

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

[Intro and outro music by C. Ezra Lange]

David Burda:

Welcome to the 4sight Health Roundup Podcast, 4sight Health's podcast series for healthcare revolutionaries. Outcomes matter, customers count, and value rules. Hello again, everyone. This is Dave Burda, news editor at 4sight Health. It is Thursday, September 17th. Well, we're only one week into the football season, and I'm already questioning my Super Bowl pick, but there's always hope, right? And guacamole, there's always guacamole. I've been a huge sports fan all my life, and one of the reasons is the possibility that one team, pick a sport, any sport, will go from worst to first. One year, they finish in last place, the next year, they finish in first, if not win the championship. Worst to first in sports makes for a great story. Invariably, that story will be about leadership, how a new owner or new coach or new manager basically took the same roster of players and turned the team into winners in record time. We're gonna talk about leadership in healthcare and whether we have the right people in place to turn the healthcare industry around in record time, with Dave Johnson, founder and CEO of 4sight Health, and Julie Merchants and partner at Transformation Capital. Hi, Dave. Hi, Julie. How are you two doing this morning? Dave?

David W. Johnson:

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

<Laugh> How about what my Vikings did to your Packers with a second string quarterback last Sunday? Gonna be a long year for the green and gold, Dave. A very long year.

Burda:

Yeah, I know. I know. I hear you. , Julie, how are you?

Julie Murchinson:

Well, I haven't checked into the NFL yet. I don't have the heart to really get that emotionally attached yet. <Laugh> Just have my head down.

Burda:

Well, your 49ers did well.

Murchinson:

Thank you.

Burda:

You should be optimistic.

Johnson:

Down under.

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

Burda:

Yeah, down under. They played in Australia.

Murchinson:

I do love that.

Burda:

That was wild. All right, before we talk about healthcare leadership, let's talk about turnarounds that you've witnessed in sports or business or organizations that you would attribute to new leadership. Dave, do you have a favorite new leader/turnaround story you'd like to tell?

Johnson:

Oh, I, I do. And it's, it's hands down my favorite by wide margin. It's when Steve Jobs returned to Apple in 1997. At the time, the company was bleeding cash, losing a billion dollars a year, probably 60 to 90 days from bankruptcy. So what does, what does Steve Jobs do? First, he convinces Bill Gates to invest \$150 million <laugh> in a, in a competitor because Gates was worried about the Justice Department and antitrust legislation. And then he just ruthlessly cut costs. He reduced inventory by 80%. He moved all manufacturing to Taiwan. He essentially eliminated, , third-party distributors and sold directly to consumers through the, through the internet, , and decided essentially to bet the

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

company on, , business and consumer versions of one desktop and one portable. And it worked. , And the way I look at it, that was Steve Jobs' greatest accomplishment because if he hadn't been able to save the company, we'd have no iPod, no iPhone, no iPad, no iStore, no iTunes, et cetera. Just incredible, incredible story.

Burda:

Yeah. It's hard to imagine a world without that stuff now, right? Yeah. I mean, it's just ubiquitous. Thanks, Dave. Julie, how about you? Give me an example of a turnaround that you've seen that made you say, "Hey, that person gets it."

Murchinson:

You know, because he put turnaround in here, it's hard for me to go to my, like, favorite leaders of all time because my turnaround story is another big tech company, which makes it sound so cliché. But I look a little bit up the coast, Satya Nadella, who, like, you know, it, you know, not only had a strategy, but helped change how the organization behaves. Like, he's known, which doesn't quite seem, I think, maybe as well known as it should be, but for empathy, humility, curiosity, very much like a learn-it-all culture and not a know-it-all culture. And I think a lot of these, you know, a lot of leaders are know-it-all culture.

Burda:

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

Yeah, learn-it-all culture. I like that. Thanks, Julie. Well, I'm gonna go with the fictional Bad News Bears from the 1976 movie starring Walter Mathau as Coach Morris Buttermaker. He turned a losing Little League team into contenders in just one season, and it's the only movie I ever cried at. And that is true. And I've seen a lot of movies.

