



HEALTHCARE INDUSTRY GROUP

Strategic Agility for Healthcare Leaders: Building Resilience Amid Disruption



The healthcare industry stands at a critical crossroads, grappling with an era of profound disruption and uncertainty. Over the past two decades, the pace of change has accelerated dramatically, reshaping the competitive landscape and challenging the ability of all stakeholders to adapt.

In this turbulent context, healthcare leaders face a daunting question: How can their organizations not only survive but thrive? The answer lies in embracing a new paradigm, one that prioritizes strategic agility and continuous adaptation over one-time transformations.

The challenge of healthcare's turbulent present

Accelerating shifts are surpassing the ability of many healthcare organizations, including health systems and academic medical centers, to absorb their downstream effects. Severe resource constraints, combined with the prolonged intensity of the current environment, are making this period increasingly more threatening.

The amplified change in the healthcare industry over the last 20 years has shifted the basis for competition and tilted the competitive landscape in core areas. And the change isn't over, it's only accelerating.

In this new reality, hospitals are facing fewer growth levers, barriers to entry and workforce options. Asset-light technology innovation is replacing asset-heavy in-person care models and human back-office capabilities. Leaders are dealing with an increased variety of competitors, payment disruption and rising costs. The negative consequences of these disruptions are stark—margin compression, worker burnout and even insolvency.

Therefore, how should leaders pivot to enable their organizations to be *transformative*?

The answer: strategic agility

Today's environment requires change and achieving a one-time transformation is insufficient. Organizations must become transformative, requiring strategic agility, an organizational and leadership capability.

Agile healthcare leaders need to be equipped with a robust toolkit of these strategies



Making strategy a living discipline



Building strategic resilience



Having courage in chaos

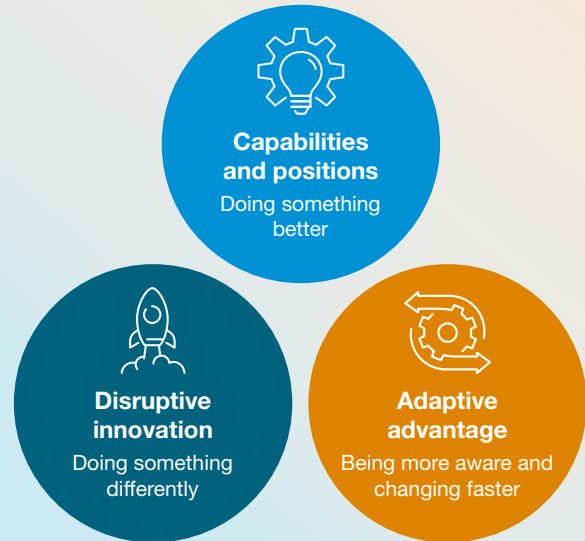


Managing the human side of strategy

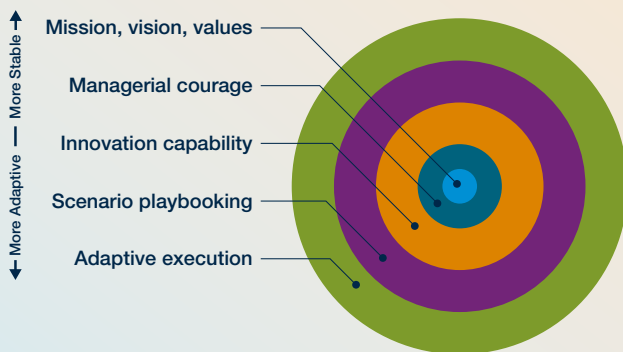
Making strategy a living discipline

Strategy is all about choices, and leaders must be both bold and adaptive to remain safe from disruption. A good strategy clearly defines the tradeoffs leaders will make to deliver the best return with scarce resources. A great strategy creates sources of strategic advantage that are both intentional and adaptable and thoughtfully incorporates innovations to ensure alignment to the *intent* of the organization, even if the design and implementation are modified. Intentionality and adaptability are necessary for success.

The sources of strategic advantage come in three principal areas



Factors enabling a living strategy



With capabilities and positions, an organization has people, processes and technologies that are better than others and coupled with disruptive innovation, it can pursue options that are fundamentally *different* than competitors. With adaptation, an organization is more aware and can change faster than its competitors.

