, we divided the group into first generation CEOs, long-tenured executives, and second generation CEOs, recently appointed executives, within the past two years. While both first and second generation CEOs are still overwhelmingly male, our analysis indicates two major differences between the two groups of executives. Second generation CEOs are much more likely to have a commercial profile; 1 out of 2 CEOs bring prior CEO experience with them. The majority of second generation CEOs are also externally appointed, with no founders in this group. Given these two significant differences, the next generation of CEOs will need to focus more on structuring the organization and intentionally developing the second and third management levels.

### 1st Generation CEOs

47 leaders

<b>13%</b> women	<b>87%</b> men
<b>30%</b>	
<b>30%</b> founder	<b>37%</b> internal
<b>33%</b> external	
<b>51%</b> with <b>21.4</b> years	
<b>32%</b> worked abroad	<b>64%</b> studied abroad
<b>45%</b> medical degree	<b>49%</b> business degree

### Gender



### Prior CEO experience



### Appointments



### Health services experience



### International experience



### Education



### 2nd Generation CEOs

15 leaders

<b>13%</b> women	<b>87%</b> men
<b>53%</b>	
<b>27%</b> internal	<b>73%</b> external
<b>67%</b> with <b>13.3</b> years	
<b>27%</b> worked abroad	<b>47%</b> studied abroad
<b>33%</b> medical degree	<b>46%</b> business degree

## RECRUIT AND RETAIN A NEW GENERATION OF LEADERS

The next generation of health services leaders in the Asia-Pacific region needs to address two specific needs – one, clinicians with leadership capabilities and two, a better representation of gender balance; currently there are almost 5 males for every female in the CEO seat. Novel ways of looking at and cultivating the pipeline could help usher in a more diverse group of CEOs. For example, bringing executives from more mature markets, like the West, earlier in their careers and grooming them for leadership or exploring the potential of nurses and other allied healthcare technicians after leadership capability assessments, may constitute a new source of professionals with strong management potential and significant clinical experience. Hiring globally would also be a wise move for a sector aiming to incorporate global learnings and advanced patient care. Thailand's health services sector has hugely benefited from leadership talent brought over from the West in the last decade. Assimilating this talent culturally will have to be a two-way street – organizations need to also create an open-minded platform that encourages exchange of ideas while embracing the new as readily as it expects the new to embrace them.

*“We could more systematically identify nurses, pathologists or people from allied areas who could grow into executive leadership roles.”*

– Chief Executive Officer of a healthcare management company and health services investor, based in Singapore

## INVEST IN BUILDING TALENT

Strategic succession planning and a move away from the “natural pipeline” of health services CEOs is in order. An organization's next CEO might be the product of a process in which 10-15 strong, high potential leaders are identified, assessed and then groomed for the role over a 5-7 year period. Going further back into the pipeline, partnerships with business schools could be established and a healthcare management

cohort – intentionally designed with diversity of background and experience in mind, could be initiated. The key here to creating a pipeline of strong leaders over time is continuous innovation; running relevant higher education programs in parallel with the healthcare provider business will both attract and stimulate intellectual curiosity and aid in retaining a flowing talent pipeline. Graduates of these programs would be assured placement within a health services organization. Asia is hugely behind on creating a vibrant pool of leaders, and a start today will help build a pipeline for 5-10 years later.

*“Private hospital groups should invest in building talent, for example, by sponsoring a cohort on healthcare management in business schools.”*

– Healthcare industry expert, based in Singapore

## PRIORITIZE CULTURAL COMPETENCY

A critical understanding of how leadership values vary by sub-region is essential. Public hospitals in Singapore, for example, tend to build quality-focused executives with experience in healthcare system operations and scientific intellect. They need to be tested, however, for qualities associated with a strong P&L leader. The public sector in Malaysia needs to focus on grooming health services leadership with strong operational and management experience in the context of local industry trends. The nation's ethnic diversity also provides opportunities for executives to get “out-of-school” lessons in cultural competency.

It will be important to consider multiple organizational frameworks in the fulfillment of these wide ranging needs as Asia builds its leaders. For example, if getting the entire set of professional, academic and cultural experiences in a single person is too tall an order in the interim, we could explore different models where perhaps two people with complimentary skill sets co-lead. As a founder of a hospital chain shared with us, it was difficult to find a single person to embrace the role comprehensively, so it was necessary to

form a structure in which a Head of Medical (a former physician), a Head of Operations (with a retail background in marketing and patient experience, and a Head of Expansion (with a telecom background) each managed a portion of the role.

