

Trustee Insights

TRANSFORMING GOVERNANCE



TRUSTEE TALKING POINTS

Boards of successful hospitals and health systems work tirelessly to:

- Promote behavioral expectations for care delivery and patient experience.
- Develop a genuine partnership with the CEO and his or her management team.
- Hold the senior leadership accountable for cultural attributes and evolution.
- Ensure that the organization's choices and actions are aligned with its values.

Strengthening Culture through Good Governance Practices

How boards of leading organizations keep their focus on values and standards of conduct

Editor's note: In the first article of a series on cultural oversight, we explored several ways a trustee can help create an ideal hospital/system culture. This second article provides more advice from five health care executives, this time on the governance practices and interactions among board members, management and communities that strengthen an organization's culture and enhance its effectiveness.

BY RAY VALEK

Mark Ganz, executive chairman and former president and CEO, Cambia Health Solutions, Portland, Ore., holds

a strong belief in keeping his organization focused on whom it serves. The challenge for Cambia, he said, is creating cultural norms that consistently result in good experiences for

patients and families.

The board sets the tone for the entire organization by asking how proposed decisions or initiatives are aligned with Cambia's values of innovation, accountability, trust and so on. "If they're not, we have a good conversation about it. And that's how we, as a management team, learn from board members' experience and their perspective," Ganz explained. He and other leaders also spoke of the importance of hearing directly from patients and community members about their experiences.

"Culture is what is seen and observed, as opposed to what is read," Ganz stated. "We have very clear values and those are in writing, but we recognize that having them

in writing is only the beginning. What's really important is how they're taught, how they're enforced on a day-to-day basis, and how we hire people. Values live in people and are expressed through people."

For example, one of Cambia's cultural values is hope, he said. "We have hope, a deep hope, that health care can be transformed, and it informs everything we do." When looking to hire staff or add board members, Ganz said he tests that question. "And if they don't have a hope, if they don't have a deep seated belief and conviction that then leads to a desire to change the game in health care, we don't hire them. Plain and simple. Because you can't teach that. It's like people either have it or they don't. But to me, that's culture. It's what people actually do every day, and what beliefs guide them in the decisions that they make and the way they interact with others inside the company, and most importantly, how they interact with people we are here to serve."

Working as partners for effective governance

Teamwork is a value that helps define the culture at Virginia Mason Medical Center, Seattle, and contributes to "the way we do things here," according to Gary Kaplan, M.D., chairman and CEO. Transparency, another important attribute of the organization's culture, is reflected in a series of compacts about reciprocal expectations, including those at the board level.

"I think the best organizations have a true board-management partnership," said Kaplan. "That means

respecting, understanding and being transparent about the line between governance and management." However, while understanding the importance of staying in their lanes, board members must not hesitate to become fully engaged

of each year in helping the organization to establish goals around seven pillars of excellence: quality, safety, service, people, finance, growth and community. This exercise gains board input and buy-in into more than 20 system goals across the

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in all aspects of the organization, he emphasized.

Virginia Mason encourages its board members to attend weekly "report out" sessions and "stand up" meetings, where process improvement solutions are presented to quality and safety leaders, who in turn can provide immediate feedback and recognition. As part of their orientation, board members also immerse themselves in learning about the Virginia Mason Production System, which is based upon the lean management method developed by Toyota, and in practicing its tools and methods alongside members of the health system's team.

The board of Sharp HealthCare, San Diego, holds the organization true to the vision expressed in the Sharp Experience — becoming the "best place to work, practice medicine, and receive care." The board is actively engaged at the beginning

seven pillars each year.

For example, under the quality pillar, Sharp will establish goals that raise the bar on the previous year's goals or replace them with new ones, Michael Murphy, former president and CEO, said. Quality goals can relate to reducing hospital-acquired infections, improving hypertension control among the ambulatory population, or other quality measures. The board's quality subcommittee reviews performance on these goals at every quarterly meeting throughout the year.

Across the system, and inclusive of its board members, "Sharp has a very visible dashboard with specific performance indicators" for the seven pillars, said Sharp's executive vice president, Dan Gross. The indicators "measure and quantify outcomes relating to our progress in becoming the best place to work, practice medicine, and receive care," he said.