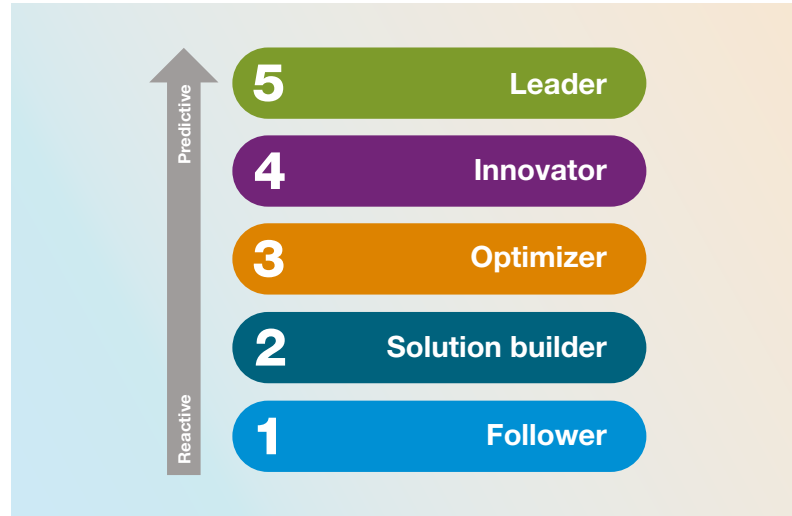
Successfully adaptive organizations employ a “living strategy” approach. As the outward environment shifts, leaders sense the change, discerning signals from noise and dynamically adjust plans, designs and execution to maintain their competitive advantage. That is what it means to become *transformative*. Simultaneously, they need to remain true to their core mission, vision, and values. In a changing world, we must define what will not change and adapt to what is constantly shifting. The tension between stability and adaptability is the hallmark of great leaders and successful healthcare organizations.

Building strategic resilience

Strategic resilience is the trait of persisting amid change and chaos. Resilient leaders create resilient organizations. A primary leadership barrier to resilience is fear, which destroys decisiveness. In fact, leaders must overcome the fear of trying, which can often be a larger barrier than the fear of failure. Strategic resilience has three enablers: Predictive Capabilities, Integrated Platform Thinking and Holistic Innovation.

Predictive capabilities

Building strategic resilience is founded on becoming more predictive and less reactive. Predictive thought patterning harnesses the power of innovative thinking to drive change more rapidly. The ability to identify the hidden upstream issues as the source of many observed downstream issues positions leaders to address short-term gaps and plan for long-term resolutions and future prevention. Strong innovative leaders manage the tension of the emergencies of the near term with the uncertainties of the long-term.



Services thinking



- Sell products and services
- Develop isolated relationships
- Build owned assets
- Monetize locally

Platform thinking



- Develop integrated offerings
- Enable network effects
- Build complementary capabilities
- Monetize regionally / nationally

Integrated platform thinking

Resilient healthcare organizations must move from “services thinking” to “platform thinking,” which expands and integrates their efforts. A platform is an integrated approach to solutioning that brings together capabilities and partners in a holistic ecosystem of value creation.

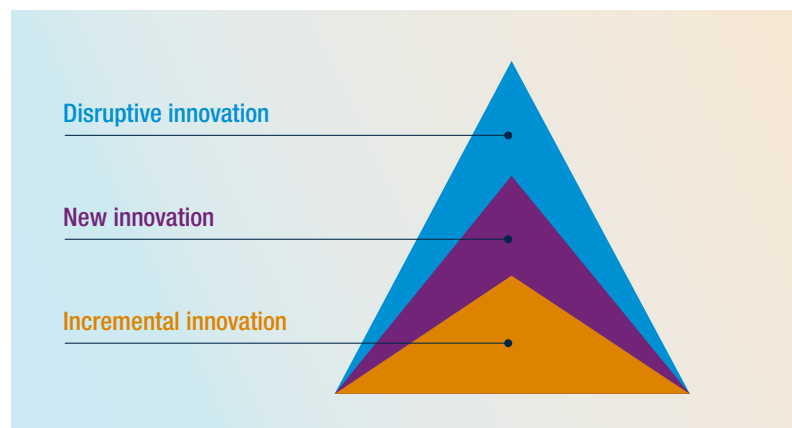
With platform thinking, fear of failure is mitigated by the network effect. One failure in the network does not bring down the entire system. This resilience frees leaders to try new things and see failures as learning moments, not disappointments.

Holistic innovation

Resilient organizations approach innovation by having activities that span from incremental innovation through new innovation and into disruptive innovation. Perhaps, most importantly, they are willing to disrupt themselves from driving new sources of value.

For example, they look beyond the tight margins of traditional inpatient care to new sources of diversified revenue. Or, they aggressively divest assets that are at max value but will surely decline. Then, they invest those realized gains into emerging, higher value areas.

This approach is simple, but it's not easy. It requires hard conversations about the challenging present and opportunistic future.



Having courage in chaos

Healthcare leaders must find both a path forward in the present and the courage to think differently about the future. Managerial courage is a key that unlocks innovation and enables organizations to apply adaptive concepts to their current reality.

Acting decisively and adaptively is the core of courage. Strategy is about mapping an intentional path into an unknown but predicted future. What distinguishes courageous leaders and organizations is not just the ability to discern the faint signals that pre-empt disruption, but the skill to act decisively.



To act strategically, leaders must anticipate possible scenarios, outline their contributing factors, estimate their impact, and determine the organization's risk. Then, they map the cascade of strategic options they can act upon. Each choice has a consequence, and the scenario cascade contemplates all choices, including "doing nothing".

