

Trustee Insights

BOARD EFFECTIVENESS



Six Ways a Trustee Can Help Create an Ideal Culture

Health care leaders offer keen perspectives on the board's role in shaping culture

Editor's note: Culture is one of the most important influencers of organizational success internally and externally. Boards need to understand that culture is often first defined, modeled and ultimately sustained by the board and organizational leadership. The following is the first in a series of articles exploring board stewardship of cultures that empower organizations to address challenges and achieve strategies and goals.

BY RAY VALEK

More than simply a committee name or a line item on a meeting agenda, the culture of a health

care organization is readily felt and observed by patients, families and employees alike. There's no hiding it, even if the word "culture" is never spoken in a board meeting.



TRUSTEE TALKING POINTS

- The culture of a health care organization is readily felt and observed by patients, families and employees alike.
- The word "culture" is generally used and discussed within the context of issues and challenges facing the organization.
- Board members have multiple opportunities to make a difference in an organization's cultural landscape.
- For example, boards can adopt the patient's perspective and hold the organization to its vision and mission.

Trustee Insights interviewed five health care executives (see "What is culture?") to gain their perspectives and advice on how board members can help organizations create ideal cultures. Their definitions of culture are somewhat alike, but their advice reflects the diversity of their experiences.

How can board members influence culture?

The consensus among the leaders was that the word "culture" is generally used and discussed within the context of issues and challenges facing the organization rather than as a separate concept. Their ideas helped *Trustee Insights* to identify six ways a board member can make a difference in an organization's cultural landscape.

1. Adopting the patient's perspective.

Service to patients and community is at the core of any health care organization's work. But the business of health care can sometimes cause providers to lose sight of the human element. Virginia Mason's Kaplan said that, when he was a brand-new CEO, he was asked by his board, "'Who's your customer?' We said, 'The patient.' They said, 'Well, if that's the case, why do things look the way they do?'"

He said this conversation led to a transformational journey the board has been part of from day one. "Every single board meeting starts with a patient story with a patient in the room," Kaplan explained. "And the board has said that we want more than half of those stories to be

What is culture?

"Culture is the real-life expression of our values. Plain and simple." — **Mark Ganz**, executive chairman and former president and CEO, Cambia Health Solutions, Portland, Ore.

"Culture is a composite of how we live and what we value within the organization." — **Dan Gross**, executive vice president, Sharp HealthCare, San Diego

"Culture is the way we do things here — our values of teamwork, integrity, excellence and service." — **Gary Kaplan, M.D.**, chairman and CEO, Virginia Mason Medical Center, Seattle

"Our culture is open, transparent and focused on quality and safety." — **Dennis Murphy**, president and CEO, Indiana University Health, Indianapolis

"Culture is the behavior, customs, values and morals of how our people go about their work, each and every day." — **Michael Murphy**, former president and CEO, Sharp HealthCare

negative stories."

All of the leaders interviewed said the board reviews data that reflect how well the organization is serving patients, as well as data on employee and physician satisfaction. These data include quality and safety performance, patient satisfaction and experience, employee turnover, and more. Dashboards summarizing performance on these kinds of measures range from electronic screen views updated in real time to printed reports distributed prior to or during meetings.

"The best way for the board to be able to ask the questions, and to govern and help ensure that the culture they have defined and want is present, is to put data in front of them that will stimulate their thinking and questions," Gross said.

2. Holding the organization to its vision and mission.

Both Gross and Michael Murphy spoke of the board's role in holding Sharp HealthCare true to the vision expressed in the Sharp Experience — striving to be the best place to work, the best place to practice medicine, and the best place to receive care. This basic framework is supported by seven pillars of excellence — quality, safety, service, people, finance, growth and community.

The board for the system, which includes four full-service and three specialty hospitals, looks at performance metrics under each of these pillars. "It's a way for the board to be engaged and to support, govern and own how the organization performs

each year,” Gross stated. Each of the seven pillars typically has two or three performance indicators that are measured and rated each quarter on a scale from four to zero, with a final review at the end of the year.

These performance metrics tie into executive performance reviews, including merit and incentive pay, Gross explained. “It all creates an alignment with all of leadership in terms of what it is that we seek and hold to be true and valuable to the organization,” he said.

Indiana University Health’s Dennis Murphy said good boards hold management to a higher aspirational level. “Most management teams can get stuck in the day-to-day. Boards can push management to do more and be better,” he explained. “They can liberate management teams to think bigger and develop important ideas for what the organization can do.”

