LONG VIEW
THRIVE BY DESIGN

Purpose or Profit?

The Final Verdict for Healthcare Organizations

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A New Type of Finance Leadership

Key Learnings

- **Mission and margin aren't mutually exclusive, but they require different timing and postures.** Hospitals are often caught in a false binary orientation between mission and margin. The real tension is not purpose versus profit, it's short-term versus long-term posture.
- **The modern CFO is no longer a gatekeeper but a strategic switchboard.** CFOs in particular must become dynamic integrators, translating board vision into operational prioritization, constantly shifting between financial survival and strategic investment.
- **CFOs need a simple and dynamic prioritizing tool to guide their posture.** A simple framework can guide CFOs to assess, balance, and rebalance initiatives every quarter, making space for both tactical execution and long-term transformation.

Purpose or Profit: A False Dilemma

For decades, hospitals have wrestled with the question: mission or margin? On paper, many declare their allegiance to purpose, to healing, to community, to care. But in the boardroom and on the balance sheet, financial realities dominate. Profit becomes a precondition to mission. Mission becomes a justification for margin.

This plays out in very real ways. One hospital CEO in a major U.S. market openly stated: "I'm here to run a business. That means attracting top doctors, building a premium brand, and earning strong returns, because that's how we serve patients best." A competing CEO, just a few miles away, takes the opposite stance: "Yes, we could earn more. But we choose to prioritize safety and outcomes, even if it means lower financial performance."

Even patients sense the contradiction. They trust hospitals that "feel mission-driven," but they also equate sleek buildings and advanced technology with quality, a signal of profit reinvested. Is it possible to resolve this tension?

The Vision-Action Cycle

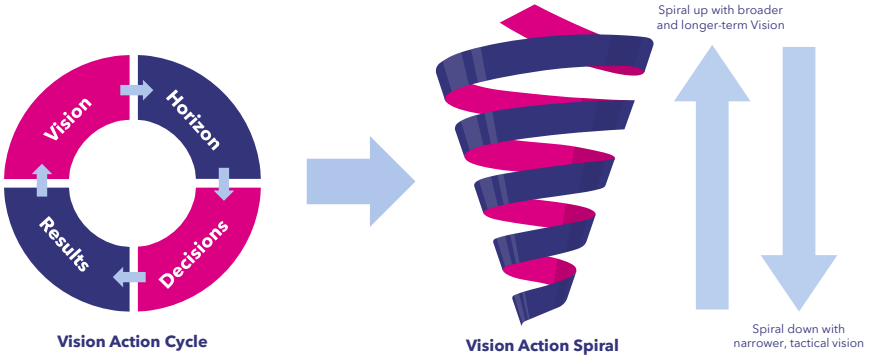
Most leaders overlook that this debate is a loop that reinforces itself. One's vision determines one's time horizon. And time horizon shapes decisions. And those decisions create results, which, in turn, shrink or expand the vision.

A CFO or CEO focused on the 90-day income statement may make all the "right" short-term moves, deferring maintenance, pausing innovation, freezing hiring, but those moves eventually hollow out the

system creating a negative downward spiral where quality lags, staff morale dips and patients begin seeking care elsewhere.

The opposite is also true. Leaders who dare to look five years out, even if only 2% of their time or budget is dedicated to it, can start an upward spiral. Investing in quality training, patient education, or operational redesign won't pay off immediately, but it creates a flywheel that builds strategic momentum.

Vision Action Cycle



Put simply, you don't get long-term outcomes without long-term postures. And those postures start with how you think, and what you prioritize.

So, What's the Real Problem?

The problem isn't choosing between purpose and profit. The problem is that different parts of the organization have already chosen, and they've chosen differently. Frontline clinicians often lean toward purpose. Finance teams lean toward profit. And operational teams are left to manage the chaos in between.

In one hospital, a team of nurses repeatedly admitted a patient who didn't meet inpatient criteria, not because of negligence, but because they cared. They knew the patient had nowhere else to go. Meanwhile, finance leaders warned of mounting losses. The same hospital housed two worldviews leading to two outcomes.

Trying to do "both/and", to be equally purposeful and profitable, sounds noble. But, in reality, it often creates confusion. Without a clear operating posture, departments optimize for different outcomes. Teams become misaligned and thus strategic intent gets lost in translation.

Which is it? Purpose or Profit?

What if purpose vs. profit isn't the question at all? What if the real question is: Are we operating with a long-term or short-term posture? Purpose is a proxy for long-term mindset and profit is a proxy for short-term mindset. Both are necessary, but not always at the same time.

Hospitals are uniquely constrained: tight margins, complex reimbursement, rising labor costs with shrinking supply, and regulatory burdens make short-term survival a very real concern. In some quarters, playing the short game is the only option. But when that becomes the default operating mode, systems never break the cycle.

