The Board’s Role in Managing a Crisis

BY STEVE RIVKIN AND FRASER SEITEL

The hospital’s board chair picks up the phone in his office at TriState Bank headquarters. The CEO’s voice on the other end of the line is stark and serious. “The medical executive committee just gave me a unanimous no confidence vote,” he says. “They’re complaining about closed communications and aloofness. And the Gazette called and wants to talk about my compensation.”

As if you didn’t have enough to do running your own business, your hospital trustee role has entered the arcane world of crisis management. Now you’re faced with a whole new set of governance issues:

• What is the board’s role in a hospital crisis?
• Where do the responsibilities of management end and those of the board begin?
• How should the board deal with the press? When is it appropriate—even obligatory—for the board to speak publicly on behalf of the institution?

Crisis Is Inevitable

There are no cookie-cutter answers to any of these questions. Every hospital crisis is different. Each situation demands a tailored solution. But it’s also true that no hospital can escape crises.

A smart hospital board and management team will always, like the Boy Scouts, be prepared to deal with any crisis whether it’s a financial shortfall, management disruption or quality failure.

In our experience in counseling hospital boards and management teams on coping with a crisis, the majority of hospital crises are operationally oriented and should be handled directly and exclusively by management. These, typically, reflect the kinds of situations cited in the Joint Commission’s annual compilation of top sentinel events, such as wrong-site surgery, suicide, post-op complications and medication errors.

Such incidents demand management attention, explanation and reconciliation. The board’s role, on the other hand, is to serve as silent supporter: knowledgeable about the problem, supportive of management’s plan to fix it, but having nothing to say publicly.

Sometimes, however, trustees wander off the reservation and offer well-intentioned comments to the local media. That rarely helps the situation and often complicates matters.

Face the Public

In those infrequent occasions when the crisis involves matters that transcend management, it is the board’s responsibility to take charge. Such situations would include financial setbacks that threaten the institution’s future, forfeiture of bond covenants, significant regulatory violations or CEO improprieties, alleged or otherwise.

In such situations, the board and its chair have no choice but to step in—often in a visible and public way—to reassure the community that its interests are being protected by wise and objective stewards. What’s at stake is nothing less than the very community trust that the chair and the board were entrusted to safeguard.

So what are the board’s responsibilities in confronting these unusual crisis situations? We prescribe four basic rules.

1. Become more “public.” A hospital board, by definition, normally works behind the scenes. But in a crisis, such as a mutiny against the CEO by agitated physicians, the community needs to be reassured by the cool and calming presence of the levelheaded individuals on the hospital board.

This requires that the board and its chair raise their public profiles as longtime residents, concerned citizens, community elders and (usually) unpaid representatives of the people’s interest and the public trust.

2. Speak for the community. In going public, the board must make it clear that its primary interest is that of the community. For example, in presiding over a dispute between physicians and management, the board’s goal in seeking resolution is to do what makes the most sense for the public. Its allegiance is to the community, not to either of the quarreling parties. So its public statements must reinforce community interest first.

3. Cite a two-point mantra. Regardless of the nature of the particular crisis, the board’s goals in mediating and resolving the situation must revolve around two sacrosanct principles: its
commitment to providing the highest quality health care for the community and its commitment to keeping the community informed. No other points are more important to reinforce in moving through a crisis.

4. Announce an action plan to fix the problem. The board’s most important objective in handling the crisis is “closure”—getting the issue resolved and out of the news. To accomplish that, the board needs to announce the route to reconciliation, such as task forces, outside expertise or new positions.

At the end of the day, the community needs to know that its best interests are being served by a committed hospital board, eminently capable of coping in a time of crisis.

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