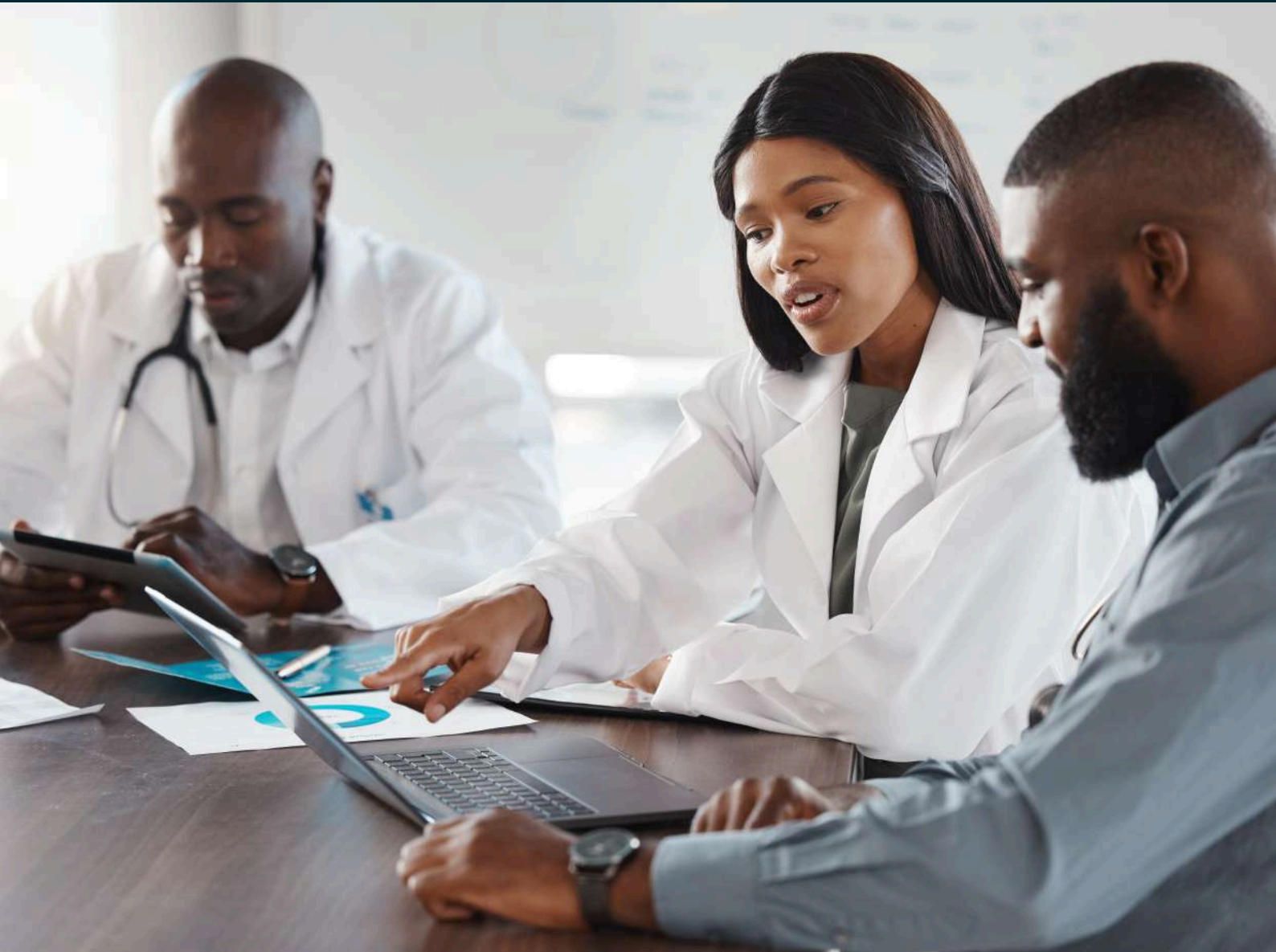




HealthInvestor
Awards 2024 
WINNER
Executive Search Firm of the Year

The First 60 Days

*Returning to the Health
& Social Care Sector*





Somehow it has already been two months since I joined Compass Carter Osborne and returned to the independent health and social care sector.

