Revisiting the Mission

by Andrew Chastain

Recently, I sat in a board meeting of a leading U.S. health system as trustees were discussing their strategic vision for the system, and how the rapidly changing health care field, marketplace and regulations were having a profound impact on its future. After a particularly contemplative exchange, one of the long-time trustees wondered openly, "Is our mission still relevant? We used to 'serve the sick' but now we are focused on the community's wellness and health."

Like many systems, this organization is shifting its delivery model in response to environmental pressures, the Affordable Care Act, the changing economy, and other factors. But, like other systems, it also has not completely transitioned to an entirely new way of doing business – rather, it is hedging its bets, still pursuing traditional bricks-and-mortar investments and volume-based growth while experimenting with value-based, "population health" methods.

A mission statement is a guidepost for organizational direction. It answers the fundamental question, "What are we really about?" It guides strategic decision-making and resource allocation and directs the leadership team about where the board wants the organization to go.

The case presented above exemplifies the position boards are in during times of fundamental change. After decades operating under essentially the same guiding principles, the chair and fellow trustees wrestled with whether to make an elemental change. Ultimately, these trustees decided that it was time for a new mission statement. (They are also contemplating a name change for their organization, taking "care" out of their name to become solely a "health" system.)

These conversations and changes resulting from them are happening in many health care organizations (and likely have within your organization as well). To be sure these are not easy discussions for health care boards and leaders. The mission statement – along with core values – is the bedrock of an organization. If the mission statement is not sacred, then what is?

On the other hand, if the mission statement is written in stone can the organization truly transform?

In a 2012 AHA Center for Healthcare Governance special report, *Transformational Governance: Best Practices for Public and Nonprofit Hospitals and Health Systems*, author Larry Gage talks at length about this fundamental governance dilemma. Among trustees there is usually a strong, inherent allegiance to the mission statement, while at the same time an understanding that communities and health needs change. "[T]he challenge is to memorialize the mission so as to protect it from those who may wish to abandon it in the future, while providing adequate flexibility and discretion to address unforeseen needs and financial limitations," Gage writes.

Most hospitals and health systems likely established their mission statements assuming they would last the lifetime of the organization. The answer to the "mission statement change" question doesn't always have to be yes, but the question should be raised every so often and should be a topic for open, healthy discussion. Boards should face the challenge with an open mind, viewing a mission statement as something that can change if there is a compelling call to do so.

It is not just the mission question that boards are confronted with today, of course. Countless issues more complex than many they faced in the past are on the agendas of today's boards. While the basic roles and responsibilities of health system and hospital boards are not changing in response to these issues, the questions boards are asking, and those being asked of them, are.

Boards and CEOs: A Functional Model

Stewardship of the mission is one of several foundational board roles. A functional model that outlines a framework for governance in health care today, with mission as a key component, appears in Figure 1 on page 2.

As shown in Figure 1, the board also is responsible for defining the organization's risk tolerance, measuring and incentivizing its performance, taking charge of its own composition and development and working with leadership on strategy formation. These roles are fundamental and ongoing; however, as with mission oversight, the questions around each are changing.

Risk Tolerance: Boards, with their CEOs, are assessing risk differently today and should understand the distinction between risk tolerance and risk management. Risk tolerance is a concept often used in the investment world to indicate the amount of risk that an individual or organization is willing to accept. It suggests a more proactive, open-minded look at risk and the idea that boards must work with the CEO to weigh the pros and cons of opportunities in the marketplace, particularly related to affiliations and other alliances. Risk management can suggest a more reactive, process-oriented approach to addressing risk, which is not what is needed from today's boards. (See *"Can Healthcare Boards Learn to Embrace Risk?"*, *Directors & Boards*, December 2014.)

As the field shifts rapidly, organizations are looking at their debt structures and credit ratings and asking questions such as, "Are we willing to impact our rating to make a time-critical acquisition?" They are also evaluating whether and how to invest in innovation funds for the development of health care services and technologies, seeking to serve as both an investor and incubator site. Thus, risk is a topic that boards and CEOs must embrace and proactively address, coinciding with their discussions about mission.

Composition: As governance has become more complex, I have witnessed trustees openly debating their board's composition, asking, "Do we have the right skills to drive excellent performance from our organization? Should we have experts from outside of our market(s) serve on our board to challenge us?" Many health system boards are looking for members skilled in areas such as quality, technology, finance, regulation, human resources and marketing. These individuals often come from outside of health care. Boards also are placing a greater emphasis on diversity of board membership and on having the board reflect the constituents and patients that the organization serves. For additional resources, see the AHA's Center for Healthcare Governance *web page* devoted to Board Composition and Development; and *"Recruiting the Right Mix"* (*Trustee*, June 2013) by Steven Valentine and James Gauss.