*“Expansion in the sector will be a continuous challenge that requires agile leadership that is developed over the long-term and attuned to cultural nuances.”*

– Chief Executive Officer of an international health facility operator investor, based in Singapore

In summary, healthcare needs in the Asia-Pacific region are outpacing the capacity to meet them, and the market will do well to take note early, rather than late. With an increased focus on regionalization as players look to grow outside home countries, an increase in private equity investments and challenges of a disruptive world, developing well-rounded leadership talent will be essential. Health services companies in the Asia-Pacific market will need to be strategic in order to grow leaders capable of rising to the challenge.

In addition to painting a general picture of the Asia-Pacific health services CEO, we also looked granularly at the various sub-regions and used this analysis to form our perspective on the potential to meet the needs of the region on the whole. Each region reflects the key takeaways of retaining and recruiting a new generation of leaders, particularly around gender diversity, investing in building talent pipelines and prioritizing cultural competency; the following detailed analysis highlights the strengths and weaknesses of each sub-region.



## Australia

Despite the fact that Australia's Medicare acts as a universal healthcare system – providing access to public hospitals, medical services and pharmaceuticals for all – there is a growing private healthcare sector, looking to partner with suppliers, care providers and insurers. Specifically, Australia has seen an increase in the size and complexity of private firms operating multiple hospitals. At double the regional average, 90% of Australia's current health services CEOs are external hires, and all of them are male.

