

# Trustee Workbook 2

APRIL

## Mission-Based Decision-Making for Boards

**A** reason for being. An organization's purpose or identity. An expression of what an organization believes it must be to best meet the needs of its stakeholders. These are descriptions of what we commonly think of as "mission." Members of a health care organization's board are responsible for governing in ways that help fulfill their organization's mission. But what does that really mean? How does a hospital's mission relate to effective governance?

In her book *The Path*, Laurie Beth Jones says that a mission statement is a "written-down reason for being ... a template of purpose that can be used to initiate, evaluate, and refine all of one's activities." This concept of mission means that a good mission statement is more than a description of intent. It is a tool that boards and leaders should use to drive, monitor and evaluate organizational programs and activities.

Good mission statements should position an organization as unique. After all, every hospital wants to deliver "high-quality, cost-effective care," but if that's all your mission statement says, how is your hospital any different from all the others in your community or region? Why should patients want to be cared for at your hospital rather than the one across town or down the street?

Effective mission statements also should have the capacity to drive action that reflects the mission over time. How the board engages mission in major decisions can add to the deeper intent found in the mission statement, which may be difficult to fully articulate in

writing. That's why leaders of organizations with compelling mission statements spend significant time and effort articulating them, maintaining their relevance and taking every opportunity to use them as the powerful decision-making tool they are meant to be.

### Questions for Discussion

1. When was the last time your board reviewed the hospital or system's mission statement?
2. Has the board ever modified the mission to ensure it reflects what the organization needs to be today and into the future?
3. How does your board use mission to drive action that better meets the needs of the hospital or system's stakeholders?
4. Does your hospital's mission matter?

### MISSION IN ACTION: CASE EXAMPLE

Mission-based decision-making is best depicted through a case example. Consider this one.

Imagine you are in the lobby of a 30,000-square-foot fitness center called Axis Health. Axis Regional Health System, a highly successful regional delivery system located in a Southeastern state, owns it. As you wait with your friend, a new Axis employee, to register for your facility tour, you notice the signs down the hall for rehabilitation, physical therapy and sports medicine. A staff member escorts you on the tour, and you are struck by the genuine concern she has for your health and especially the questions about diabetes prevention she asks your friend. You are wondering how and when a hospital-based system became so committed to the prevention of diabetes, when five years ago Axis Health did not exist.

Axis Regional Health System was created 10 years ago to be the parent company of Community Hospital, a community-owned, nonprofit hospital. What board decisions subsequently comprised the taproots that made diabetes and the prevention of other diseases a mission focus?

Four years ago, the CEO presented a proposal to the board to build a comprehensive fitness center primarily for employees that also would be open to

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the public. Its proposed name was Axis Health. To the CEO's surprise, the board chair questioned this proposal. He could not see how a fitness center was consistent with Community Hospital's mission, written 47 years ago: "Our mission is to provide quality patient care to the residents of Queen County."

Six months after the fitness center proposal was introduced, the board voted to approve Axis Health. That decision forever changed the mission of Axis Regional Health System, now a parent company of Community Hospital and responsible for the health of enrolled populations. How did the board make that decision? As a part of its mission-based decision-making, the board asked and answered three questions about the mission of Axis Regional Health System.

### What is Mission?

**1. Who are we?** A regional health system located in the center of Queen County and a holding company of Community Hospital launched originally with the aspiration to become a regional health delivery system.

**2. Why do we exist?** To provide quality patient care. The board knew that being fiscally strong was vital to providing outstanding care. Their CEO was influential. He had been stressing the consequences of national legislation calling for the creation of accountable care organizations, so the board knew a national transformation in health care delivery was in the works. Board members never questioned the system's purpose to provide patient care until the board chair asked serious questions when the CEO presented the plans to build Axis Health and commit more than \$6 million to it.

**3. Whom do we serve?** The central city for patient care. The board also knew its organization's community benefit programs were important to emergency department patients without adequate insurance and that the system also funded a special program to prevent early onset of diabetes in children. Queen County had the highest incidence of diabetes for children in

the United States.

With the board's decision to approve the construction of Axis Health, the mission of the system was no longer limited to providing patient care. How did the board come to the conclusion that it needed to examine the mission in light of the signs of the times? What was the revised mission? How was it developed?

After the board chair questioned the Axis Health expenditure, he and the CEO met. From their meetings, the CEO realized there were deeper dimensions to opening a fitness center for employees that may impact the organization's mission. After conducting a thorough literature search, he learned that Catholic health systems, including Catholic Health East and Christus Health, had pioneered a formal discernment process for decisions that had mission impact. He then developed a mission-based decision-making process that included three major steps: preparation, decision-making and follow through (see *Keeping Mission in Mind*, page 17).