Measuring and Incentivizing Performance: The proliferation of health care data means it is now possible to measure individual, board and organizational performance as never before, in areas such as quality, safety, and community health. These data and the increase in pay-for-performance (P4P) initiatives provide the starting point for boards to set meaningful incentives for addressing mission priorities.

Strategy: Health care boards are spending much of their meeting time talking strategy. How do we grow? Who do we partner with? How much risk can we handle? These are important questions, and most boards welcome these discussions for their inherent challenges as well as the opportunities they present to collaborate with their CEOs and key stakeholders.

Ironically, despite the increase in strategic conversations, discussions of mission and values may get deferred. Not that boards are forgetting the mission; however, sometimes they put mission on the back-burner in favor of focusing on pressing strategic matters. When mission is omitted from the conversation, misguided strategic work can result.

All strategic planning in health care should be mission-based. A key premise of Gage's report is that governance "must ensure that the health system operates in conformance with its organizational documents . . . and its mission. To do so, board members must have a solid understanding of the fundamental purpose and mission of the health system."

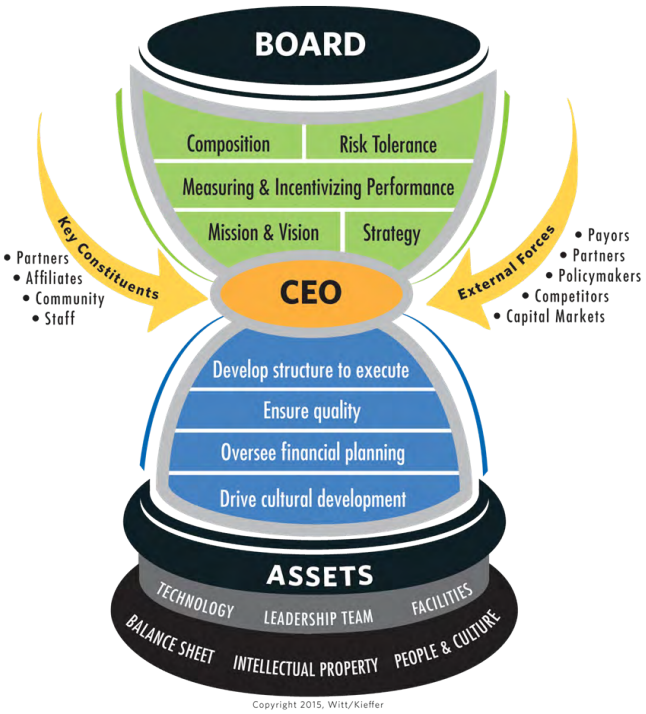
Imperatives for the CEO

The Figure 1 model's hourglass shape reflects the CEO's role as translator and intermediator between the board, the organization and outside forces. The forces acting upon the CEO, primarily in independent ways, include the board; constituents (such as partners, affiliates, community and staff); and other external parties—from payers to partners to policymakers.

Today's health care CEOs must address the following key operational and strategic imperatives:

- **Ensure quality and safety**. Quality, safety and their impact on the patient's care experience are always the top priority; and the buck stops with the CEO.
- **Develop structure to execute**. Hospitals and health systems are realigning through mergers and acquisitions or more informal partnerships and arrangements. The right structure has to be in place to carry out mission, vision and strategy for the future.
- **Oversee financial planning**. CFOs cannot operate alone, and today's health care CEOs are becoming more directly involved with the organization's financial performance. The CEO-CFO relationship is

Figure 1: Health Care Board-CEO Functional Model



perhaps the most critical on today's health care leadership team.

- **Drive cultural development**. Organizational and marketplace changes require new levels of awareness and intentional development of a common culture throughout today's expanded systems and networks. Are people on board and ready for a different way of doing things? Are they setting the tone for patient and community education and cultural competence?

CEOs also bear primary responsibility for managing the fundamental assets organizations leverage to execute their strategies. These include:

- the leadership team
- people, processes and culture
- technology
- intellectual property
- balance sheet
- facilities

New Missions for a New Era?

As CEOs and their leadership teams implement the organization's mission and vision through its strategic plan and assets, the clarity and relevance of the mission they are striving to fulfill are critical.

Does re-imagining the mission and function of an organization mean "out with the old and in with the new"? Not necessarily. In fact, population health and guiding frameworks such as the Triple Aim are directly aligned with the missions of hospitals and health-serving organizations that were founded more than 100 years ago. Health care has always been about serving individuals and communities, doing good by doing well, pioneering research and education, and fostering the well-being of society.