### Demographics



40%  
MD



40%  
MBA



20%  
Other  
graduate  
degree



40%  
Two or more  
graduate  
degrees



10%  
Studied  
abroad



20%  
Worked  
abroad

### Current position



10%  
Internal  
promotions



90%  
External  
appointments

#### Internally promoted:

after **27.2** years of career  
track at his/her current company



#### Tenure in the position:



#### Average health services experience:



### Professional experience

#### Industry background

Health services  
70%

General healthcare  
10%

Finance  
10%

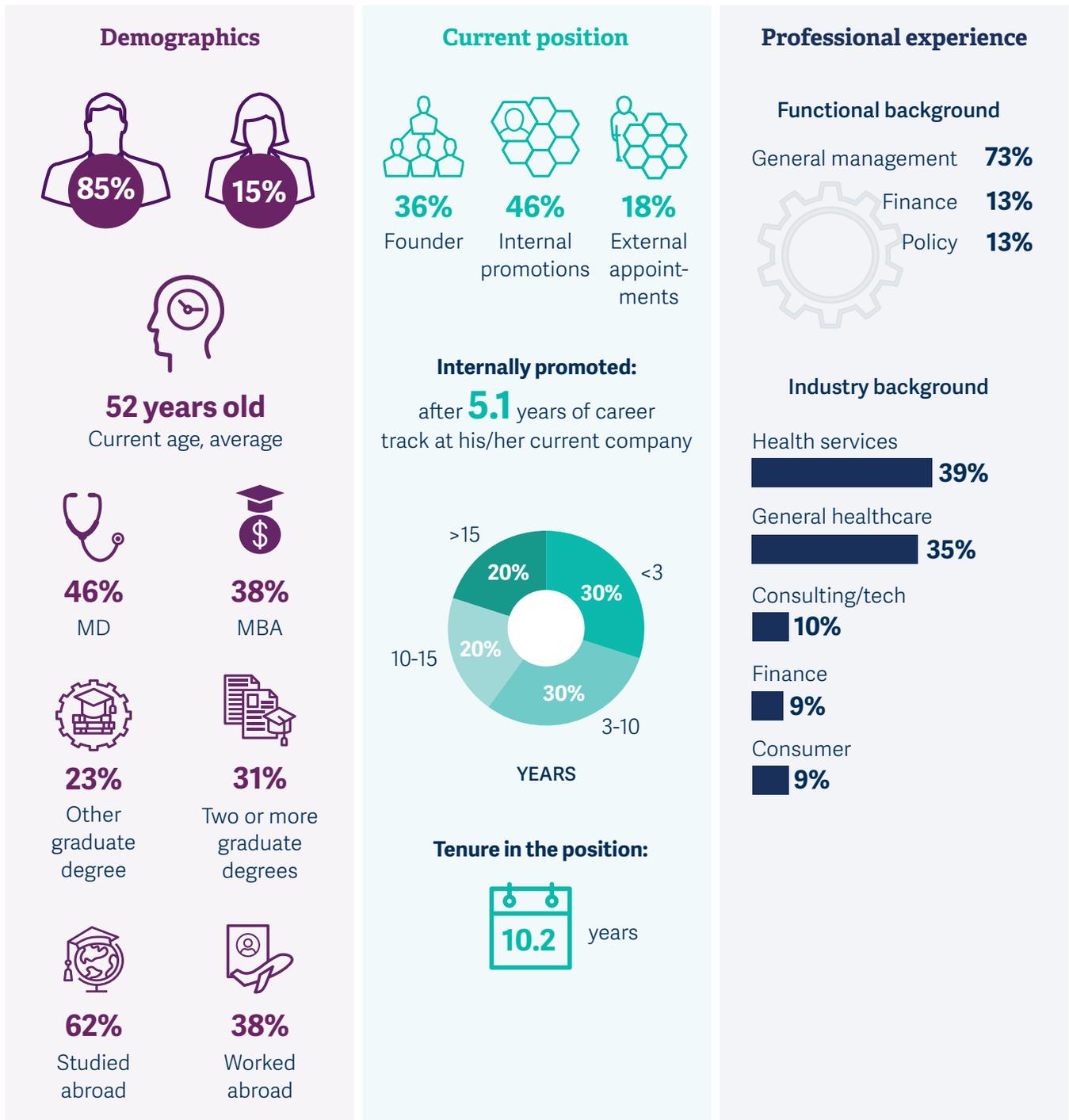
Retail  
10%



have a general management  
functional background

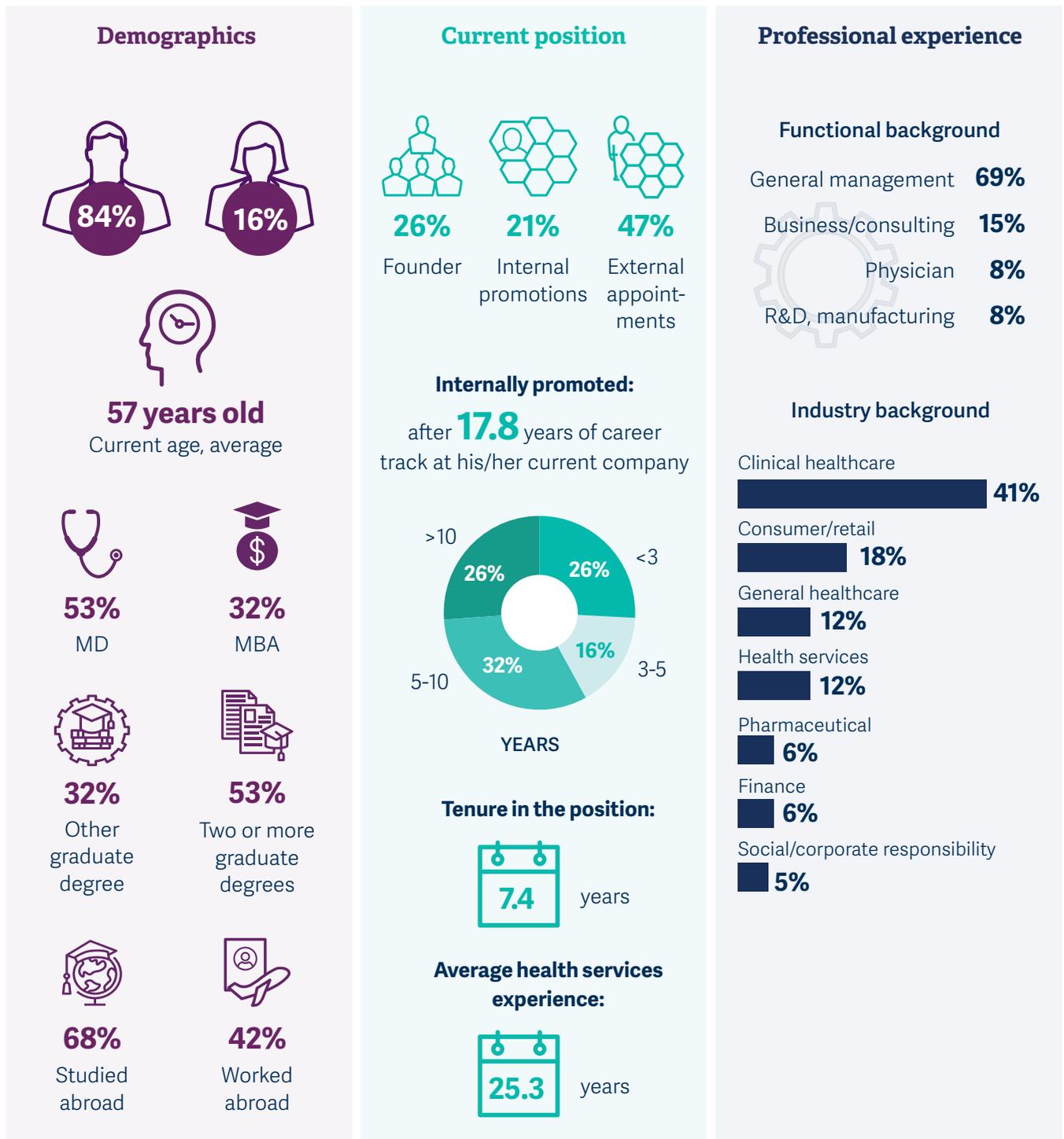
## China

To China's advantage, the rising demand on its healthcare system resulting from an aging population is being met with wide-scale awareness and a quick-moving culture around technology and services that seems to have the capacity to respond; the initial response is currently taking the form of digital players improving the patient journey. Now, private hospitals must work to keep up with a commitment to further develop their management skills and mindsets, improve the quality of service offerings, and become truly patient-centric organizations. On par with the gender imbalance across the entire region, 85% of health services CEOs in China are men. Unlike the average health services CEO more broadly across the Asia-Pacific region, more than one-third of those in China are the founders of their organizations.



