

James Varnum is about to retire after close to three decades as the president of Mary Hitchcock Memorial Hospital. His departure marks a shift but not a change in an enduring institutional culture.

BY JENNIFER DURGIN

LEADING A SHARED ENDEAVOR



**JAMES W.
VARNUM**

PRESIDENT- MHMH

ADMINISTRATION



Dartmouth-Hitchcock Medical Center



It was nearly noon on a hot, humid summer day. The security officer in the booth at the entrance to Parking Lot A had had just about enough. Guarding the 211 parking spaces reserved for DHMC's sickest patients wasn't easy. His job was to make sure that the patients and their families who deserved the spaces got them, which meant turning away visitors, sales reps, and employees late for work. Four-letter words, outbursts, and dirty looks went with the job. Standing under the blazing sun in his dark uniform that day, he wasn't sure if he could take any more.

Suddenly he heard a shuffle of feet behind him. Maybe the especially difficult morning had made him a little paranoid, because as he turned around his first thought was "More trouble." Instead, his eyes met the tall, lanky figure of James Varnum, president of Mary Hitchcock Memorial Hospital (MHMH), offering him a cup of coffee.

"Well, I damn near died," says Thomas Ford, remembering that day a few years ago. "He had just come down out of his office on his own. He had a few minutes, and he came down to spend some time with me." The two had never met before, but for the next half hour Varnum stood alongside Ford with no agenda other than to learn about an employee and his role in the massive enterprise of Dartmouth-Hitchcock Medical Center (DHMC). "He took the time to get to know me," adds Ford. "I won't forget that. I won't."

Visiting Tom Ford that sweltering summer day was likely a spur-of-the-moment decision for Varnum. When he has a free block of time, he'll often use it to get out of his office and make informal rounds. He's famous for just showing up in departments to talk with employees and observe what's going on. "Some CEOs, if you see them coming, you might go hide," says Sherry Calkins, community health improvement and benefits coordinator and a DHMC employee of 22 years. "Not so with Jim, because he wants to know how you are and how your family is. And he wants to know how everything is going."

And when things aren't going well, when employees have questions or complaints, he's quick to act. "He sometimes would call me about little things, [like] a bathroom being dirty," says Harry Kendrick, who's been the director of housekeeping at DHMC for 27 years. But Kendrick doesn't find such calls—or e-mails or even visits from Varnum—intimidating or demoralizing.

Jennifer Durgin is DARTMOUTH MEDICINE's senior writer. In the course of her research for this article, she talked to almost all of the employees whose badges are pictured on the following pages, as well as several more whose badges are not pictured.



Varnum, center, knows every inch of DHMC and loves giving tours—here, with another Hitchcock colleague, to several visitors from the University of Vermont College of Medicine.



Varnum, who got his own silver 25-year pin in 2003, presents nurse Ruth Coutermarsh with hers in 1983.



Varnum, at left, presides over a 1996 celebration of the fifth anniversary of DHMC's move to Lebanon.

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JOSEPH MEHLING

Varnum points things out, Kendrick explains, “not in a demanding way—more in an enlightening, trying-to-let-you-know-there’s-a-problem way.”

Varnum is well known for his formal rounds, too. Once or twice a year, he spends time in each department during all shifts, day and night. He began this practice “to really get to know people more than just through eye contact,” he says. “You get a degree of comfort in exchanging ideas, [so] they feel freer to say what’s on their mind.”

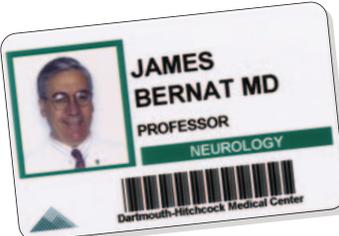
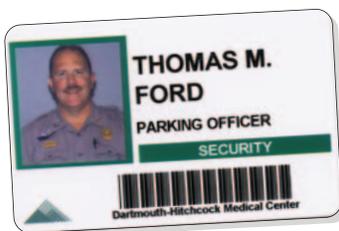
DHMC department directors often joke that they know when Varnum has been making rounds. “We always knew, as administrators,” says Susan Reeves, vice president for operations, “because we would get e-mails or notes saying, ‘Gee, I was in this area last night and they were concerned about X. Could you look into this, make the improvement, and then follow up with me?’” Then, Reeves adds, “within three or four days, you’ll get another note [asking], ‘So, what have you found out so far?’”