The best leaders don't toggle between purpose and profit. They build an internal rhythm that *shifts*

between long-term and short-term postures based on market conditions, internal resources, and strategic clarity.

It's not about orienting to both purpose and profit at the same time. It's about knowing when to lean into which, *with* the organic support of your *entire* team.

From CFO "No" to CFO "Go"

Kim Hodgkinson, a forward-thinking health system CFO, often says: "*The CFO of yesterday said no to protect today's resources. The CFO of tomorrow says go but with governance, clarity, and disciplined prioritization. Not everything gets a green light, but every initiative that moves forward does so with a strategic rationale, clear value, and alignment with both mission and margin.*"

Today's health system requires a new operating model and thus the CFO can no longer be a controller or gatekeeper. Rather, the new CFO is the integrative force connecting vision, operations, and financial stewardship as shown in the diagram below.

New Health System Operating Model

That means:

- Translating the Board and CEO's "Big V" vision into a set of funded, prioritized initiatives.
- Partnering with the various operations executives to define what's truly possible in the current quarter and the next.
- Dynamically reprioritizing based on cash flow, staff capacity, market timing, and internal readiness.

Niyum Gandhi, CFO of Mass General Brigham, says it directly – "*Finance leadership is an often-ignored key to healthcare transformation. We talk about tech and strategy a lot, but the intersection of finance and operations is critical.*"

And that's the paradox. The people who once primarily evaluated and allocated dollars, now generate practical visions for what the dollars can and should make possible.

A Practical Framework: The Future Back Method

At Long Game Health, we believe the only way to truly bring healing to people, not just patients, but clinicians, operators, and caregivers, is to heal the system around all constituents. That means thinking beyond the current quarter's crisis and committing to a more sustainable, human-centered future. The Future-Back methodology aligns perfectly with this philosophy, starting with the long view, then working

backwards to make it real. Below are the key steps with an acronym "**PLAN**" (**P**roject the Desired Future, **L**ink Back to Present Day Actions, **A**lign Human and System Needs and **N**avigate by Testing and Adjusting Quarterly) tailored to health system leadership.

1. Project The Desired Future

Articulate a vision that's bold, human-centered, and financially viable over the next 10+ years. Free yourself from today's constraints and define what kind of health system you are building. Build this vision not only for patients, but for clinicians, operators and caregivers as well.

Example: Envision the hospital becoming the region's most trusted integrated care provider, with high Medicare star ratings, digitally engaged patients, and payer-preferred status. That future won't be achieved by chasing claims or only through process improvement initiatives, it will require deliberate investment in patient education (e.g., becoming the "Netflix" of health education with complex clinical content made simple yet accurate, delivered in the tone, pace and format such as visual or audio tailored to the patient), care quality and improved clinical variation.

2. Link Back to Present Day Actions

Based on the bold vision, identify your strategy and capabilities required in 3–5 years, then tactics (with phases) in 12–18 months, then in this quarter. Analyze your portfolio of initiatives already underway. Let the long view inform what you prioritize today.

Example: If 340B cuts and Medicaid pressure threaten key revenue streams, now is the time to invest in automation that reduces pharmacy waste and begin laying the foundation for direct-to-employer partnerships. These may not fix this year's bottom line, but they protect your future.

3. Align Human and System Needs

Use financial strategy to address both your system goals and your people's needs. Prioritize initiatives that improve workflow by reducing friction for clinicians, improve care journeys for patients. Extract more value out of already implemented systems such as your EMR by investing in people and career path acceleration, workforce upskilling, formal education, teaming, management and leadership training etc.

Example: To address nurse burnout and clinician shortages, fast-track virtual scribes or AI documentation tools as a tactical solution. But also start investing in long-term career progression and talent development models such as leadership and management training, technology, digital and AI fluency so the nurse team fully utilizes features and functions such as Transitional Care Management (TCM) dashboards to close TCM follow up visits.

4. Navigate by Testing and Adjusting Quarterly

Revisit your strategic posture every quarter. As policy, payers, and labor costs shift, your short and long-term posture and initiatives must shift too. You don't have to make perfect predictions. Rather, it's about creating repeatable, deliberate adjustment that your whole team will become aligned to.

Example: Initially delay building a remote patient monitoring (RPM) program due to budget constraints. But after evaluating a CMS pilot program and internal ED readmission data, move RPM back to today's tactical initiatives because now it has become an operational priority while there is readiness towards adoption.

An Accompanying Tool: The Strategic Posture GRID

The way to put into action a future-back mindset isn't through one-off planning retreats, it's through disciplined, repeatable prioritization. That's where the Strategic Posture Grid becomes a pragmatic tool: a simple 2x2 framework that helps health system administrators map initiatives based on strategic relevance (short and long-term nature of initiatives shown by either Strategic Imperative or Operational Priority) and organizational readiness (High vs. Low). The four Grids are as follows and can be easily remembered through the acronym, **GRID** (**G**o Fast, **R**amp Slowly, **I**mplement Now and **D**o it Later).

