Naivete or Boldness? (A)

Denise Foley was facing the most difficult professional challenge of her life and the irony was its source was the very same man who had changed her career sixteen months ago – dramatically, forever and, she had thought then, for the better. After the previous CEO had been fired from the major regional hospital where Foley had worked for several years, a new executive had assumed leadership. After only a month and half, he plucked Foley from the role of Chief of Nursing to be named Senior Vice President and Chief Operating Officer.

Foley embraced her new responsibilities with relish and commitment. She felt the hospital had given her so much: career opportunities, the chance to complete her MBA and strong mentors. This was an opportunity not only to grow and face new challenges, but also to give back to the institution.

However, just over a year into her new role, she found herself in the midst of a professional crisis. After taking a serious look at the situation he had inherited from the previous chief, her new CEO had contracted with a consultant who painted a bleak financial picture for the institution. The consultant advised, and the CEO agreed, that the best course of action would be to sell the hospital to a for-profit institution. This was not an entirely surprising proposal; in fact, it was the path that many non-profit hospitals were taking to try to solve their financial difficulties. Foley’s CEO was entirely behind the strategy.

The problem was, though, that Foley thought the consultant’s assessment was incorrect. She didn’t know if he was consciously manipulating the numbers or if, seeing hefty fees coming his way, he actually came to believe his own counsel. Meanwhile, the CEO did not have other sources of good information; lacking confidence in the hospital CFO, he had kept him out of the analysis.

The stakes were high for all involved. The CEO needed to solve his institution’s financial problems and felt the sale was his best shot. However, he needed unwavering support from his COO to make the strategy work. Foley had many concerns. First of all, she didn’t believe the consultant’s numbers and was convinced that if the sale went through, the new parent would ultimately close her hospital. She

1 Unless otherwise attributed, the cases included here were inspired by interviews and observations of actual experiences but names and other situational details have been changed for confidentiality and teaching purposes.
believed this would hurt the consumer; the closing of her institution would leave the community with only one local provider, and price and service suffer when hospitals do not face competition.

Even if she was wrong about the eventual fate of the hospital, Foley was concerned that the hospital service array would be cut: for example, her hospital was the only source of mental healthcare in the area but this was traditionally a less profitable offering. And Foley knew that that some of her institution’s community service and charitable offerings would be cut as well. Based on the local governments past performance, she was not confident that other public funds would be well-spent in making up for this loss.

On the other hand, Foley was acutely aware that the CEO was counting on her support. She feared that he would see her challenge as a defection, or a narrowly motivated concern about her own job. He had made a big commitment to her when he promoted her, and she felt a strong sense of loyalty and obligation.

The personal stakes were very high for Foley, too. If she had to leave the hospital, she would need to relocate to find another position and such a disruption would take a high toll on her family – especially her high school age son. And this potential loss to her family was compounded by the thought of losing a highly valued colleague in her CEO. She really wanted to agree with him.

Foley knew that some might say she was being overly scrupulous in her soul searching and needlessly tormenting herself. After all, the CEO was the ultimate arbiter and perhaps he and his consultant had information that she did not. She was still new to the C-Suite and one could argue that the ink on her MBA was still damp. Did she really have to take on the responsibility for this decision? Couldn’t she just do her best to make the CEO’s preferred course of action work out?

But Foley was convinced the CEO was wrong and knew she could not support a decision in which she herself did not believe. She told herself that if you accept a senior position in an organization, then the organization is counting on you to bring all your best gifts and insights to bear in that position.

What should she say, to whom, when and how?

**Discussion Questions**

- What are the main arguments Foley is trying to counter? That is, what are the reasons and rationalizations she needs to address?
- What levers/arguments can Foley use to check her own reasoning and motivation, and to influence the CEO, and how might they be informed by an understanding of the biases to which Foley and her CEO are most vulnerable?
- So what should Foley do and say?