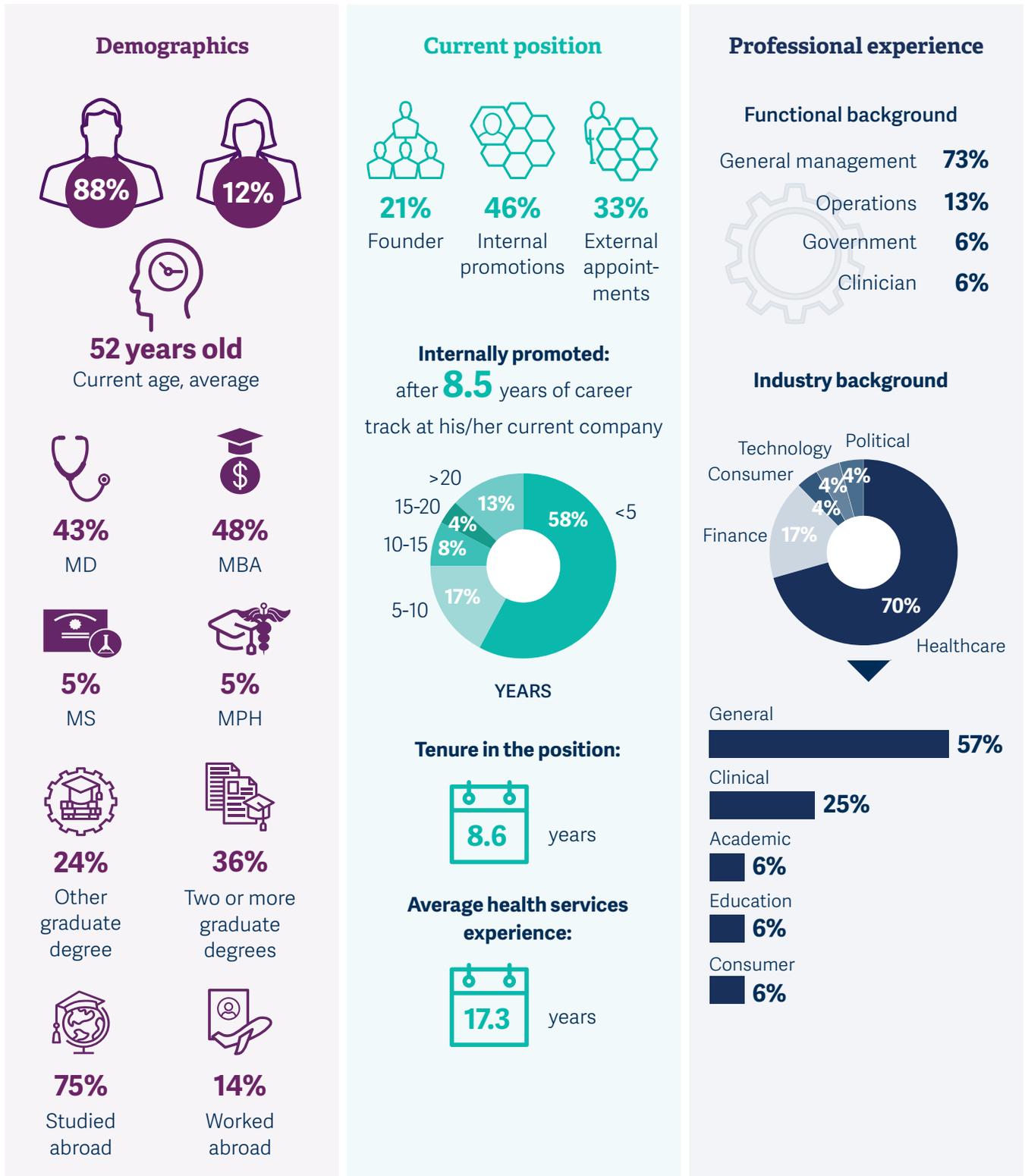
## India

The average health services CEO in India is a 57-year-old male. His path to CEO tracks similarly to those of his peers throughout the region, but two differences stand out. First, only about one-fifth of CEOs in India were internal promotions, and they spent an average of nearly 18 years at the company before being promoted. Second, more than half of the health services CEOs in India are physicians, and more than half have at least two graduate degrees.



## Southeast Asia

Culturally the most diverse but in line with the trend across the entire Asia-Pacific region, 88% of health services CEOs in Southeast Asia are male, and almost three-fourths of them bring a background primarily in general management. The breakdown of their "route to the top" also tracks with the overall region of 21% being founders, 46% being internally promoted and 33% being externally appointed.



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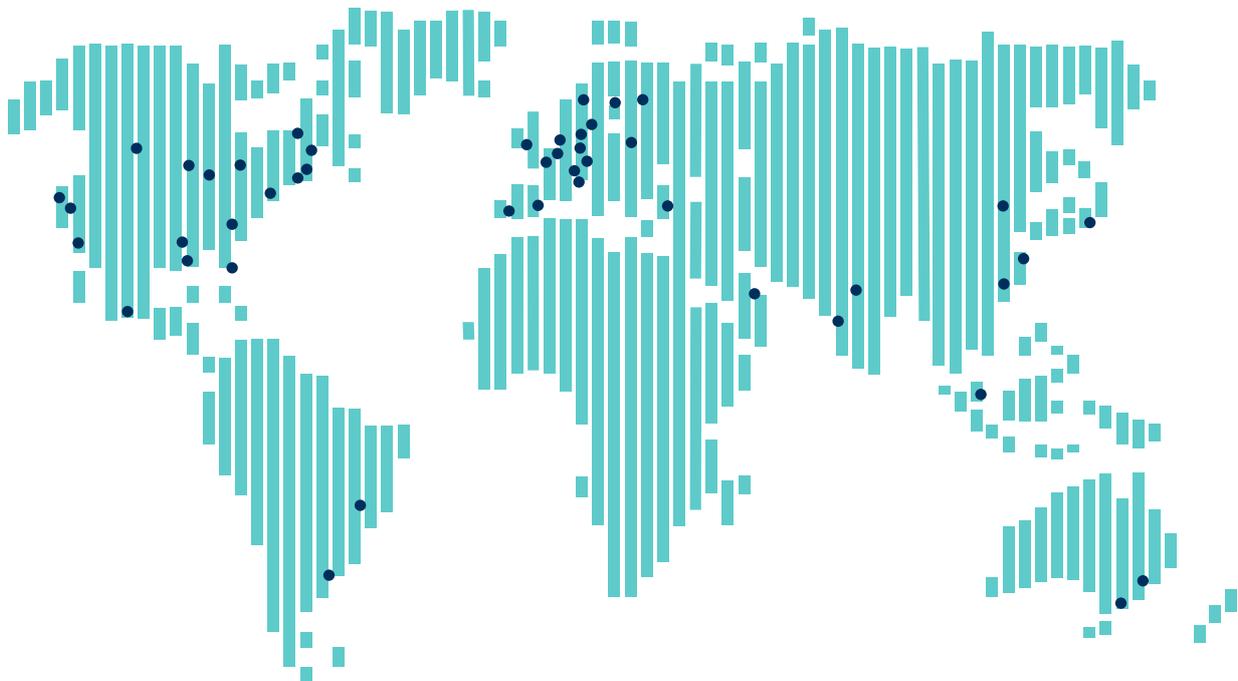
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