### Clarifying Mission

Here's how the mission-based decision-making process was applied.

**Step 1: Preparation.** When the board chair and CEO met after Axis Health first was introduced, the CEO wasn't sure why they were meeting. He saw the creation of a fitness center as a new program just like the north side urgent care center the board approved eight months earlier.

The board chair began the conversation: "We are a community-owned, nonprofit health system located in the center of the county that primarily exists to provide patient care. You and I know the times indicate a movement toward ACOs. As I see it, the fundamental reason for existence of an ACO is not to provide patient care. It is to take on responsibility for the health of an enrolled population." The CEO agreed. "The fitness center you are proposing," the chair continued, "is not providing patient care, but is focused on health and wellness. And, if we do it right, it will help people who sign up, our mem-

bers, be healthier and reduce their risk factors for diseases like diabetes. As I see it, this is a fundamental change in mission."

That conversation was the beginning of several that led the CEO to prepare a revised proposal for the board that recommended changing the mission. The proposed mission read:

"Axis Regional Health System exists to provide patient care in its treatment facilities and to take responsibility for the health of enrolled populations."

Approving a change in mission with the aspiration to become an ACO was right for the system, the CEO believed. The key question that drove the CEO's proposal was: In light of the signs of the times, how does creating Axis Health impact mission?

In his proposal to the board, the CEO explained that the answer to the mission question "Who are we?" would not change. But, the answer to the question, "Whom do we serve?" would change. "We are broadening our responsibility to patients that are admitted to our hospitals and clinics to include members of our fitness center, Axis Health," he said. "As the board of Axis Regional Health System, you have the authority to change our mission."

The CEO's proposal emphasized that the answer to the mission question "Why do we exist?" would be expanded with the addition of Axis Health. For this reason, the purpose identified in the mission statement would need to be rewritten. The purpose of providing patient care would remain intact; however, Axis Health added a commitment to take responsibility for the health of enrolled populations. This immediately would affect population members at Axis Health, and ultimately impact the entire Axis Regional Health System.

The CEO had talked to several of the founders of the first hospital that spawned the health system to gain their insights regarding the Axis tradition and its impact on mission expansion. He learned that in the hospital's early days, the coal miners union had contracted with the hospital to take care of its members for an annual fixed fee. Although that contract lasted fewer than

10 years, it provided a historical precedent for today's decision. The CEO's proposal emphasized that taking responsibility for enrolled populations was likely to be with the system for the duration of its existence.

The CEO's proposal made it clear that the Axis Health decision would expand the system's geographic service area from Queen County to the seven adjacent counties where future fitness centers could be established as a part of the system's strategic plan. Axis Health also could impact community benefit when the system decides to offer fitness and prevention services to the poor in the community. He explained that readmissions to the emergency department for people unable to pay included a large number of uncontrolled diabetics. He foresaw that one day these people could be affiliated with Axis Health for stabilization of diabetic conditions through specific prevention initiatives.

The CEO's proposal stated that the passage of national legislation calling for ACOs makes the Axis Health proposal relevant. His proposal cited several alternatives, based on what other organizations were doing in similar situations. Purchasing an existing fitness center was one option. The most successful center in the county was owned by a national company and was not for sale. The other fitness centers in town had reputations for poor quality and a history of different owners that would be a major challenge to overcome. He ended his proposal with what he thought a prudent health system would do. First, he recommended the board change the existing mission statement. Second, he recommended the board approve the investment of \$6 million for Axis Health, which included a fund to offset operational losses for the first three years of operation.

**Step 2. Decision-Making.** The board chair reviewed the CEO's proposal several times during its development before having the CEO present it to the board's executive committee. He asked the committee after thorough deliberation: "In light of the signs of the times, what is our decision?" Committee members asked several questions

## Keeping Mission in Mind

The mission-based decision-making process

Use the following questions to guide discussions around major initiatives.

### Step 1. Preparation

1. What is the issue or project requiring a decision?
2. In light of the signs of the times, how does it impact mission?
  - Who are we? Who are our owners? To whom are we accountable? What authority do we have?
  - Why do we exist? What aspects of our purpose may be involved? Does the issue affect the entire health system or just a part of it? Who would be able to share insights regarding our tradition's impact on this issue? What is the duration of the impact on mission: a few years or the duration of our existence?
  - Whom do we serve? Does this decision change our geographic service area? Does it relate to patient care? To community benefit? Will it impact charity care? Will it affect outreach services to the community? Are we being loyal to the groups we serve in light of our tradition in the community?
3. What are the specific signs of the times that make this issue relevant now?
4. In light of these signs, what are the alternatives?
  - What do other organizations do in this case?
  - What would a prudent health system do in this case?