Reeves also recalls, when she was a nursing supervisor in the late 1980s, making night rounds with Varnum at Raven House, a 16-bed dermatology inpatient unit across from the old Hanover MHMH. The nurses told Varnum that the streetlights were out in front of the building and that they felt unsafe as they came in to work. “Within 24 hours,” says Reeves, “the streetlights were repaired.”

From his earliest days at MHMH, Varnum earned a reputation as a man of action. “He said he would do something, and he did it!” recalls John Hennessey, his voice rising in astonishment. Hennessey, the former dean of Dartmouth’s Tuck School of Business, was chair of the MHMH board of trustees when Varnum was hired. “He said he would talk to somebody, and he did it!” continues Hennessey. “And then he would let me know promptly. That was before e-mail—long before e-mail. He would call me or write me a note.”

Having never worked for a board before coming to MHMH, Varnum had much to learn about the intricacies of board-CEO relationships. Hennessey helped guide him through that process. For example, “he had to learn what to do when individual trustees seemed to be crossing the line,” says Hennessey. “He had to protect his turf. . . . But it was not always clear. There are a lot of ambiguities in this business.”

When Varnum arrived on the job in the late 1970s, Dartmouth-Hitchcock Medical Center—as a composite institution—was in its infancy. It had been established officially in 1973, when the Medical School was transformed from a two-year feeder school into an M.D.-granting institution. Com-



posed of Dartmouth Medical School; Mary Hitchcock Memorial Hospital; the Hitchcock Clinic; and the VA Hospital in White River Junction, Vt., the Medical Center was still an evolving concept in 1978 when Varnum was hired. Reconciling operational and philosophical differences and priorities among four organizations wasn’t easy.

“It was a very tense time, with a great deal of uncertainty,” remembers Dr. James Strickler, who was dean of the Medical School from 1973 to 1981. “When Jim [Varnum] came, he was, for me, a breath of fresh air,” recalls Strickler, “because he had come from a university hospital.”

From 1973 to 1978, Varnum was the head administrator at one of two hospitals affiliated with the University of Washington. Before that, he’d worked for 10 years at University of Wisconsin hospitals, rising up through the administrative ranks to superintendent—the equivalent of CEO. “I loved the academic medical center environment,” says Varnum. Indeed, what drew him to Dartmouth and MHMH was the chance to be in on building an academic medical center from the beginning.

Varnum’s predecessor at MHMH, the late William Wilson, had headed Hitchcock for 30 years and was, by all accounts, a superb leader. In fact, employees at all levels who have known both Wilson and Varnum say that Wilson possessed the same qualities of empathy, warmth, sincerity, and genuine interest in people. By the late ’70s, with MHMH being transformed from an excellent regional hospital to a core component of an academic medical center, Hennessey and his colleagues were looking for a leader who would bring to the enterprise a breadth of knowledge and experience in an academic setting. They found Varnum, age 38, a 1962 Dartmouth College graduate and a 1964 graduate of the University of Michigan’s master’s degree program in hospital administration.

In September of 1977, Hennessey boarded a plane for Seattle to interview Varnum, one of two finalists for the MHMH presidency. More than 28 years later, Hennessey still has his notes from that trip and letters of recommendation for Varnum. Clearing his throat and raising a yellowed page to eye level, Hennessey reads the words of a hospital executive who had worked closely with Varnum: “I’ve known Jim Varnum for a long time. He was already a leader in his late twenties, which is almost unheard of in our field. He is indeed precocious . . . [and] very, very solid in all respects. While he is not flashy, he is extremely dependable. He does not stand out in a crowd. I would describe him as circumspect. His particular strengths are that he is very well educated, very well prepared, and

he's very effective in perceiving the cause-effect relationships in a situation and predicting the future with unusual accuracy. He is a person of vision."

Hennessey stops, puts that page aside, and then reads a letter of recommendation from a physician: "Jim Varnum is exactly as he seems. He is unbelievably consistent. He is always warm and cordial, and that's most unusual for the tough position he occupies. Jim projects warmth more skillfully than any of the other administrators I've ever known. Jim Varnum is very quick. He understands what is implied in a situation, as well as what is openly stated. He synthesizes information with great skill."

