

# Building a Lasting Impression

Intangibles like organizational culture and values demand the board's engagement and oversight

By Joe Tye and Anne Hancock Toomey

When someone walks into your hospital, his first impression is created by the physical architecture. But his lasting impression — and what he is most likely to talk about when he returns home — will be determined by what we call the “invisible architecture” of core values, organizational culture and behavioral expectations. Ironically, while we design buildings down to the precise location of every light switch and shade of wallpaper, more often than not invisible architecture is allowed to evolve without a plan.

A hospital board should take an active interest in the organization's invisible architecture for three reasons. First, it will profoundly impact its competitive position, financial performance, and ability to attract and retain the best people — all of which are important matters for board oversight. Second, as the public face of the hospital, trustees should be able to articulate the unique values and culture of their organization. Third, clarity on invisible architecture is an essential risk management strategy. From the meltdown of Enron to the current ethics travails of Johnson & Johnson and Walmart, we've seen that flawed corporate cultures and failure to act in accordance with values can be more detrimental to an organization than failed business strategies.

In our work with hospitals, we use a construction metaphor to help define the invisible architecture. The foundation is core values, which establish what you will and won't stand for. The superstructure is corporate culture, which is the personality and character of the organization. Interior finishing is the be-

havioral expectations that delineate how people should treat each other and do their work. The board should be engaged in the design of the invisible architecture in much the same way that it's engaged in business strategy or development of new facilities: in an oversight and monitoring role.

## Core Values

The board should challenge hospital leadership to formally establish a statement of core values. It should insist that this statement be authentic and not a boilerplate that's been force-fit into a cute acronym or written to meet public expectations. Questions the board should ask about values include:

1. Why were these values chosen and others left out? Because there are hundreds of ways to phrase values, this is an important process for establishing organizational identity.

2. Do these values reflect who we are as an organization and who we want to be in the future? Core values should be both descriptive and aspirational. They must mirror who we are today while inspiring continuous improvement for the future.

3. Are our values operationally relevant? In addition to warm and fuzzy concepts like compassion and integrity, should we elevate essential operating parameters such as productivity and loyalty to core value status?

4. Are our values socially relevant? Do they reflect our societal responsibility for the underserved, the environment, public health and behavioral health?

5. Would we keep these values if our organization was punished for following them? For example, voluntarily reporting a Medicare violation could result in substantial fines — but integrity is not a core value unless leaders are willing to pay that price.

Failure to act in accordance with values and flawed corporate cultures can be more detrimental to an organization than failed business strategies.

6. Are our values worded in such a way that they inspire employees to take ownership of them because they resonate with their own personal values?

7. How would an outsider see our values being reflected (or not) in the attitudes and behaviors of our employees?

8. How often should we revisit and, if appropriate, revise our statement of core values? (See “The Board's Role in Creating a Culture of Ownership” in the August 2010 issue of *Trustee* for a story about how Tucson Medical Center revised its statement of values.)

## Organizational Culture

“Culture eats strategy for lunch” is a truism that's been proven countless times.

Your hospital no doubt has a strategic plan, but does it have a corresponding culture plan? In his book *Strategy and the Fat Smoker*, consultant David Maister says we all know what the strategy should be: delight our customers and do more with less. The problem is not with the strategies, it's with a culture that fails to inspire people to take ownership of their role in executing them. Questions the board should ask about the hospital's culture include:

1. How would we describe our culture to a prospective patient, new employee or physician recruit?
2. How do we use the recruiting and new employee orientation processes to hire and onboard people who will fit with and not detract from our culture?
3. What strategies and tools do we use to reinforce our desired culture, including performance appraisal, budgeting, education and training, formal and informal celebrations, and technology?
4. What strategies do we use to engage physicians and other providers in shaping and taking ownership for our ideal culture?
5. How do we capitalize on our hospital culture to create a competitive advantage in attracting patients and in recruiting and retaining great people?

### Behavioral Expectations

This is where high-minded principles of values and culture get translated into everyday attitudes and behaviors. Questions the board should ask about

behavioral expectations include:

1. What are our zero-tolerance behaviors? These should include dishonesty, abusive and bullying behavior, and gossip about patients or co-workers, all of which violate fundamental principles of integrity, respect and dignity.
2. What mechanisms do we use to establish these expectations in the minds of employees, volunteers and physicians, and to teach people how to deal with transgressions? Role-playing exercises can be powerful training tools here.
3. What methods does administration use to gauge the emotional attitude on each work unit, and what are strategies to intervene in problem areas?

### The Development Process

The first step to crafting invisible architecture is to gain consensus that clarifying values, culture and expectations is critical to organizational success. Values and cultural expectations should influence every decision an organization makes and guide how it acts in the face of opportunity and challenge. It is often helpful to bring in a third party to help facilitate the process. A neutral advisor can bring perspective, objectivity and direction to an otherwise subjective and emotional process.

It's important to engage as many people as possible. Employee satisfaction correlates strongly with patient satisfaction, which increasingly is becoming an indicator of reimbursement. However,

in a 2010 Press Ganey survey of 300,000 hospital employees, 45 percent responded that they are "detached, discontented or distanced" from their hospital. It's in the board's interest to engage employees in a meaningful conversation about values and culture.

Most importantly, invisible architecture must be lived every day within an organization and reinforced by its leadership. Not living your values renders them meaningless in the eyes of your employees and physicians, and it also threatens your reputation. The board should periodically monitor values compliance and culture performance in the same way that it monitors ethical compliance and financial performance.

### Engaged in Performance

The invisible architecture of your hospital affects every aspect of operations: clinical quality, patient safety and satisfaction, employee engagement, productivity and financial performance, and your reputation. The board should be as engaged in how the hospital designs and builds this unseen element of performance as it is in those aspects that can be seen and measured. **T**

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