Johnson:

Didn't you cry at Old Yeller, Dave? Come on. Come on, dog

Burda:

Yeah, it's, yeah, it's, that's a birthday party compared to the Bad News Bears ending, man. <Laugh> Well, if you're a regular listener of the Roundup, you know we cry about healthcare leadership all the time, and there's your transition. Actually, we cry about the lack of leadership that prevents us from taking healthcare where it needs to go, but we also credit healthcare leaders who get it and are doing something about it, and we're big fans of revolutionary change, not evolutionary change. A new commentary in New England Journal of Medicine Catalyst gives us the recipe to make that happen. 10 people with prestigious organizations like the Duke Margolis Institute for Health Policy, Beth Israel Lahey Health, the McGill University Health Center in Montreal, and a global organization called Future of Health wrote the commentary. They identified three competencies new leaders need to transform healthcare. Driving the competencies, which I'll list in a moment, are findings from a survey the group did of 100 hospital CEOs in seven countries,

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

including 25 in the US. 78 said the need for change in healthcare is high, but only 37 said the pace of change in healthcare was high. Here are the three competencies they say are needed to close the gap between the need for change and the speed of change. One, accessible and active communication approaches like social media use and external engagement. Two, building leadership teams by promoting shared responsibility, like decentralized operations and decision-making. And three, advancing entrepreneurship and strategic agility, like promoting a culture of innovation. Dave, what's on the, list that you like? What's not on the list that should be there based on your conversations with industry leaders?

Johnson:

This report reminds me of the old saw that a camel is a horse designed by a committee. <Laugh> Talk about boiling the ocean, 10 authors, global perspective. How in the world did they ever reach a consensus except by going to lowest common denominator, , kind of solutions answers? , Don't get me wrong. All great leaders communicate well, cultivate effective teams and promote strategic agility. These aren't bad ideas by any means. You can pick most of them up at a weekend MBA class. They just don't stir the blood. You know, after reading this report, were either of you ready to go charge up the mountain and embrace their new vision for healthcare?

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

Burda:

No.

Murchinson:

No.

Johnson:

No. Right, right. So I'm gonna go a little off script, maybe, maybe not. Yeah. I'm gonna give you three qualities I need to see in transformative leaders. The first one is self-awareness. And to illustrate this, I'm going to read the short, unknown monk's prayer from the 12th century, if you can believe that. And here it is. "When I was a young man, I wanted to change the world. I found it was difficult to change the world, so I tried to change my nation. When I found I couldn't change the nation, I began to focus on my town. I couldn't change the town, and as an older man, I tried to change my family. Now, as an old man myself, I realized the only thing I can change is myself. And suddenly, I realized that if long ago I had changed myself, I could have made an impact on my family. My family and I could have made an impact on our town. Their impact could have changed the nation, and I could have indeed changed the world. So self-awareness, number one. Number two comes from that great philosopher, Jimmy Buffet, in his song Cowboy in the Jungle where the cowboy looks incredibly out of place. And here's, here's the stanza that just, I just love. "With No plans for the future, he still seems in control. From a Bronco ride to a 10-foot tide, he learned how to roll.

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

Roll with the punches, played all his hunches. What he lacked in ambition, he made up for with intuition, plowing straight ahead, come with me. "So Number one, self-knowledge. Number two, adaptability. And number three, courage, and I'm stealing this from a few episodes ago the Cowardly Lions song on the way to the on the way to Oz, where he says, "Who put the hot and hottentot? Who put the ape and apricot? What have they got that I ain't got? Courage." So number three, courage. Self-knowledge, adaptability and courage. You know, after Steve Jobs turned around Apple, a reporter went to see him, and at that point, I think Apple had 4% market share. And the question was, "How in the world, Steve, are you gonna bring Apple back to prominence?" And his answer is, was, "I'm gonna wait for the next big thing. "Well, who here thinks the next big thing is more inpatient towers and high-deductible health plans?

Burda:

Right, right. And I, I have to applaud you on your wide range of inspiration from 12th century monk to Jimmy Buffett to The Wizard of Oz. Dave, you never cease to amaze me. <Laugh> That is great. Julie, any questions for Dave?

Murchinson:

I mean, I don't know how I'm gonna go after that, honestly. <Laugh> It's like a mic drop. Goodness gracious. All right, Dave, I looked at the data, and hospital CEOs are averaging five years tenure, which is

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

meaningfully shorter than seven years in the corporate world and 13 years in the financial world. Should we be concerned that we're not gonna have CEOs around long enough to really be able to help transform themselves or their teams or their organizations?