### Step 2. Decision-Making

1. In light of the signs of the times, what is our decision?
  - Because of this decision, do we need to amend the mission statement?
  - Does this decision advance who we are?
  - Does this decision advance our purpose?
  - Does this decision advance the health of the patients we serve? Or those who participate in our community benefit initiatives?
  - Does this decision demonstrate and/or advance the preferred culture of the health system?

### Step 3. Follow-Through

1. How do we follow up and review execution of our decision?
  - Did the decision advance our mission?
  - Was the decision implemented on time?
  - What, if any, were the unintended consequences?
  - What was done to deal with unwanted and unexpected consequences?
  - What should have been done differently?

about amending the mission statement. The homework the CEO had done helped answer them, especially the precedent of caring for the coal miners.

The questions the executive commit-

tee discussed were:

- Does this decision advance who we are?
- Does this decision advance our purpose?
- Does this decision advance the

health of the patients we serve?

- Does this decision impact the people we serve who benefit from our community-benefit programs?
- Does this decision demonstrate and/or advance the preferred culture of the health system?

With the board chair and CEO serving as co-leaders of discussion and deliberation, the executive committee came to the conclusion that the time had come to take a stand for improving health in the region, including Queen County and adjacent counties.

Of particular note was the strong view advanced by a board member, also the president of the local chapter of the American Heart Association. She made a strong case for the importance of reducing preventable heart disease preconditions in the system's service area.

the questions they wanted to address for the accountability report to the board at that meeting:

- Did these decisions advance our mission?
- Was the decision implemented on time?
- What, if any, unintended consequences occurred?
- What was done to deal with them?
- What should we have done differently?

Four months later at the board meeting showcasing Axis Health, the system's first fitness center, the board chair and CEO co-led discussion and deliberation of the follow-through review. The board was pleased with the on-time and under-budget construction of the fitness center. The questions raised dealt more with how the board would

impact. Here are several steps boards can take to enhance decision-making with mission in mind:

- Include the mission statement as part of the material board members review in advance of each board and board committee meeting.
- Use the mission to guide board decision-making. Prior to making a major decision, ask: "Is this decision consistent with our organization's mission?" If questions about mission relevance arise, table the decision until the questions are resolved.
- Review and discuss mission-based decision-making during new board member orientation.
- At a board meeting education session or as part of a board retreat, review the process and discuss the types of decisions that might trigger its use.
- Critique how the board used the process to make an important decision. Identify strengths and opportunities to improve.
- Consider sharing with key stakeholders the board's commitment to and use of mission-based decision-making as a way to ensure their health care organization's actions are consistent with its commitments to the communities it serves.

## Stewardship of the mission is the board's fundamental fiduciary and strategic responsibility.

Everyone on the committee knew she had lost both parents to heart attacks. Her passion for preventing heart attacks came through as she shared her own journey with weight loss and smoking cessation to reduce her risk of cardiac disease, thanks to the strong recommendations of her physician, who also was an Axis Regional Health System board member and noted internist in the community. After a thorough review of the committee's recommendation, the board approved both of the CEO's recommendations.

**Step 3. Follow-Through.** Three months after approval of the revised mission statement and the \$6 million construction of Axis Health, the CEO and board chair met at the downtown construction site of the framed-in fitness center. The CEO explained that construction was projected to finish under budget and two months ahead of schedule. The board chair was delighted and asked that the board meeting be held at the new site before the grand opening four months later. Then, they talked about

continue to monitor the effect of the revised mission statement.

A physician board member pointed out that building the fitness center was a positive first step to actualize the mission responsibility for an enrolled population. She asked what incentives would be provided to employees to join Axis Health. The CEO responded that a proposal now was being developed for how this would be accomplished within six months. After a thorough review, the board accepted the follow-through report and thanked the CEO.

### IMPLICATIONS AND ACTIONS FOR BOARDS

Boards often make decisions without using a robust, structured process to guide them. The lack of such a process, and other factors that can lead to bad decisions (see "Avoiding Bad Big Decisions" in the fall 2011 issue of *AHA's Great Boards*) can be particularly disastrous, especially when boards take action that affects the organization's mission without addressing mission

### CONCLUSION

In this time of full agendas for pressing fiduciary and strategic matters, it would be easy to put off beginning the conversation about mission congruence. Because stewardship of the mission is the board's fundamental fiduciary and strategic responsibility, it needs to be given a high priority. If your board has not already done so, develop a process of board engagement to ensure governance decisions and actions are consistent with the organization's mission. Stakeholders expect it; good governance demands it. **T**

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