According to my diary, I have had 36 meetings with senior leaders in that time; mainly chairpersons and CEOs, with a few CPOs, CCOs, COOs, investors and advisors thrown in for good measure. While my waistline isn't thanking me for 8 weeks' worth of breakfast and brunch meetings, executive search works best as an in-person service and I'm always keen to get away from Zoom or Teams wherever possible. Like our peers in M&A or legal advisory, search professionals

are in the privileged position of spending a lot of our time 'in the market', meeting with a broad range of businesses and observing the recurring themes and trends that emerge.

With that being the case, I thought I'd summarise three of the talking points which have cropped up repeatedly during those early weeks.

Cautious Optimism

We are in a unique year for democracy, with 1.5 billion people in over 50 countries going to the polls for significant elections. Here in the UK, a change of government looks highly likely. While the prospect of a Labour government with Miliband or Corbyn at the helm was frequently cited as a significant pre-election

disincentive for investment into the independent health sector, I haven't spoken with a single executive who feels the same way about Keir Starmer and his senior team.

Like me, you will I'm sure be thoroughly weary of hearing the phrase 'dry powder', referring to the amount of capital currently waiting to be invested by private equity. There is however truth behind the buzzwords, with record sums now awaiting deployment across the globe. A sense of stability is crucial for M&A decision making, so the fact that investors aren't fearful of the party currently 21 points ahead in the polls augurs well for UK businesses seeking new backing.

“*For executives, fresh investment means new opportunities. Incoming owners will invariably seek to restructure or augment their newly acquired executive team, to drive the next phase of a business' growth.*”



NHS Collaboration

With historically high NHS waiting lists driving increased demand for private medical insurance and the public seemingly willing to take more ownership over healthcare decisions post-pandemic, there is unsurprisingly increased interest in diagnostics and broader NHS insourcing / outsourcing providers. iCON Infrastructure's recent £900m acquisition of Alliance Medical is testament to this and won't be the last deal in this space in 2024. One sector CEO told me that 'diagnostics has been out of favour with investors in recent years, while everyone was chasing dentistry, specialist education or veterinary consolidation plays. All of a sudden it feels like we're back in vogue.'

Closely linked to this is an increased demand for commercial, sales or business development directors. At least half a dozen of the aforementioned meetings resulted in a CEO saying, 'this is the area we'll be hiring into next'. Working with and selling

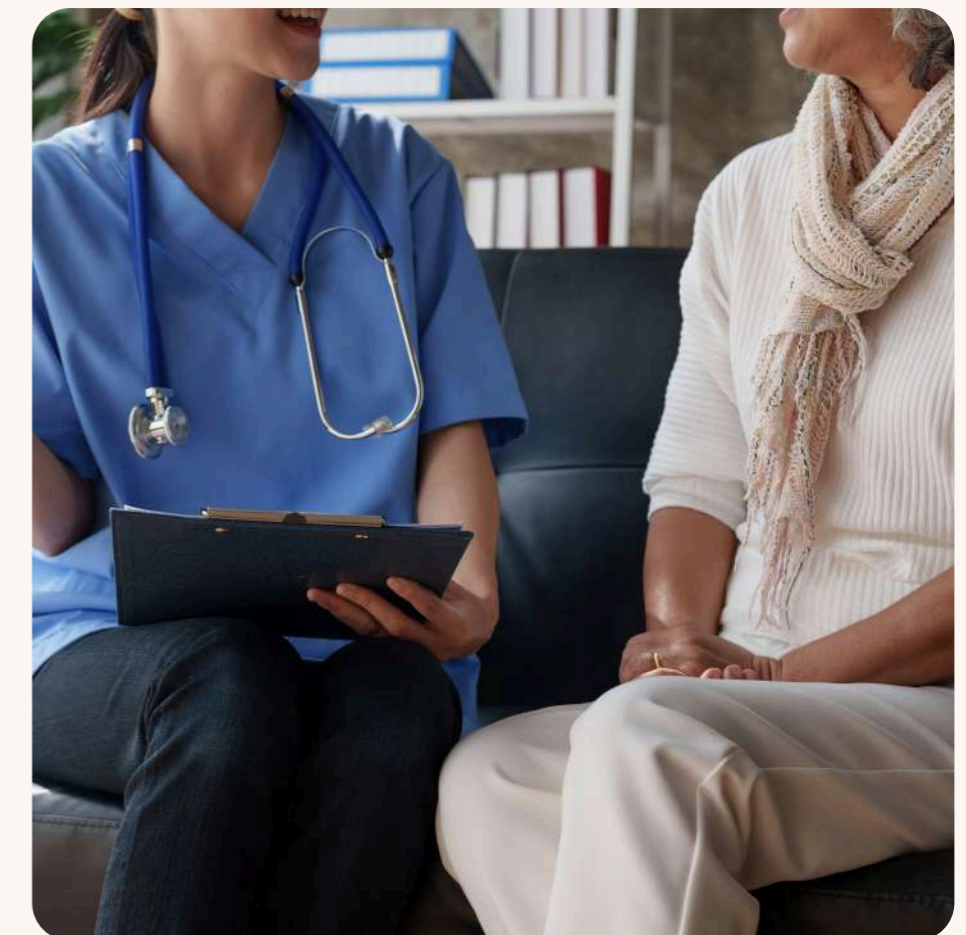
into the NHS is an art form, requiring empathy, patience, a long-term view and the ability to create a genuine 'win win' for both parties. Operators without a top tier commercial function will struggle, regardless of the quality of their offering.