Johnson:

Do I worry about that? Sure. I worry about that a lot, actually. I would say, Julie, the biggest difference in how I look at the healthcare universe today versus how I did when I launched the company in 2014, 4sight Health in 2014, is I thought in 2014, the industry had a chance to transform from the inside out. Obamacare was new. There were all kinds of new payment models. Leaders were saying the right things. There was lots of momentum. And fast-forward to today, and everything's worse, right? , More fee for service, more administrative services only contracting on the payer side, , health outcomes, , broadly, , worse, , costs just out of control. And the pressures for transformation during this time, , which were there in 2014, have only been growing bigger and more intense. So my belief now is that the transformation that's coming is more outside in than inside out, and to some extent, the industry's lost control of its destiny. So when you go to these large incumbent players with legacy business models, , I don't envy their trying to adapt to a, to a disruptive marketplace, probably explains the shorter tenures. , And the trouble is, you know, incremental adjustments aren't gonna cut it here. The companies that survive are going to pursue transformational strategies, like Steve Jobs did at Apple, that's, , why I, I chose that example. And someone very near and dear to us, Paul Cusero, , took

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

exactly the same approach at Amedisys, right? And, and then he wrote a book, *The Anatomy of a Turnaround* where it, you know, incremental wasn't gonna cut it. You actually had to cut deeply and redefine and go to new places. And so I worry about it. I believe it's the transition to the new American healthcare system's gonna be really messy but it's coming.

Burda:

Yeah. Get in there and do it quick, right?

Johnson:

Yeah. What

Burda:

Are you waiting for? Okay, Julie, it is your turn. You saw the list. Based on what you're seeing in the market, what did this group get right? What did they get wrong? And what did they miss on?

Murchinson:

My favorite quote out of reading this was, "No data without stories, no stories without data." And we live in this world that has become very data focused, and the data really, you know, the stories are very meaningful with that data, , and how many people bring your anecdotes

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

without data. So, , it was just a good, a good quote. , All right, what they got right, you know, Dave, I'm sure you saw this 78% of leaders said that change is urgent, but 37% that say that execution is vast, like, there's a huge gap there. And, you know I was in a discussion this week with some digital leaders talking about how, you know, how systems are jumping all over AI's accuracy, but if physicians, you know, enter things that are inaccurate, they, they don't get quite the same level of scrutiny as the AI does. And it's interesting, the commentary around whether or not our leaders are being bold enough with, with clinicians and staffs and teams today around all of this. So we have a structural problem and a leadership problem here, and I, it was fascinating to read about other systems, you know, the Swedish system, like, slashed and burned and, you know, got to a very positive outcome very quickly, and it, it, it, it doesn't take dose. <Laugh> It takes leadership and knowing structurally what's really gonna move the needle. So there are examples where this is done quite well and we need to pay attention to them. Things they got wrong, you know, I was really surprised, I guess, to see. They talked about this communication competency on LinkedIn and how 70% of CEOs have a profile, and I asked myself, "Why does that matter?" Like, it's kind of a vanity metric, and I don't. It is, it's important as a communication tool, but it's not the communication tool, and I think a lot of leaders can use that instead of actually using their, their more personal communication tools or really affecting communication through teams. So the LinkedIn piece just didn't really sit well with me. , And the other piece that kind of made me chuckle was, there was a whole discussion you probably saw in Israeli hospital about teaching entrepreneurship. And I actually, you know, I kinda am a believer in, in

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

teaching these kinds of skills internally but I don't really know what you get for it, and they really focused on getting commercialization of things that may never scale, so it was kind of an, an odd case study. And lastly, I guess, I just felt like they missed out on the, the money part of it. Like, there's no leader in this piece who was asked, "How do you fund strategic agility when your Medicaid mix is over 50% and your labor costs are still eight to 10% above, you know, pre-pandemic numbers? How do you do it then?" Like, that's really where we need to understand what good leadership looks like, and I'm not quite sure this report got there.

Burda:

Yeah, I guess maybe what you could say is the, the report raised the visibility of the issue, but really didn't solve anything.

Murchinson:

Absolutely. Absolutely. That's right.