Managing executive succession

Michael Murphy said the idea of culture came up often during discussions about his impending retirement. “There was never the word ‘culture’ on the agenda, but when they formed the search committee, I would say both at the full board level and within the search committee, the word ‘culture,’ and the concept of culture and what they all believed culture meant, was discussed all the time,” he recalled.

standard for each month of the year, he explained. The standards are disseminated throughout the organization and promoted through Sharp University as the types of behavior all the organization’s members should embrace, such as respecting privacy and confidentiality, emphasizing teamwork, having good electronic communication manners, helping patients and family members find their way, and more.

To uphold the basic framework of the Sharp Experience, Sharp

culture as one of the most important influencers of organizational success. Ensuring good stewardship of the organization’s culture requires challenging the senior leadership team with good questions, leaders said.

Ganz wants Cambia’s board members to ask: “Why are we here? Why do we exist? And what is our core, fundamental purpose? What are the values that drive that? What is our vision, our cause? What is it that we in a sense must do, are compelled to do, because of our values?”

Kaplan welcomes questions that help keep Virginia Mason true to “our values of teamwork, integrity, excellence and service.” “What do the leaders pay attention to?” he encourages others to ask. “How do we act? Do we exhibit behavior that is reflective of the culture we say and think we’re about? Or is it ‘cross purposes’ behavior, not reflective of our espoused values, our espoused culture?”

A defining feature of Indiana University Health’s culture occurs every Wednesday at noon, when representatives of all the hospitals within the health system — including the leaders of the quality activities, their chief nurses, and their chief medical officers — call in and talk about something that didn’t go right, what to learn from it, and how to fix it. This “open, transparent culture” is a “core part” of all board and management activities as well, said Dennis Murphy, president and CEO of the Indianapolis-based system.

Sharp HealthCare completed a self-assessment and found that, overall, things were very good. “But we also found that we couldn’t

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Michael Murphy, former president and CEO, Sharp HealthCare

In addition to wanting candidates with experience as a CEO and with the necessary educational background, the board looked for candidates who would “fit culturally,” he said. For example, given Sharp’s collaborative environment, the board wanted a new CEO who would be comfortable and effective within this setting — rather than someone who tended to make decisions without receiving input from others.

Helping to orient employees

Sharp developed 12 behavioral standards that are used to assist with behavioral interviewing, personnel selection and ongoing performance review of all staff and leaders, Gross said. There is one behavioral stan-

HealthCare receives the board’s help in encouraging employees to engage with the community — and in setting annual community performance indicators that are tracked along with the organization’s other performance measures, Gross explained. One community performance indicator is donating blood to the San Diego County blood banks. Another has been contributing 5,000 hours of community service to the San Diego Food Bank, the cleanup of San Diego’s beaches, the work of the American Heart Association, and other organizations and causes.

Asking tough questions

Boards of hospitals and health systems such as these recognize

differentiate ourselves in a significant way from others,” Gross remembers. “And so that was the genesis of ‘How do we move from good to great?’” The organization started a journey to identify great organizations across the country and ask what made them different from their competitors. The organization took those learnings and reshaped a vision for the health system that became the Sharp Experience and, in Gross’s words, a reflection of “our culture, our brand promise, who we are, and what we value and do.”

Ray Valek is a contributing writer to Trustee Insights.

TRUSTEE TAKEAWAYS

Culture is one of the most important influencers of organizational success. Asking tough questions can help boards to ensure their good stewardship of the organization’s culture, for example:

- What is the fundamental purpose of our organization? What values drive this purpose, and what must we do because of those values?
- How do we act on our values? What behaviors do our leaders pay attention to? Are we walking our talk to serve patients and the community?
- What didn’t go right this week? What can we learn from it? How do we fix it?
- How do we move from good to great? What are the barriers? How can we help our leaders overcome them?
- Does our board have a healthy, arm’s length relationship with the CEO? Are we challenging the management team, and asking all the right questions, to drive real change?