Musculoskeletal (MSK), physio and occupational health businesses also feel primed for growth, with the likes of Spire

Healthcare, Affidea and AXA Health making acquisitions in the space of late. Digital health remains tricky, with the number of 'great ideas in theory' still dramatically outweighing the number of profitable, sustainable businesses. The collapse of Babylon has done this area no favours, but some high-

quality companies are beginning to emerge from the pack.

Operators themselves are also once again pursuing organic expansion opportunities. HCA UK has continued its development outside of London, with a £100m hospital now open on the Queen Elizabeth Hospital Birmingham NHS campus. In mental health provision, Cygnet Health Care has committed to a significant programme of new developments in 2024, with multiple facilities underway and due to open this year. Large-scale, capital-intensive investment of this nature isn't undertaken on a whim and represents an alternative path to growth, which doesn't rely solely on M&A.





Executive Team Composition

My excessive ‘working breakfast’ eggs benedict habit not with standing, most things in life benefit from achieving a degree of balance. This is especially true when it comes to executive team composition and the evergreen question of previous sector experience vs. ‘new blood’. One healthcare company chairman told me, ‘We really wanted fresh thinking and the best of the commercial sphere, so ended up hiring from out of sector for almost every position on the ExCo’, before quickly adding, ‘I’ll be honest, it was a disaster. We made so many basic errors early on, because no one in the room had been there and made those mistakes before’. On the other hand, a chief people officer from the care home sector lamented the lack of innovation within their

business, saying that ‘our whole leadership team has worked in the sector for 20+ years. We nail the basics, which is obviously very important, but there’s no constructive challenge around the table; no one pushing us to do things differently’.



‘Around 60% of Compass Carter Osborne’s hires last year came from outside of the health and social care sector.’

This would seem to me to be a good balance, where diversity of thought doesn’t have to come at the expense of deep understanding of what is a highly regulated operating

environment. As the unending stream of ‘2024 predictions’ articles I saw in December demonstrated, there is a danger that pieces like these can become an exercise in wishful thinking – ‘I predict everyone is going to shake up their executive teams this year and my phone will be ringing off the hook!’ – but after a steady, cautious 2023, there is no doubt that the senior leaders I met have been energised, optimistic and positive about what the next couple of years will mean for the sector. Long may it continue.



Download
Returning to the
Health & Social
Care Sector Report

Enquiries



Dan Kiely
Director

☎ 0208 036 3530

✉ dan@compasscarterosborne.com

Dan joined Compass Carter Osborne in 2024 as a member of the Board & Leadership practice, supporting C-suite, board, and senior leadership appointments for the health, care, and education sectors.

With an impressive track record across more than 17 years, Dan has provided executive search services across the healthcare and life sciences markets on both a permanent and interim basis. Dan has been responsible for facilitating chair, CEO, COO, medical director, CPO, and commercial appointments for a broad variety of businesses, ranging from multinationals and listed entities to pre-revenue start-ups and spin-outs.

Dan graduated from the University of Kent with a BA (Hons) in English and American Literature.



London Head Office



0208 036 3530



info@compasscarterosborne.com



Follow Compass Carter Osborne



78 Pall Mall, St James's
London SW1Y 5ES