Burda:

Right? Yeah, thanks, Julie. Dave, any questions for Julie?

Johnson:

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

I just learned a new term recently which I'm sure you know, glass cliff. And what it refers to is a reality that company boards only turn to women CEO candidates when, when the company is basically a dumpster fire. In other words, going off the cliff. And I'm wondering - you know, in symphony orchestras, the way they get over gender bias is to have prospective candidates for the orchestra play behind a curtain, so music is the only criteria for who gets selected and who doesn't. Can't do that in a CEO search, obviously, but, when you think about it, how can we minimize or, or ideally eliminate the, the gender bias that that works its way into CEO selection processes? And I think it's incredibly relevant here, given what we're talking about today, is we need a new generation of leaders to help, you know, get us to the new American healthcare system that hopefully we're all building right now.

Murchinson:

Yeah, the glass cliff is not entirely new concept, but -

Johnson:

I'm sure it's not, that, which is an example of something about male thinking.

Murchinson:

But, I mean, women have, have often inherited turnarounds or, or become the fixers rather than take over stable, well-resourced orgs. And

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

I mean, we're, we're seeing that all the time. You know, I think, first of all, like, what happened to leadership pipeline in companies? And we are just, like, funding the search industry like crazy if we're not building better pipeline. And I think this is actually a governance issue more than anything else. Yeah. But, you know, CEOs should, should be really focused on where are, where are multiple points of potential, you know, succession? I, I, I think, first of all, you have to have kind of a diverse board to appreciate how to think about diversity maybe properly. And I, you know, there are all sorts of ways that you can think about strong board governance. You should be defining what a successful candidate looks like before you start talking about the potential candidates to come in and do it based on who you know or what you know about what they've done. And I think boards can sometimes, or, you know, all processes can sometimes sit around and talk about the people before the actual real skills. And I don't know, I, you can put all the structured, blinded parts of a process in place. , You definitely should be doing that. I don't know if that helps, but we women, we do believe that we're fixers and there's a lot of things that we can't fix, that's for sure.

Burda:

You know, now that you guys brought that up, it was actually a, a woman who saved the Bad News Bears.

Murchinson:

Oh, of course. <Laugh>

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

Burda:

Right? Coach Buttermaker didn't turn things around until he recruited a star pitcher, Amanda Wurlitzer, played by Tatum O'Neill. <Laugh> every good leader needs a frontline champion, preferably a woman, to make change happen.

Murchinson:

Look at that.

Burda

There you go.

Johnson:

Girls rule.

Burda:

And we could learn a lot from baseball movies. Now let's talk about other big healthcare news that happened this week. Julie, what else happened that we should know about?

Murchinson:

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

Well, I was gonna raise what Dave and I were talking about at the top of the show, which is this piece on vaccines and how the nominee is basically saying that vaccines are scientifically appropriate. Chris Clump is trying to, you know, kind of paste over and, and do the right thing. I don't know how we're gonna get out of this because that ADHS dude is cuckoo for Cocoa Puffs. <Laugh>

Burda:

Right. What, , that's the nominee for what? The new surgeon general thing?

Murchinson:

Mm-Hmm.

Burda:

Okay. All right.

Murchinson:

I think that's right.

Burda:

Gotta watch that one. All right, Dave, what's your big healthcare news of the week?

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

Johnson:

Well, the shootout between payers and providers at the No Surprises Corral is, is heating up. There were a couple of reports that, that came out in the last week, one from Paragon and one from the National Bureau of Economic Research highlighting what an abomination the No Surprises Act has become in terms of number of costs and number of cases, skyrocketing number of cases and their soaring costs. And there's no consensus in Congress about what to do about it. <Laugh> In fact, it's, , the opposition isn't dividing along party lines. It's dividing along whether individual representatives are more sympathetic to payers or providers. That about says it all, right? Money talks.

Burda:

Yeah. Full employment act for healthcare consultants and revenue cycle people, right?

Murchinson:

That's right.

Burda:

Great. Well, thanks, Dave. And thank you, Julie. That is all the time we have for today. If you'd like to learn more about the topics we discussed on today's show, please visit our website at 4sighthealth.com. You also

4sight Health Roundup Podcast

Leadership Competencies for the New Healthcare

9/17/26

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