Hennessey pauses and then reads his own notes from his first meeting with Varnum: "My first impressions of Jim Varnum are very favorable. He has an infectious smile, a generally warm and sympathetic attitude. He communicates empathy for the other person without in any way overdoing it. He retains not only a sense of maturity and dignity but a professional air. I found him very alert, intelligent, and perceptive in his observations and particularly in his questions about the Dartmouth-Hitchcock Medical Center in our search for Bill Wilson's replacement. Every question he asked me seemed to strike a central fact or nerve about our situation. So it is clear to me that he has been thinking about it and wondering whether it presents the sort of attraction for which he is looking." Hennessey pauses again and then adds, "That was when I first met a man I've now known for 30 years."

It turns out DHMC *was* the "sort of attraction" and challenge Varnum was looking for, and Varnum was the visionary president MHHM sought.

From 1978 to 2006, Varnum guided MHHM's evolution from a regional hospital in Hanover, N.H., to a core component of a nationally known tertiary-care medical center that employs 7,000 people and occupies 225 acres in Lebanon, N.H. Varnum is exceedingly proud of the Lebanon facility—now a national model for innovative hospital design—as well as of what goes on inside it.

This became clear to Dr. Stephen Spielberg, the dean of DMS, when Varnum gave him a personal tour shortly after Spielberg arrived at Dartmouth in 2003. "It was an incredible tour," says Spielberg, "and it reaffirmed for me what Jim had really been able to accomplish. I had never seen the old Mary Hitchcock Memorial Hospital, but I had seen pictures and heard what it was like and the contrast . . . was striking, absolutely remarkable."

Varnum took Spielberg into "the bowels of the institution," the dean recalls. "Repair shops and the power plant. The infrastructure necessary to make



A highlight of Varnum's 28-year tenure was the completion of the Lebanon campus in 1991. On move-in day, he was there every step of the way with other employees and patients.



Varnum, second from right, attends the 1978 Service Club dinner; trustee John Hennessey is on the far left.



Varnum, second from left, shows colleagues through the construction site at the original Lebanon facility.

JON GILBERT FOX

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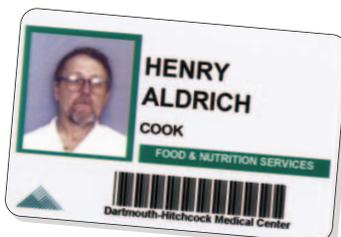
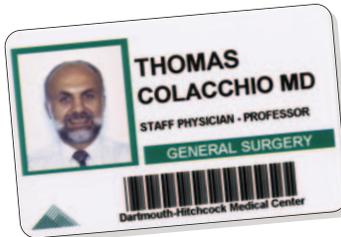
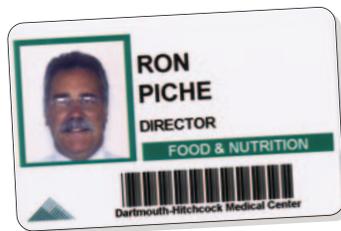
the place work. From central supply and pharmacy and all the aspects of a hospital that you don't see." It wasn't the usual CEO tour, but following Varnum around that day, Spielberg got an "enormous sense of what the place was about," he says. "Knowing a little bit about the history" of the decision to move DHMC to Lebanon, and "reading between the lines," Spielberg explains, he got a sense of "just how difficult it must have been to convince people to take the leap of faith to do this. And the leadership that that took at that time made what he was showing me all the more remarkable."

Varnum's leadership has also helped MHMH, and DHMC as a whole, emerge as a regional and national leader on several fronts—such as outcomes reporting, transparency, and nursing excellence. In 2003, DHMC achieved Magnet Status, which recognizes nursing programs with superior quality of care and employee satisfaction. Likewise, DHMC has been singled out by the federal Centers for Medicare and Medicaid Services, as well as the national press—including the *New York Times* and the *Wall Street Journal*—for its quality improvement initiatives, outcomes reporting, and commitment to what's known in the field as "transparency," which means being up front about matters such as the costs of procedures.

Varnum's accomplishments are especially impressive when one considers that "he came [to MHMH] as a pretty young man," says Michael Hill, president of the New Hampshire Hospital Association (NHHA). "He came here on the heels of one of the most highly respected, well-liked hospital administrators that there has ever been in New Hampshire. That's a hard thing to do." But, in Hill's opinion, Varnum has been hugely successful at earning the respect and loyalty not only of his staff but also of health-care leaders throughout the region. Varnum served on the NHHA board of trustees from 1980 to 1992 and chaired the board from 1984 to 1986.

