

***“Health Care Leadership:
Creating Synergy at the Top”***

***NCHN 15th Annual Conference
Charleston, South Carolina***

April 22, 2009



***David C. Hoffman, Ph.D.
Partner
Wipfli Health Care Practice***

To ...

- *Look at the role of leadership in health care organizations*
- *Specifically, explore the relationships between the Board, CEO, and Senior Management*
- *Examine the major leadership groups*
- *Look at the areas that leadership has the most impact*
- *Offer some practical advice regarding how to build better leadership teams.*

Synergy: $1+1 = 4$



Synergy comes from the Greek word “synergia”, meaning joint work and cooperative action.

Synergy occurs when the result is greater than the sum of the parts. Synergy is created when things work in concert together to create an outcome that is in some way of more value than the total of what the individual inputs is.

Why synergy is important

- *Neither the board or senior management has all of the answers.*
- *Synergy builds “organizational” knowledge and competency.*
- *Competency increases proficiency.*
- *Proficiency improves organizational performance.*

$$1 + 1 = 4$$

What we want is a highly effective Board-Management Team that can accomplish more together because it can...

- *Create momentum and focus on organizational direction*
- *Rapidly and effectively implement strategy*
- *Achieve its mission*
- *Solve problems; and*
- *Invest in and secure its future.*

Differences in role identification, organizational knowledge, and experience often lead to disconnects in leadership....that ultimately affect and compromise organizational performance.



- 1. Commit to improving governance skills.*
- 2. Establish core competencies for Board and Management.*
- 3. Build organizational and industry knowledge.*
- 4. Commit to flawless communications.*
- 5. Create clear roles at the Board and Management levels.*
- 6. Co-mentor.*

Synergy begins with Leadership.

For health care organizations it means building strong leadership teams and relationships between governing boards and senior management.



Leadership:

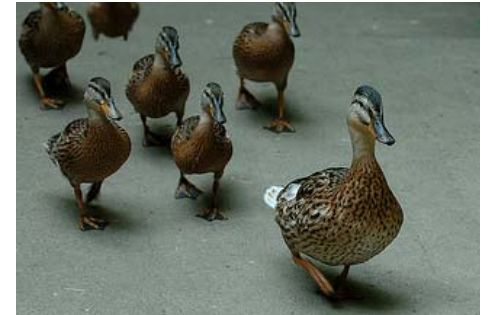


Google mentions...

<i>“Leadership”</i>	=	<i>126,000,000</i>
<i>“Leadership definition”</i>	=	<i>7,000</i>
<i>“Leadership Development”</i>	=	<i>4,690,000</i>

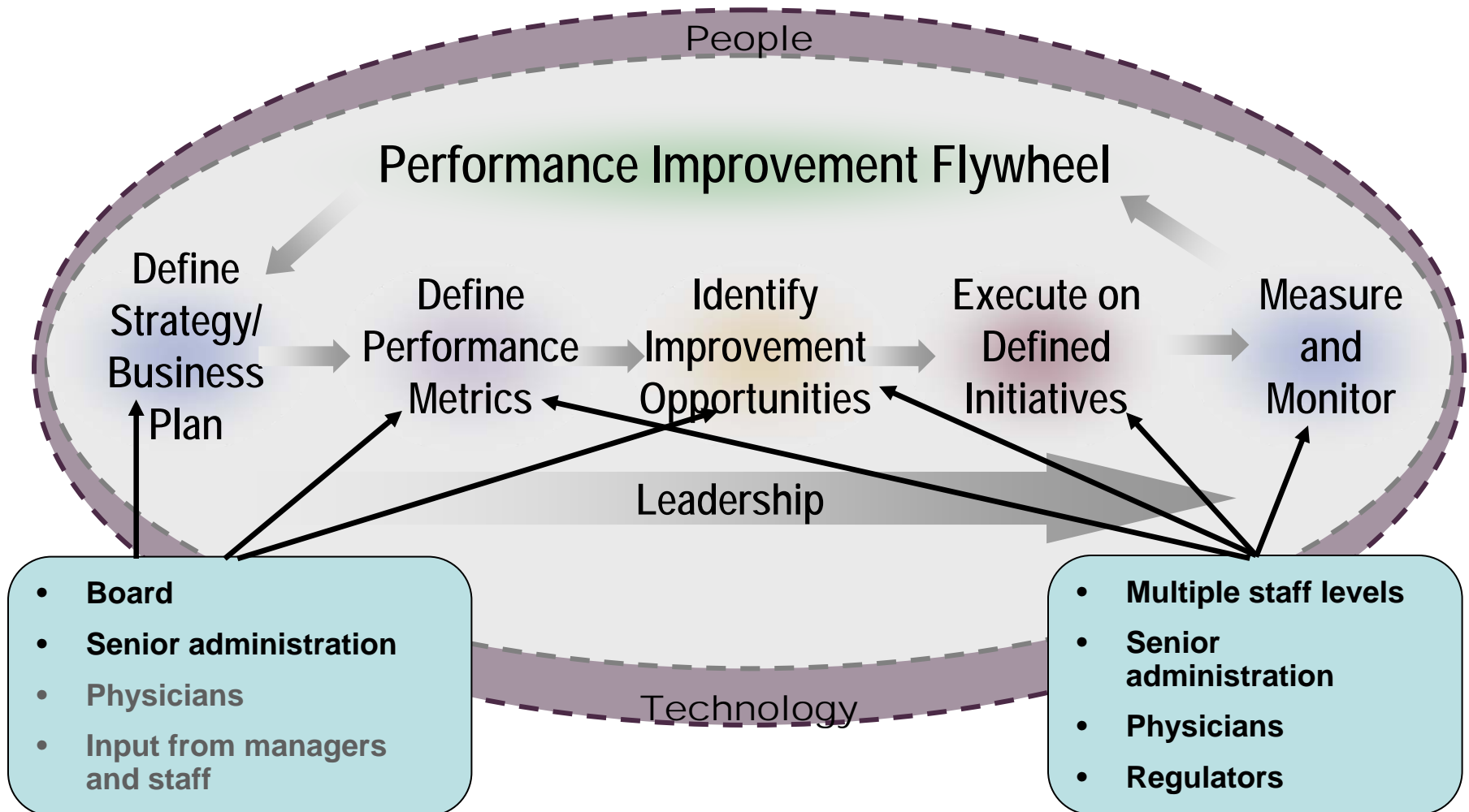
Leadership (“one” definition):

