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The Empty Seat

What a Vacant Healthcare C-Suite Really Costs

When a leadership seat opens, most boards count the salary they are briefly not paying and the search they are about to run. Those are the small numbers. The large one is everything the organization quietly loses while the seat sits empty, and almost no one puts it on a statement.

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From the boardroom to the bedside · August 2026

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What this paper covers

A note on sources. Figures in this paper are attributed to public research from the American College of Healthcare Executives and independent analyses of leadership turnover cost. Replacement-cost figures are estimates and vary by role, market, and method; they are offered as orders of magnitude, not precise accounting.

PART I

Executive Summary

Hospital chief executive turnover has held at sixteen percent for three consecutive years, the lowest rate the sector has recorded since 2011 and well below its 2013 peak of twenty percent.[1] Even that "steady" number means roughly one in six health systems changed its top leader in a single year, and early 2025 data shows executive exits climbing again as financial pressure mounts.[2,3] Every one of those transitions opens a seat. And when a healthcare C-suite seat opens, most boards look at two figures: the salary they are briefly not paying, and the cost of the search they are about to run.

Those are the small numbers. This paper is about the large one.

Independent analyses put the fully loaded cost of replacing a senior leader at roughly two hundred percent of salary, and healthcare-specific work puts executive replacement higher still, near two hundred thirteen percent, once vacancy, ramp, lost knowledge, and follow-on departures are counted.[4,5] A search that runs the typical three to six months does not end the gap; credentialing, approvals, and a new leader's notice period routinely stretch the true vacancy to five to eight months or more.[6,7] For that entire stretch, the organization is not leaderless in name. It is leaderless in practice.

> **A vacant C-suite seat does not save a salary. It quietly taxes every part of the organization that depended on the person who sat in it.**

The argument that follows is straightforward. The empty seat is the most consistently under-priced risk in healthcare leadership. Its cost compounds by the month, mostly in places the budget never shows. And the durable answer is not a faster search. It is a different way of holding leadership altogether, as continuity built into the organization rather than a single person the organization cannot run without.

16%
annual hospital CEO turnover, 2020–2022 (ACHE), with exits rising again into 2025[1,2]

213%
of salary, estimated fully loaded cost to replace a healthcare executive[5]

5–8 mo
typical real gap once search, credentialing, and notice periods are counted[6,7]

PART II

The Vacancy Nobody Counts

Health systems measure vacancy with real discipline, for clinicians. Nurse vacancy rates are tracked to the tenth of a percent. Physician time-to-fill, locum spend, and the revenue lost to an empty exam room are all watched closely, because everyone understands that an unfilled clinical role is not a saving. It is a leak.

The C-suite vacancy rarely lives on that dashboard. When a chief financial officer or chief operating officer or chief executive seat opens, it is handled as a governance event for the board to manage, not a cost for the organization to measure. There is no line on the monthly financials that reads "cost of the open COO seat." And that accounting blind spot is where the whole problem starts, because what is not measured is not priced, and what is not priced is tolerated far longer than it ever should be.

PART III

What Actually Leaves When a Leader Leaves

When a senior leader departs, the organization chart barely moves. A box empties and waits to be refilled. What actually moves is everything that lived inside that one person and never made it onto the chart.

The payer relationships built over years of quiet negotiation. The board's trust, earned one hard decision at a time. The instinct for which service line to push and which to protect. The reason the strongest people on the team chose to stay through the last difficult year. None of that is attached to the title, and none of it transfers when the title does. A successor inherits the seat. They do not inherit the relationships, the institutional memory, or the credibility, and rebuilding those is measured in quarters, not weeks. The vacancy the board sees is a job opening. The vacancy the organization feels is the sudden absence of everything that one person was holding together.

PART IV

The Cost, in Numbers

The research on this is blunt. Gallup estimates the cost of replacing a leader or manager at roughly two hundred percent of their salary.[4] Healthcare-specific analysis puts executive replacement at about two hundred thirteen percent, meaning a leader earning three hundred thousand dollars can cost well over six hundred thousand to replace once the full picture is counted.[5] That figure is not a severance check. It is the sum of many layers, most of them invisible on any single report.

Cost layer	What it includes	Why it gets missed
Direct	Search fees, interim premium, sign-on and relocation	Visible and budgeted, and usually the only layer a board counts
Indirect	Vacancy productivity loss, the new leader's six-to-twelve-month ramp, manager hours pulled off the business to run the hire	Real but unbudgeted; shows up only as "we are stretched thin"

Compounding	Deferred decisions, stalled strategy, team attrition in the leader's wake, eroded trust with payers and board	Invisible until it becomes a second vacancy or a missed year

For scale, consider that physician turnover alone can exceed five hundred thousand dollars once lost revenue is included.[5] The executive who directs, aligns, and retains dozens of those clinicians carries a multiple of that in influence. When their seat empties, the organization does not lose one salary. It loses a share of everyone that leader was keeping pointed in the same direction.

