

Trustee Insights

INNOVATION



Is Your Board Ready to Lead into the Future?

Why health care boards need bold leadership in a time of rapid transformation

BY CRAIG DEAO

Faced with industry pressures that span across the organization, health care management has an urgent list of priorities to balance the daily needs of the business with growth goals. Yet, in many organizations, long-term strategic planning has not progressed beyond an annual exercise, as both manage-

ment and their boards have become bogged down in the search for solutions to resolve today's complex challenges.

Leaders do not need all the answers to be successful in an increasingly disruptive and intricate landscape. What they need is a more effective process for decision-making and planning, along with a board that has the skills and innovative mindset to help bring the organization's strategic vision within reach. As the industry rapidly evolves with advancements like generative artificial intelligence, or Gen AI, so must health care board

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Focusing on the Future to Overcome Health Care's Greatest Challenges

Increased pressure to drive efficiency and improvement across the organization has given way to a wider scope of challenges as health care leaders grapple with ongoing financial pressures and workforce shortages. What stands out is the even level of impact that leaders report these challenges have within their organizations.

For example, data-driven decision-making, supply chain transformation, cost optimization, regulatory compliance and portfolio redesign — the restructuring of services and assets for optimal performance and quality — surface as the top five challenges in Huron's recent [survey of health care executives](#).

Boards can support management through today's immense challenges by keeping the long-term vision in clear focus to ensure decisions help achieve the desired future state. Without the board also encouraging management to take a broader

perspective, health systems will continue to prioritize immediate solutions to make the day-to-day operations more manageable, creating a repeating cycle of short-term fixes that may not resolve core problems or prepare them for the future.

Boards that can toggle away from the daily execution and take a more proactive approach by focusing on growth and exploration will give organizations a head start on the needs of tomorrow, putting them in a position to pioneer change rather than be disrupted by it.

Modernizing the Structure and Skills of the Board

Virtual care delivery, technology infrastructure, digital management and analytics, and diagnostic and Gen AI are among the top trends and investments health care executives are focused on this year, according to Huron's survey.

To draw the most value from digital investments and evolve care delivery to meet the [shifting needs of today's consumers](#), health care organizations must recognize and shed outdated traditions and governance that stifle change and innovation. For example, guiding principles and bylaws that allocate a high percentage of board seats to represent specific interests or groups may no longer be in the best interest of the organization — and in some instances create conflicts of interest.

The modern board needs competencies and skill sets alongside representation and passion to add the requisite talent that will advance the organization amid rapid transformation and digital evolution.

Technical skills are non-negotiable prerequisites for management and boards alike as health systems become more digitally connected.

Leaders rank data management and analytical decision-making within their top three strategic growth priorities, and AI adoption is a top priority for 70% of organizations. As data analysis and AI become an increasingly important part of an organization's future, the board's knowledge in this space must keep pace.

It is not just technical skills that boards need. Board members will always be valued for their leadership competencies, which should increasingly include attributes such as creative problem-solving and emotional awareness in an industry centered on people and empathy. While boards do not need to be experts in everything, the ability to ask the right questions is an invaluable skill when setting the strategic direction of the organization.

Funding the Path Forward through Board-Led Growth and Innovation

While most organizations have implemented traditional cost and performance improvement levers to optimize financial performance, these tactics have proven insufficient to adequately address the scale of challenges health systems face. The headwinds of an aging population, shrinking payer mix, accelerated cost inflation and ongoing clinical workforce shortages have breached the cost-subsidization wall that has been the historical lifeblood of hospital system operating performance.

Bringing the organization's vision into reach cannot be done without strategic growth and financial planning. Beyond evaluating how decisions support long-term goals, boards should be assessing how existing and planned investments build long-term value and support growth aspirations.

Boards can contribute to a performance-oriented culture of accountability where everyone takes personal responsibility for financial outcomes. Building data analytics and reporting processes will enable the board to spend less time monitoring financial achievement and recommending remediation plans.

With enhanced visibility of key performance metrics, boards can shift some of their focus from financial optimization to building the business for the future. This means identifying transformational growth opportunities that drive strategic revenue growth and being open to the idea that they may not be within the four walls of the hospital.

As demand grows for alternative sites of care and advanced analytics become integral to how health systems operate and deliver precise care, board members must keep their pulse on the direction of the industry. Some of the greatest opportunities may not be tied to a specific service line, facility or business function.

Consumer engagement, care access, value-based care models, population health, advanced technology and workforce design were identified by leaders as key trends and growth areas. Revenue cycle automation and sources of digitally enabled revenue may be key opportunities to offset cost pressures as health

systems look for ways to maximize the value of their digital investments.

The complexities of today's challenges and the technological and economic uncertainties require all hands on-deck. Adequate planning and modern skill sets are needed to balance the tyranny of the urgent with what is coming next.

Large-scale disruption and

advancements like Gen AI are only accelerating the pace of change, making it harder to compete.

Health care boards expect management and staff to perform at the top level, but board members must also be at their best to keep the organization moving forward to provide the care their communities need for years to come.

Craig Deao (cdeao@hcg.com) is managing director, Huron Consulting, based in Pensacola, Fla.

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