Population health draws upon timeless ideas and practices and applies modern tools and technologies to execute them in today's complex environment. It is important, therefore, for missions to hearken back to an organization's traditions, interpreting them within a more modern context. The following are a few mission statements that do this well.

> *To improve the health and well being of individuals, families and our communities.* (MemorialCare Health System, Fountain Valley, Calif.)
>
> *Helping people live the healthiest lives possible.* (Intermountain Healthcare, Salt Lake City, Utah)

Massachusetts General Hospital (Boston, Mass.), one of the oldest hospitals in the country, has an often-cited mission that was revised nearly a decade ago and actively guides the organization's current initiatives and strategy as an integrated delivery system:

> *Guided by the needs of our patients and their families, we aim to deliver the very best health care in a safe, compassionate environment; to advance that care through innovative research and education; and to improve the health and well-being of the diverse communities we serve.*

Los Angeles-based Cedars-Sinai Health System's mission communicates new priorities with a nod to its roots:

> *Cedars-Sinai Health System . . . is committed to:*
>
> - *Leadership and excellence in delivering quality healthcare services.*
> - *Expanding the horizons of medical knowledge through biomedical research.*
> - *Educating and training physicians and other healthcare professionals.*
> - *Striving to improve the health status of our community.*
>
> *Quality patient care is our priority. Providing excellent clinical and service quality, offering compassionate care, and supporting research and medical education are essential to our mission. This mission is founded in the ethical and cultural precepts of the Judaic tradition, which inspires devotion to the art and science of healing, and to the care we give to our patients and staff.*

These mission statements (and their corresponding vision statements) demonstrate a broader, encompassing view of organizational purpose that can be "memorialized" and "protected," as Gage notes, while also allowing flexibility for the organization to take risks and

Trends in Health Care Board Roles and Recruiting

Here are some questions today's boards should be asking about their governance roles and practices:

- Recruiting for competencies and skills—what strengths does our board have? What gaps?
- Compensation for specific roles—do we need to provide compensation to get the board members we need?
- Right-sizing—are we too cumbersome (following a merger perhaps?) or too thin?
- Committee effectiveness/measurement/communication—is every committee functioning, aligned, and on the same page?
- Cybersecurity and governance—does our board have expertise around data and information technologies?
- Frequency and length of meetings—are we maximizing our time together?
- Agenda planning—are we focused?
- Ad hoc task forces—how do we tackle surprises or short-term needs?
- Board education/retreats; types and frequency—how does our board bond, grow, and develop?

re-imagine how it can creatively operate in ways that are mission-relevant.

Great mission and vision statements also empower meaningful work. Consider the mission and vision statements of Beacon Health System within the context of health systems taking a stronger leadership role in assessing and improving overall community health (see *Learnings on Governance from Partnerships that Improve Community Health: Blue Ribbon Panel Report* and *Community Partnership Profiles*).

Beacon Health System is a community-owned, not-for-profit system based in South Bend, Ind. Its mission is *"to enhance the physical, mental and emotional well-being of the communities we serve."* The health system's vision is "*to achieve:*

- *Innovative health care and well-being services of the highest quality at the greatest value*
- *Easy access and convenience*
- *Outstanding patient experiences*
- *Ongoing education involving physicians, patients and the community."*

Beacon Health System's community health program focuses on engaging community groups to develop ideas and strategies to bridge the traditional "sick care" model of service delivery with innovative interventions and outreach to move to a "health and well-being" model of care (see mission and vision statements above).

The system tithes 10 percent of its previous year's excess operating revenue to be invested as "seed money" in community health initiatives. Initiatives must a) evidence organizational alignment with the health system's mission, vision and values; b) address one of the health priorities identified in the community health needs assessment; and c) align with Beacon Health System's intent statement focusing on The Triple Aim: 1) improving the patient experience of care; 2) improving the overall health of the population; and 3) reducing costs.

Mission and vision statements, like those of Beacon Health System, that are broad in scope, state an organizational purpose relevant to community needs and provide sufficient direction to guide specific organizational work are powerful indeed.

Partners in Mission

Boards are addressing the mission question through more progressive relationships with their CEOs. In doing so, they encourage CEOs to advance the hospital or health system's work within the mission context, and to cascade mission-focused ideas organization-wide.

The model shown in Figure 1 is intended to make health care boards more aware of how they and their organizations interact with their CEOs and to think deliberately about how they spend their time as a board and, especially, with the CEO.

Board conversations, not functions, are changing as health care organizations transform their work to adapt to the forces of change (see sidebar on page 3). A well-crafted, relevant mission statement should be the touchstone that guides discussion among the board and leadership to ensure the organization meaningfully advances its core purpose and priorities in today's environment.