By placing every initiative on the grid, leaders can "balance their portfolio" and see where they're over-invested, underprepared, or missing key opportunities. When used quarterly, the grid becomes a working habit and becomes a rhythm for ushering tomorrow's intent into today's realities.

NOTE: Below is an example of a sample health system that placed initiatives on the grid. **Each individual health system's GRID will look different as a given health system may choose to place the same initiative in a different quadrant than other health systems.** It is critical to involve the entire team of stakeholders to create proper alignment towards the Strategic Posture Grid. Getting the initiatives in the "correct" quadrant is not as important as having the whole team become aligned to the priorities and use the rationale behind them in their day-to-day interactions.

The Strategic Posture GRID

	High Readiness	Low Readiness
Strategic Imperative Important long-term bets	**GO FAST** Fast-track now, organization is ready, and ROI aligns with mission. *Examples*: 1. Deploy AI tools for clinical documentation improvement (CDI) 2. Expand high-performing service lines (e.g., cardiology) 3. Launch system-wide analytics for cost-per-case benchmarking 4. Integrate behavioral health into primary care 5. Implement value-based care contracts with aligned partners 6. Expand discharge to home programs	**RAMP SLOWLY** Lay the groundwork, it matters, but you're not ready… yet. *Examples*: 1. Launch new site for ambulatory surgery 2. Transition to risk-bearing contracts (ACO REACH, MSSP) with evolving clinical capabilities 3. Build a patient education content platform for chronic disease 4. Overhaul non-core IT systems tied to 10+ departments (e.g., nurse scheduling, cost accounting) 5. Implement care-at-home (including hospital-at-home) before staffing workflows are redesigned, especially as payers are warming up to payments 6. Invest in future-ready talent via a roadmap of emerging skills and digital fluency; develop employees to lead, motivate them to stay
Operational Priority Urgent, near-term focus	**IMPLEMENT NOW** Act now by pursuing quick wins, tactical upgrades and cash impact. *Examples*: 1. Improve ED patient flow, discharge planning workflows, improve throughput and reduce ALOS 2. Improve denial management and resubmission processes 3. Renegotiate purchased services/vendor contracts 4. Realign workforce and optimize productivity 5. Consolidate small, ambulatory sites or services (e.g., physician offices, physical therapy) 6. Expand nurse retention bonus program to reduce traveler spend	**DO IT LATER** Postpone or outsource because timing is wrong or organization isn't ready. *Examples*: 1. Build a new service line (e.g., post-acute facilities) or specialty hospital without volume forecasts 2. Internalize prior auth processing when staff are stretched (using AI) 3. Adopt full AI scheduling suite 4. Enter direct-to-employer contracting without defined care model 5. Launch innovation hub while existing programs are underperforming 6. Replace core systems (e.g., EHR, ERP, Data Warehouse, Lab, office productivity suite)

How to Use the Strategic Posture GRID

Below is a four-step quarterly process for CFOs and executive teams to use the GRID:

1. Inventory your initiatives, list everything in motion or under consideration.
2. Map them on the GRID, place each initiative by time horizon and readiness. Debate which goes where.
3. Apply your governance principles that are already established to the initiatives, consider financial position, market shifts, competitive realities, internal readiness and cultural alignment.
4. Prioritize and rebalance, choose a mix of short-term and long-term, tactical and strategic initiatives. If you're heavy in one quadrant, ask: Is that a symptom of urgency or of imbalance? Then rebalance appropriately.

Repeat this process quarterly. Because the market changes. Your resources change. And your posture must change too.

The Long View

In the years ahead, hospitals and health systems that win will not be those that pick a side between purpose and profit, but those that build internal mindsets to shift between those orientations with clarity and alignment from the *entire* team. As disruptive forces mount, from labor shortages to AI to Medicare/Medicaid budget cuts, systems led by CFOs who can see both the horizon and the controls in front of them will define the future of care delivery. The long view is this: fluidity between purpose and profit orientation is not a theory; it will become necessary for survival of both the C-suite and health systems.

About the Authors

Kimberly Hodgkinson, MBA, FHFMA is a nationally recognized healthcare CFO known for leading financial and operational transformation across large health systems. With a background in nuclear physics and deep experience in hospital finance, she brings a systems-thinking approach to strategy, technology and team performance. Kim has served in senior roles at Hospital Sisters Health System, Trinity Health, PeaceHealth and Ascension, and has been named to Becker's "CFOs to Know" and Portland's CFO of the Year.. For any questions, contact insights@longgame.com.

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