"One of the problems you have when you're running a place like [MHMH]," observes Hill, "is you're always the big guy on the block and some people are naturally intimidated by that. Or you become a target for people. But he has navigated so gracefully that people who get to know him . . . just sort of have an automatic confidence in him." Hill recalls many times when he was trying to advance an NHHA initiative and other health leaders in the state would tell him, "Don't give me the details—if Jim's with it, it's okay."

When Hill became president of the NHHA in 1993, he met with every hospital administrator in the state to gain advice on how to steer the organi-



zation into the future. "I heard pretty much the same stuff from most hospital administrators," recalls Hill. "But I'll never forget when I sat down in Jim's office."

If the NHHA was going to focus on selling insurance, which many hospital associations did, or on lobbying, Varnum wasn't interested. "I can do better than you can," Hill recalls Varnum telling him. "I can get better deals than you can. If you're just about advocacy, we can do pretty well ourselves with that. But," Varnum continued, "if you're involved in doing things that are going to improve care for patients, I have to be there. We can't afford not to be there." That message stuck with Hill and has helped guide the NHHA.

Hill credits Varnum with inspiring the NHHA to become involved in quality improvement, transparency, and access issues, largely through an NHHA spin-off called the Foundation for Healthy Communities. "In many ways," says Hill, "Varnum has provided a role model of what people leading health-care organizations should be. I think he's had a lot of impact on a lot of younger administrators, not just [at Hitchcock], but in Vermont and New Hampshire."

Varnum's influence has extended into the national realm as well. He was a trustee of the American Hospital Association (AHA) from 1994 to 1997, and he chaired the board of directors of the VHA (formerly the Voluntary Hospital Association) from 2001 to 2004. Varnum currently serves on the National Quality Forum's board of directors. Other members of that board include Dr. Mark McClellan, administrator of the federal Centers for Medicare and Medicaid Services, and Dr. Jonathan Perlin, undersecretary for health at the Veterans Health Administration. Most recently, Varnum received the 2006 Award of Honor from the AHA, which "recognizes outstanding initiatives, by individuals or organizations, to improve the health status of individuals, targeted groups, communities, or the nation as a whole."

The letters of support that accompanied Varnum's nomination for the AHA award capture the breadth of his influence:

"It is now likely that Northern New England will emerge rapidly as the rational, community-minded, integrated health-care region we need as an example," wrote Donald Berwick, president and CEO of the Cambridge, Mass.-based Institute for Healthcare Improvement. "If and when that happens, it will have been Jim Varnum more than anyone else who birthed it." Later in his letter of support, Berwick adds, "Jim is one of the finest 'triple threats' that American medicine has seen in his

generation: organizational leader, regional leader, and national leader—all at once.”

In another letter, Thomas Smith, former president and CEO of Yale-New Haven Hospital, wrote, “One resounding impression everyone has after dealing with Jim on whatever matter is that he is a genuinely decent person, who always takes seriously the issues but never himself.”

Varnum’s reputation and his ability to build trust and consensus have been key to one of his greatest regional accomplishments—the creation of the Dartmouth-Hitchcock Alliance (DHA). Made up of 11 member organizations throughout New Hampshire, Vermont, and Massachusetts, the Alliance includes nine hospitals, a mental health center, and a home-health agency. Members of the Alliance are united by the shared goal of improving the quality and efficiency of patient care in the region. Alliance members meet regularly to discuss services, programs, and patient needs and to try to develop common protocols and assist one another. The Alliance also helps in concrete ways, making it possible to buy supplies and equipment at bulk rates and providing a network for sharing expertise and information.

When hospitals are considering joining the Alliance, says Alfred Griggs, a member of its board of trustees, “basically what they’re considering doing is joining Jim Varnum.” Griggs also chairs the MHMH and DHMC boards of trustees. Before becoming involved with Dartmouth-Hitchcock, Griggs chaired the board of trustees at Cooley Dickinson Hospital in Northampton, Mass., one of the first Alliance members. “From the Alliance perspective, he really is the personification of DHMC, of DHA,” says Griggs. Now, with Varnum retiring soon, “there is a skepticism about the ability of the trustees to find . . . a president who will maintain the priority that Jim has for the Alliance,” Griggs admits. But, he adds, “the trustees feel the Alliance is important. It’s consistent with the academic mission. It’s consistent with the whole idea of being a tertiary-care center in a community.”