3. Improving performance.

Sharp HealthCare’s Michael Murphy prefers to describe the process of developing and implementing the Sharp Experience as a performance improvement initiative rather than culture change. “It was a performance improvement initiative to get better at everything we do, including culture,” he stated. “The vision statement and our commitment to the seven pillars of excellence, our balanced scorecards at the system and entity level, with their related goals by pillar and countless other attributes of the Sharp Experience, keep the organization focused.

“We are a much better organization today than we were 20 years ago, and we work to get better each

and every day,” he emphasized. “We have better quality results. We have better patient satisfaction. We have better employee satisfaction. We have better physician satisfaction. We have market share growth. We have better financial performance.”

The board’s active engagement in understanding the importance of systemwide performance improvement goals and supporting this strategy leads to the system’s four entity boards establishing goals in alignment with the system’s goals, he explained. “At the end of the year, we are working toward the same metrics at both the entity level and the system level,” he said. “That’s how the board evaluates our performance, according to these goals.”

4. Collaborating and engaging with management to solve problems.

Another common theme running through the leaders’ comments was the importance of establishing a trusting, honest and collaborative relationship with board members. “I call it full contact sport,” Cambia Health’s Ganz said — a transparent and mutually supportive working relationship in which “everybody wants the organization to be successful, and we’re working collaboratively together to ensure that we perform at our best level and achieve our goals.”

Virginia Mason, which pioneered the application of Lean methods in health care, requires its board members to be part of a two-week mission to work in the factories of Japan, where Lean methods

originated, with other members of the health system’s team. “This is where we practice our tools and methods and one of the ways we embed our management system in our organization,” Kaplan said.

Sharp HealthCare has its board members attend annual assemblies for all 18,000 staff members and for all physicians, Gross said. These assemblies recognize excellent team members from throughout the system, feature patients telling their stories, and include a “state of the union” update. “It’s an opportunity for us to educate, inspire and acknowledge our staff and to celebrate our success,” he stated.

Indiana University Health practices “immersion days,” when board members go to various parts of the health system to validate what management has been telling them and to see and feel what’s going on within the organization. “It’s one thing for me as the CEO to tell them something, but they need to make sure it’s accurate,” Dennis Murphy said.

5. Demanding transparency.

Kaplan spoke of the importance of honesty and engagement between the CEO and board “as opposed to kind of keeping them at bay, only informing the board of things we want to keep them informed of, but keeping certain topics off limits. That’s not the way we interface with them,” he explained.

Because Virginia Mason sees transparency as an important attribute of its culture, the organization embarked on a series of compacts, starting with a physician compact,

about the reciprocal expectations that every doctor has every right to expect from the organization and, reciprocally, that the organization has every right to expect from its doctors. "When a physician expresses interest in a job at Virginia Mason, they get a letter from me and a copy of our compact," he explained. "Most physicians would say, 'That's really cool.' And maybe five percent or less would say, 'I'm not sure I want to work in a place that's that clear.'"

Soon thereafter, Virginia Mason's leaders and board expressed the desire for a compact as well. "That speaks to, I think, a culture that's very predicated on transparency," Kaplan said.

6. Using diversity as a means to betterment.

The leaders talked about using diversity to enrich culture and to provide points of view that help the organization better achieve its mission. For example, Dennis Murphy said Indiana University Health faced a core question after the passing of the Affordable Care Act of whether the organization should require patients eligible for Medicaid expansion to sign up.

TRUSTEE TAKEAWAYS



- Performance data can show the board how well the organization is serving patients and supporting its workforce.
- Transparency can clarify reciprocal expectations among stakeholders and facilitate organizational transformation.
- Trusting, honest and collaborative relationships with board members can help the management team to solve problems.
- Integrating diversity into a culture can yield points of view that help the organization better achieve its mission.

The question came before the values committee of the board, which included a Methodist bishop, a federal judge, a health policy finance professor, and various other individuals representing different points of view. After discussing the question, they decided that if someone is eligible for Medicaid, the organization should facilitate enrollment to be good stewards of its resources.

Ganz said Cambia has recruited board members from industries that are "frankly, way ahead of health care in understanding how to serve individuals and delight them." Board members include a Nike product and marketing executive, a long-time chief financial officer of Nordstrom, and the chief innovation officer for the Department of Health and Human Services during the Obama Administration.

Having the ability to integrate diversity into a culture can serve as a competitive advantage. "A large primary care practice with close to 30 primary care physicians recently joined us," Virginia Mason's Kaplan explained. "They were courted by most systems in our community with bigger, deeper pockets, but made the decision to join us because of our culture and values and the alignment. The role of the team, the way we think about teams, the role of the doctor, are all important."

Next: How boards can partner with management and the community to strengthen cultures

Ray Valek is a contributing writer to Trustee Insights.