Building courage in disruption allows for turning threats into opportunities for action by applying innovative thinking to find solutions that competitively position the organization for long-term success and sustainability.

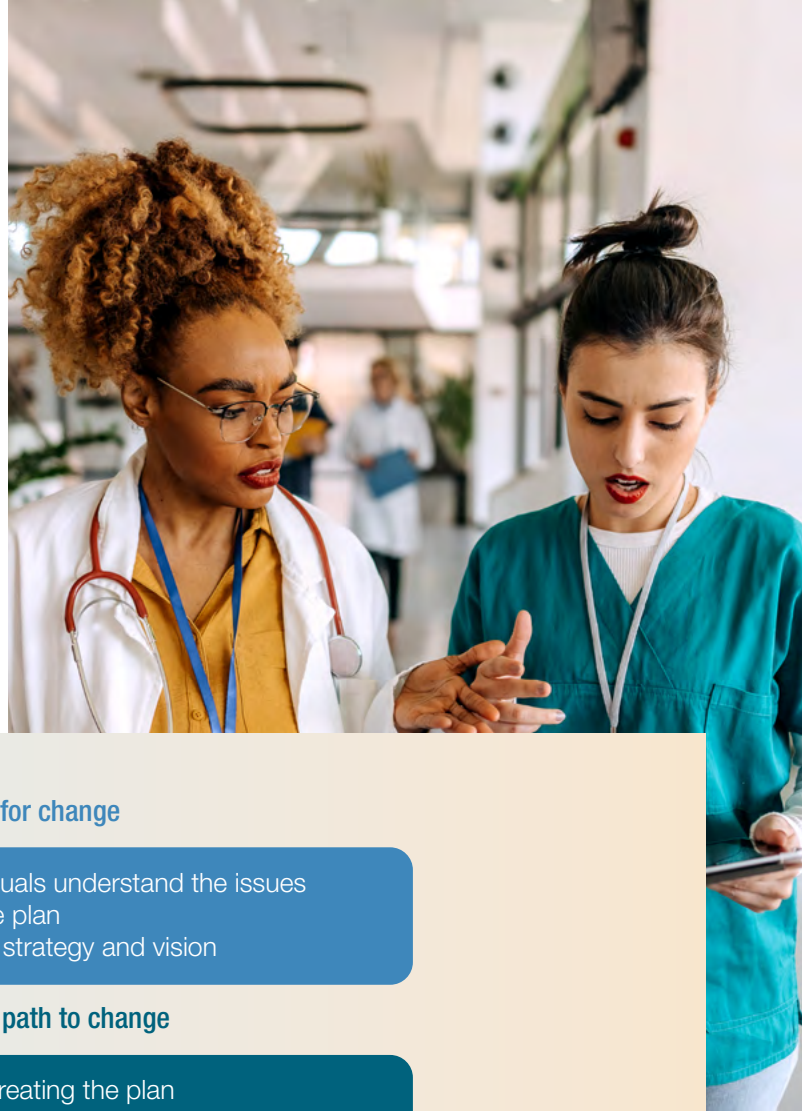


Managing the human side of strategy

Leaders cannot overlook that people are the heart of healthcare organizations, people taking care of people. As such, change management is crucial and success requires overcoming resistance and cultivating enthusiasm – simultaneously.

Agile organizations are able to pivot and evolve; their leaders understand the change-readiness of their workforce, including cultural barriers, and are able to include everyone in the journey.

This process increases trust and alignment and can become transformative.



Bring awareness to the need for change

- Spend time helping individuals understand the issues
- Listen to their inputs to the plan
- Include their input into the strategy and vision



Create and communicate the path to change

- Involve key individuals in creating the plan
- Communicate broadly in waves, with two-way engagement
- Incorporate suggested changes to resolve concerns



Invite people to act in ways aligned to the new path

- Place individuals in areas where they have high interest
- Express interest in their contributions
- Celebrate successes together



Solve issues and roadblocks together

- Spend appropriate time fixing identified issues
- Relate personally to expressed concerns
- Act on suggestions and remove roadblocks



Embed the improvements across the organization

- Invite open dialogue during the rollout
- Enable a continuous refinement process
- Ensure leadership accessibility & interest

Successful results

Conclusion

The healthcare industry is navigating an era of unprecedented turbulence, marked by rapid shifts in technology, policy, demographics and competitive dynamics, challenging the resilience and adaptability of organizations. To thrive in this environment, leaders must flex their strategic agility and balance stability with adaptability. Through cultivating strategic agility, leaders can transform their organizations into resilient, forward-thinking entities that not only survive but thrive in the face of ongoing challenges.

KEY CONTACT



Aaron Bujnowski, DSc, FACHE

Managing Director

abujnowski@alvarezandmarsal.com

CONTRIBUTOR



Krutica Sharma

Senior Director

krutica.sharma@alvarezandmarsal.com

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