Griggs, who is cochair of the search committee for Varnum’s replacement, is also aware of the concerns employees have about Varnum’s retirement. The search committee and trustees have come up with 10 qualities they’re seeking, explains Griggs, to show that “without saying we’re looking for someone like Jim Varnum, we really are.” In the meantime, Griggs, the search committee, and the trustees have sought, as Griggs puts it, to “settle” the organization by appointing an acting president, Nancy Formella, the senior nurse executive at DHMC for the past seven years. “It is



Varnum confers regularly with the leaders of DMS—Dean Stephen Spielberg, pictured here in Varnum’s office—and of the Dartmouth-Hitchcock Clinic—President Thomas Colacchio.



Varnum has been a faithful presence at staff retirement parties, such as Barbara Brewer’s in 1979.



Serving burgers at the annual employee field day (here, in 1994) is all in a day’s work for Varnum.

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not a caretaker position at all,” says Griggs of the acting presidency, but it does give Griggs and his colleagues more time to consider candidates for the permanent position, as well as the future of MHMH and its role within DHMC. And the acting presidency no doubt will give the organization time to get used to Varnum no longer being at the helm.

“There has always been a sense of security for me knowing that he was there . . . that we were going to be heading the right way,” says housekeeping director Harry Kendrick of Varnum. But, Kendrick adds, “I know there are a lot of other people up there [in the fifth-floor administrative area] helping him.”

It would be difficult to overstate the affection and loyalty that longtime DHMC employees have for Varnum. He has made himself visible and known to employees in all departments not only by making rounds, formal and informal, but also by attending retirement and employment anniversary parties; by hand-delivering patient letters of praise to nursing staff; by writing personal notes of thanks to everyone from housekeepers to physicians; and by hosting the annual employee appreciation events during Service Week.

“I, personally, have just really loved the annual Service Club recognition,” says Varnum. “The memories from those evenings and that week really meant a lot to me, and I think it has meant a lot to the organization.” The annual recognition of employee service—known now as Service Week—began under Wilson and was picked up and nurtured by Varnum. There used to be one banquet to honor employees marking five years or more. Employees become permanent Service Club members after 25 years, meaning their names are engraved on a plaque in the DHMC mall and they’re invited back to the banquet even if they leave MHMH. Several thousand employees are now invited every year, and the celebration consists of two evening banquets, each one attended by about 400 employees, plus an afternoon reception.

During Service Week, 25-year employees are also presented with a silver pin at parties given by their departments. Since 1978, Varnum has attended dozens of these department parties, often giving employees their silver pins himself.

Parties are also held for long-time employees throughout the year, on the anniversaries of their hiring. Recently, Varnum attended such a celebration for Patricia Cross, who has been a housekeeper for 30 years. He gave her a paperweight made from the granite of the original MHMH in Hanover and a handwritten note that read as follows:

“Dear Pat, Congratulations on your 30th anniversary at DHMC! You have been an outstanding member of our patient-care team. You have been an important part of the many changes we have experienced over the years. Thank you for all your many contributions and commitment to serving our patients. Best wishes. You have a lot about which to be proud at DHMC. Sincerely, Jim.”

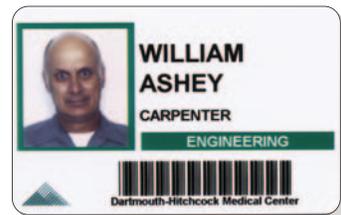
Describing the occasion, Cross beams. “I don’t think they’ll ever replace him,” she says.

While Cross’s sentiment may be true—that MHMH is not likely to find another leader just like Varnum—the culture Varnum has fostered was at MHMH before his arrival and will surely survive his departure. “Mary Hitchcock Memorial Hospital, from its early days in the 1890s, was marked by a culture of warmth [and] patient-centered considerations,” says Hennessey, who recalls the pre-Varnum era. “It was always described by anyone I ever had the privilege of talking to from the older days as a very nice place to be. Patients thought that. Staff thought that. . . . Bill Wilson continued and expanded that atmosphere of friendliness, warmth, consideration, empathy. Bill did that and he did it well,” Hennessey says. Varnum has, too.

Perhaps Susan Reeves, who rose up through the ranks at DHMC from nurse to vice president, best describes the intense feelings many employees have about Varnum. When she found out that he was retiring, she admits, “I had tears for a week. I felt like I was walking around with this big lump in my throat.” Even a year later, Reeves’s eyes well up as she mentions his retirement—and she was not the only employee to shed tears while talking about Varnum. “Jim and I are not close personal friends,” she explains. “I think we’re good colleagues, and we respect each other, but we’re not close the way I’m close with other people here.”

Nevertheless, she continues, “you just sort of worry. When you’ve worked for a successful organization, and one that speaks to the things that you believe in all the time, you sort of worry. What’s going to become of us?” Then, Reeves says, she had a realization. “I finally got it together and said, ‘I don’t need to worry about this as much as I am. . . . DHMC is not about a single person.’” It’s about 7,000 employees, all working together.

“Wise managers since probably 1500 B.C. have known that you don’t just hand down orders,” points out Hennessey. Varnum has worked so hard to create strong relationships with employees and with his fellow leaders, says Hennessey, “because that’s what organizations are there to do—to create a partnership of human beings who are endeavoring to do something.” ■



Preparing for the succession ahead

Behind every great leader is a team of dedicated and accomplished colleagues. Two individuals who have helped James Varnum—the long-time president of Mary Hitchcock Memorial Hospital—shape the culture of DHMC are Nancy Formella and Paul Gardent.

The senior nurse executive at DHMC since 1999, Formella will become acting president of MHMH when Varnum retires at the end of April. She brings to the position 31 years of experience as a staff nurse, a clinical nurse special-



ist, and a nursing director and executive. During much of her career, she held leadership positions in nursing at various Mayo-affiliated hospitals—known for their quality and efficiency. At DHMC, Formella has worked to advance professional nursing education, practice, research, and training. In 2003, she successfully led an effort to obtain Magnet Status for DHMC—a designation bestowed by the American Nurses Credentialing Center to recognize excellence in patient care, employee satisfaction, and workplace safety. In 2004, she was named Nurse Leader of the Year by the New Hampshire Nurses' Association. And in 2005, she received an award for Nursing Management Excellence from the New Hampshire Organization of Nurse Leaders.

It is expected that Formella will lead MHMH for 12 to 18 months; she'll also be a candidate for the permanent position. "It's an extremely humbling experience," Formella said about her appointment to a local newspaper. "The nursing practice is one of the fundamental cores of what the hospital does," she continued. "Patient care is really our mission, so understanding the intricacies of patient care is really an asset."

Helping Formella make the transition into the presidency will be Paul Gardent, executive vice president of MHMH and of the Dartmouth-Hitchcock Clinic. Gardent, who came

to DHMC in 1979, has been Varnum's chief deputy. A graduate of Dartmouth's Tuck School of Business and a certified public accountant, Gardent has been an integral component in the leadership, growth, and stability of DHMC. Gardent's dedication to and love for the operations end of management allowed Varnum to focus more intensely on outreach initiatives like the Dartmouth Hitchcock Alliance, mentioned in the adjacent feature. "We complemented each other in that way," says Gardent. Their relationship was always "steady" and "constant," he adds, thanks to their common values of respect, collaboration, and partnership.

Just five years younger than Varnum, Gardent plans to step down from his position within the next year. "For 27 years, I've been pretty well consumed by the work here," he says, "and would like some time to do some other things. I don't know exactly what those things will be," he admits, but he hopes that among them will be getting more involved with health-care improvement and medical education through DMS and Tuck.

Leaving his post at DHMC "is sort of sad," he says. "I love the people here and I love the relationships." But he felt the time was right to move on. "I think Jim should be very proud of what's been built, not just in the Medical



Center but in the region," Gardent emphasizes. "I certainly share some sense of pride there and feel good about it."

But the pride belongs to all the employees of DHMC, he adds. "They come to the work here with a real sense of wanting to help others. Jim's and my role has been to support that and encourage that."

In the coming months, Formella will take over that role—supporting, encouraging, and shepherding the organization into a new era.



At the 2003 Service Club dinner, Varnum paid homage to his predecessor, Bill Wilson, right.

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