The Board’s Role in Digital Transformation

BY JENA ABERNATHY AND DOUG GREENBERG

Facilitating digital transformation demands that boards appreciate its urgency, move past the hype and fulfill strategy at their hospital and health system via digital transformation-related needs assessment, plan execution and evaluation of results and outcomes.

What encompasses digital transformation? It taps technology, resources, process and talent to achieve strategic imperatives — clinical, financial and operational. Digital transformation is profound and far-reaching. It has the power to permeate every corner of the hospital or health system — from stakeholder, patient and employee experiences to data-driven decision-making and process automation.

Here we describe how boards can support C-suite executives in the digital transformation process.

Appreciate the urgency and lasting value of digital transformation

Digital transformation integrates the latest technologies with human-centered transformation to fulfill an organization’s mission, vision and values, and drive clinical and business results. DT also comes with lessons learned.

The still-evolving COVID-19 pandemic has exposed the power of DT to compensate for revenue shortfalls, extend the workplace, create new models of care and perform within the constraints of a health and financial crisis. These challenges are likely to continue in the months ahead as health care copes with a still-raging pandemic. A fourth wave could mean revenue losses, declines in patient volume, reimbursement cuts and limitations on government aid.

Now is the time for boards to revisit existing DT initiatives or facilitate the launch of a reengineered DT process.

Move past digital transformation hype, mythology and stereotypes

Investment in single technologies like blockchain, data analytics, virtual reality or wearables does not equal authentic digital transformation. Boards can help build consensus around a shared definition of DT and its ability to enhance clinical, financial and operational performance. To do so, boards need to question DT-related hype and myths. Here are some of these myths, debunked:

Myth one: “If you understand technology, you’ll understand digital transformation.”

Reality: DT failures cannot be blamed on a scarcity of tech knowledge, skill and experience. DT initiatives typically fail because of poorly aligned leadership, resistance to change and overinvestment in the technology fix of the moment.

DT taps technology to transform the health care organization — from how it adds services and expands into new markets to how it can be
used to collaborate with partners and build alliances and how it interfaces with patients and consumers. DT blends the best technology available with the people-centered process of transformation.

**Myth two:** “The guys in IT can handle digital transformation. They’ve done this before.”

**Reality:** DT isn’t a job reserved for those with titles like CIO, CTO, CSO, CNIO or CMIO. Instead, DT is a broad-based initiative that touches every level of the organization. The best approach is to engage every C-suite executive in DT, relying on the CEO to integrate digital elements with person-focused transformation.

**Myth three:** “We can bring this home in six months if we get everybody involved.”

**Reality:** DT is like any process; it’s a journey, not a destination. DT is an all-encompassing strategy for doing business. Over time, DT can evolve into a fresh way to work through decisions, conflicts, problems and strategic execution.

**Myth four:** “We need to go big and go wide; bigger is always better.”

**Reality:** DT requires targeted approaches that achieve goals and deliver results. Investing in massive rather than incremental change creates stakeholder confusion, frustration and resistance. The best strategy: Zero in on plans that solve operational, clinical and financial challenges and enhance the stakeholder experience.

DT is grounded in what health care stakeholders need and what they hope to experience through the hospital or health system. Boards can help by making a case for stakeholder feedback via focus groups and online and in-person communities.

### Offer input into a digital transformation road map or blueprint via a multistep process

Questions for the board to consider as your hospital or health system develops a digital transformation road map:

- **Assessment.** What DT initiatives are already in place? How well is DT progressing? Where are the barriers and roadblocks? What are the short- and long-term goals of DT?
- **Competitors.** How have competing health care organizations moved forward on DT? What are the most notable DT achievements within other industries — from retail, manufacturing and financial services to media, real estate and transportation?
- **Priorities.** What elements or categories of DT should receive the highest priority? What organizational challenges are high priority, easy to target and likely to generate measurable improvements?
- **Planning process.** What type of plan and process will facilitate DT? How should the plan track and measure the outcomes of digital initiatives? What financial, human and material resources does the plan require for full implementation?

### Influence digital transformation strategy — from needs assessment and alignment with strategic imperatives to implementation, monitoring and evaluation, and adjustment.

Recommendations for the board in executing digital transformation strategy include:

- **Sustainability.** Make sure the DT strategy is enduring and sustainable over time. Will the strategy achieve its promised business and clinical results over the next three to five years and moving on through 2030?
- **Alignment.** DT strategy should align with your hospital’s or health system’s strategic imperatives. Is the strategy likely to achieve accurate and measurable clinical, operational and financial results? For example, will it enhance supply chain, resource management, customer experience or retained earnings? Will it boost the organization’s agility, productivity, resilience and other indispensable traits?
- **Impact.** DT should transform every corner of the organization. Will DT precipitate change involving patients, operations, care delivery and payment? How will it reshape safety and quality, finance and technology? And how does DT redirect and enhance relationships with providers, payers, government, consumers, suppliers and communities?

### Ensure that digital transformation supports the transition to an enterprisewide data-driven culture.

Consider how digital transformation will change the way your hospital or health system builds digital skills and deploys high-caliber talent. How would commitment to DT from the CEO and board down through middle management drive success?

DT is not simple, fast or easy. Instead, DT is a broad-based initiative that touches every level and corner of the organization. It calls on boards to monitor multiple variables throughout plan implementation.
Success and failure hinge on disciplined change management.

Questions to consider:

• **Strategy:** Has your hospital or health system built an integrated DT strategy with clear, concrete goals and objectives?
• **Leadership:** Is your leadership team fully committed to DT? Are managers and front-line staff informed, involved and engaged with the DT process?
• **Talent:** Does your organization have the talent — and talent management processes — to implement a talent management system? Does it have the resources and systems to recruit and retain talent or develop talent from within?
• **Board savvy:** Has the board adopted a framework and mindset to strengthen and accelerate DT? Are mechanisms in place to track clinical, operational and financial outcomes?
• **Technology:** What process will your hospital or health system use to select specific technologies and digital platforms?

**Turbocharge the digital transformation journey**

Digital transformation represents a fresh opportunity for hospital and health system boards to reexamine how their organizations can deliver value to patients, consumers, clinicians, and business and clinical team members.

Boards can turbocharge the digital transformation journey. They can align objectives with business and clinical goals, facilitate collaboration between IT and management, open the door to strategic partners, and reengineer products and services around stakeholder outcomes. For digital transformation, the future is as broad as our imagination.

**Jena Abernathy** (jena.abernathy@kornferry.com) is a senior client partner and sector leader for health care board services at Korn Ferry International, specializing in C-suite and board-level searches. **Doug Greenberg** (doug.greenberg@kornferry.com) is the North America market leader for health care and the global sector leader for health care technology and services, also at Korn Ferry International, where he focuses on recruiting senior-level executives.

Please note that the views of authors do not always reflect the views of the AHA.

**TRUSTEE TAKEAWAYS**

Board members are invaluable in facilitating digital transformation and have multiple options for getting involved. Consider these possibilities:

• Research and review digital transformation systems and technologies, identifying how they could enhance the business.
• Collaborate with senior management on vision, strategy, plan and budget.
• Review how digital transformation aligns with your organization’s strategic imperatives, mission, vision and values.
• Evaluate systems and technologies that could facilitate or accelerate digital transformation.
• Review strategies for enterprise-wide partnership and collaboration.
• Track the ongoing impact of digital transformation on business and clinical performance.