Leadership is a process by which a person or group influences others to accomplish an objective, and directs the organization in a way that makes it more cohesive in order to accomplish its goals. Leaders carry out this process, working through others, by applying their leadership attributes, such as beliefs, values, ethics, character knowledge, and skills.



- *Board*
- *CEO*
- *Senior Management or Administrative Team*
- *Department Managers*
- *Supervisors*
- *Physicians*

Where does Leadership leave its mark?



- *Set vision and direction*
- *Establish and confirm mission and values*
- *Plan and set strategy*
- *Assure resources and capacity*
- *Secure and protect assets*
- *Set standards and policies*
- *Get work done through others*
- *Serve as role models and represent the organization.*

Major Board Responsibilities

1. *Create and oversee mission, vision, values*
2. *Select, hire, evaluate CEO*
3. *Create and implement high-level organizational policies*
4. *Provide financial oversight and protection of assets*
5. *Assure the Quality of Care*
6. *Create and oversee the Strategic Planning process*
7. *Perform legal responsibilities and ensure legal compliance*
8. *Serve as a public liaison*
9. *Evaluate board performance*
10. *Establish active philanthropy*



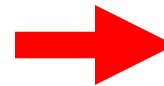
Major Board Leadership Roles

- *Strategic Direction*
- *Mission, Vision & Values*
- *Oversight*
- *High-Level Policy*
- *Providing and Protecting Resources*

What Senior Management Does

Major Senior Management Responsibilities

1. *Translates mission, vision, values*
2. *Selects, hires, evaluates the staff*
3. *Implements high-level organizational policies and sets operational policies*
4. *Manages the financial affairs of the organization*
5. *Assures the Quality of Care*
6. *Participates in and helps guide the Strategic Planning process; assures that the plan is implemented.*
7. *Ensures that the organization is in legal compliance*
8. *Serve as a public liaison*
9. *Evaluates operational performance*
10. *Evaluates and holds team accountable.*



Major Senior Leadership Roles

- *Strategic Implementation*
- *Translate Mission, Vision, Values*
- *Translate of Policy*
- *Operational Oversight*
- *Get the job done (through others)*

Major Department Responsibilities

1. *Integrate mission, vision, values into the workplace*
2. *Select, hire, evaluates the staff*
3. *Organize workflow, schedule staff, assure compliance with policies and standards*
4. *Assures that Quality of Care standards are met*
5. *Provides input to the Strategic Planning process and plays an essential role in its implementation*
6. *May serve as a public liaison*
7. *Evaluates operational performance of department and staff*
8. *Evaluates and holds team accountable.*



Major Department Leadership Roles

Departments

- *Align workers to organizational goals*
- *Ensure standards*
- *Integrate values*
- *Create Solutions*
- *Get the job done (hands-on)*

Leadership



Board

- Strategic
- Set Mission, Vision & Values
- High-Level Policy
- