

Navigating Troubled Waters

Hospital board members are able to provide transformational leadership in a time of change

By Pamela R. Knecht

Over the past few years, and especially this year, many health care trustees are feeling like they are on a whitewater rafting trip. They are in a craft with some people they know well and others they do not know at all; the water is swirling them around; and they don't know which way is forward. Some even fear for their lives.

The health care field has been undergoing significant transformation as organizations shift their focus to improving the patient experience of care, improving the health of populations and reducing the per capita cost of health care. Throughout history, it has been times like these — times of wholesale change — that call for strong leadership. As former first lady Rosalynn Carter said: "A leader takes people where they want to go. A great leader takes people where they don't necessarily want to go but ought to be."

This view of leadership is close to the concept of "transformational leadership" that James MacGregor Burns introduced in his book *Leadership* in 1978. Burns defined transformational leadership as a process whereby "leaders and their followers raise one another to higher levels of morality and motivation."

Given the wide scope of change in health care today, transformational leadership is needed. And in health care, that leadership must be shared by the board, administration and physicians. It is they who are on the raft together, needing to set direction and inspiring others to follow. And since the board has the ultimate legal responsibility for the hospital, clinic or system, it must ensure that the way forward is clear and that all have bought in to the future vision.

Yet, as change management theorist Edgar Schein taught, during times of change, people become afraid and resistance can surface. The most successful organizations understand this dynamic. They lead by engaging key stakeholders in reflection, discussion and debate, resolving differences, and developing a common, inspirational vision for the future.

Boards that are committed to shared and transformational leadership utilize four

foundational governance practices:

1 Intensifying education

Too many boards take a lackadaisical approach to their own education. The most recent data from the American Hospital Association's gov-



ernance survey indicate a decline in all types of board education. Obviously, this trend is going in the wrong direction.

The changes occurring in health care are difficult to understand even for those for whom tracking them is a full-time job (e.g., CEOs, clinicians and consultants). If boards want to help lead their organizations into the future, their individual members must prioritize regular, continuing education on industry trends as well as frequent analysis of internal performance in light of those trends.

2 Clarifying roles

One of the hidden challenges for boards that are trying to lead can be a lack of clarity about roles.

Many board members come to their position without sufficient understanding of their basic duties. This can become problematic if some board members think they owe their fiduciary duties of loyalty and obedience to a stakeholder group. For instance, some physicians believe that their role on the board is to represent the medical staff or their specialty. In a 501(c)(3) organization, however, voting board members owe their legal duties to the

Where to Turn

The American Hospital Association offers numerous vehicles for boards to become and stay educated, including conferences, webinars, and publications. A good place to start is at the AHA Center for Healthcare Governance website at www.americangovernance.com or at www.aha.org.



mission of the organization, not to a group of people.

Another area of potential confusion is the relationship between the board and management. Some board members (often those who have served on for-profit boards) believe that the CEO is the hired expert who should drive strategy, whereas other trustees (often those who have served on not-for-profit boards) believe there should be more of a partnership between the CEO and the board. It is important that each board and its CEO take the time to discuss board members' expectations of the CEO and themselves when it comes to their respective roles in strategic direction-setting and other key governance responsibilities. The result of that discussion should be the expectation of a partnership between the board and CEO that also honors the distinction between governance and management.

Likewise, boards should state that they expect physicians and other clinicians to function as partners with them and the administration. The health care organizations that have made the most progress toward value-based care often use a dyadic approach in which each key management position is shared by a physician and an administrator.

3 Sharing a vision

The preponderance of the literature on change management holds that a key determinant of an organization's successful journey through uncertain times is the development of a clear, shared purpose and vision. But this is often difficult to accomplish. Sometimes, board members are not sufficiently knowledgeable about the external environment or potential health care strategies to provide useful input. Sometimes, the CEO does

issues and identify the best path forward. The board has a special responsibility to make sure this happens.

4 Holding all accountable

Management expert Warren Bennis said, "Leadership is the capacity to translate vision into reality." The main way a vision gets translated into reality is through the creation of specific, measurable goals that will be benchmarks for the success of the strategy. And while board members often un-

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not engage the board and physician leaders sufficiently in the planning process. And sometimes, there are not enough opportunities for there to be a shared understanding of the organization's challenges and opportunities.

Boards that are serious about helping to lead their organization through challenging times should use these practices: get and stay educated; engage the full board and all key stakeholders in strategic discussions early and often; develop their own assumptions about the future environment; determine the organization's critical strategic issues and challenges; make tough decisions about future direction; articulate a clear and inspiring vision of the future; and develop a limited set of strategic goals for the next year.

The vision for the future must be understood by, and bought into by, key stakeholders. For example, too many managers think that board members (and other stakeholders) know what "clinical integration" means. This term, however, has different definitions, and there are multiple strategies for achieving it. It is imperative that there be open conversations about the meaning of each term in a strategic plan so all know what they have agreed to accomplish.

As the field attempts to provide value (that is, increased quality and decreased cost), it is critical that physicians and other clinicians be partners at the table, helping the board and management determine critical strategic is-

derestimate their ability to ensure that strategic goals are measuring the correct things, one does not need to be a health care expert to ask tough questions that result in better measurements.

One of the best ways for boards to hold management accountable for achieving an agreed-upon strategy is to create a board-level strategic dashboard. The dashboard should include three or four strategic goals and their success measures. Every quarter, the board should receive a color-coded version of the dashboard that clearly indicates the progress being made toward the targets. Then, the chair should facilitate discussion regarding only the goals that are "red" (not likely to be met). In this way, the board stays engaged at the appropriate level.

Moving forward

In times of significant upheaval, it is imperative that the leaders of an organization take responsibility for understanding trends, clarifying board and management roles, developing a shared commitment to an inspirational vision, and holding all accountable for moving in the right direction. It is the organizations that have shared, transformational leadership that will best be able to navigate turbulent waters and bring all safely to shore. **T**

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