PART V

The Clock Boards Underestimate

A healthcare executive search runs three to six months in a healthy market, and that is only the search.[6,7] Credentialing, background and reference verification, multi-layer board approvals, and a sitting leader's one-to-three-month notice period routinely push the true gap to five to eight months, and specialized or troubled searches run longer.[6,7] For most of that stretch the organization is not leaderless on paper. It is leaderless in practice, running on a caretaker who cannot make the decisions the seat exists to make.

Every month the search runs, the compounding costs in the table above accrue. This is the quiet trade every board makes and few price: optimizing the search for certainty, which is entirely reasonable, while the months that certainty buys are billed silently to the organization. Speed and rigor are not actually opposites here. The organizations that move fastest are usually the ones that started building the bench before the seat ever opened.

PART VI

The Interim Illusion

The reflex, when a seat opens, is to name an interim and exhale. The board can tell itself the seat is filled and the search can proceed at a measured pace. Sometimes that exhale is earned. Often it is not.

Interim leadership, done two ways

As risk management: an experienced operator with a real mandate who stabilizes the organization, makes the hard calls that cannot wait, protects the relationships, and hands over a healthier business than they inherited. This buys the board genuine time.

As a placeholder: a caretaker without authority who manages the calendar rather than the business. Decisions wait "for the permanent leader." Strategy idles. The organization mistakes a

> filled box for continuity while the compounding costs keep running underneath the appearance of stability.

The difference between the two is not the interim's résumé. It is whether the board handed them the authority to actually lead, or only the title to hold the chair warm. An interim without a mandate does not stop the meter. It hides it.

PART VII

Why Boards Under-Price the Empty Seat

Two behavioral traps keep otherwise disciplined boards comfortable with a cost they would never tolerate if it appeared on a statement.

The salary-saved fallacy. On the monthly financials, an open seat looks like money not spent. The salary line is briefly lighter. Nothing on that report captures the deferred decisions, the stalled initiatives, or the people quietly deciding to leave. The most expensive seat in the building shows up, in the only place most people look, as a small saving.

Search sunk-cost. Once a thorough process is underway, extending it always feels like the prudent choice. The visible risk is a rushed, wrong hire. The accruing cost of the vacancy is invisible by comparison, so the scale tips, again and again, toward waiting. Each individual decision to wait is defensible. The sum of them is a seat that stays empty two months longer than it should, at a price no one ever added up.

PART VIII

Continuity, Not Replacement

The organizations that suffer least from an empty seat are the ones that built so the seat is never truly empty. They develop successors before they are needed, not after. They make sure the relationships and decisions that would otherwise live in one person's head are shared, documented, and held in more than one place. They treat senior leadership as a system with depth, rather than a series of single points of failure arranged along the top of an org chart.

This is the shift from succession planning to continuity. Succession planning asks a narrow question: who replaces the leader? Continuity asks the harder one: what stops working the day that leader is gone? And then it does the unglamorous work, long before any seat opens, of making sure the answer is "less than you would fear."

> **Succession planning asks who replaces the leader. Continuity asks what stops working when they are gone. The empty seat grades your answer.**

A vacancy, understood this way, is not primarily a hiring problem. It is a test of how much of the organization depended on one person, and the score is set long before the seat opens. The board that treats leadership as architecture rather than as a set of irreplaceable individuals does not just fill seats faster. It makes the empty seat cost less, every time, because less of the organization was ever riding on any single chair.

PART IX

The Board Agenda

Five questions turn this from an idea into governance. They are worth asking before a seat opens, not after.

1. Do we measure the cost of an open C-suite seat the way we measure a clinical vacancy, or do we only see the salary we are briefly not paying?
2. For every executive seat, do we know today who could genuinely hold it for ninety days if it opened tomorrow?
3. When we appoint an interim, are we giving them a mandate to lead, or a mandate to wait?
4. Which of our leaders is a single point of failure, and what have we actually done to make sure they are not?
5. Are we optimizing our searches for the lowest hiring risk, or the lowest total cost, including the months the seat stays empty?

PART X

Conclusion: The Seat Is Never Really Empty

An empty C-suite seat is never actually empty. It is filled, every day it stays open, by deferred decisions, stalled strategy, frozen relationships, and the quiet calculations of the people who used to report to whoever sat there. The salary the organization saves is the smallest figure in the equation, and the only one most boards ever see.

The leaders who understand this do two things differently. They price the vacancy honestly, so that speed and rigor are weighed against a real number rather than an invisible one. And they build so that no single seat, empty, can cost them a year, because continuity was designed in long before it was

needed. That is the difference between a hiring plan and a leadership strategy. In a sector where the margin for error keeps narrowing, it is the difference that compounds.

About the author. Lee Fossey is US Sector Head for Healthcare at ISG-Americas, where he leads retained executive search across the full healthcare C-suite, from hospitals and health systems to behavioral health, physician and clinical leadership, and private-equity-backed platforms. This paper is part of the ISG-Americas Healthcare Leadership Series, a weekly examination of the leadership talent that decides whether healthcare organizations survive and scale. **From the boardroom to the bedside.**

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Replacement-cost multiples are estimates drawn from cross-industry and healthcare-specific analyses and vary widely by role, market, tenure, and methodology. They are presented as orders of magnitude to frame a decision, not as precise accounting for any single organization.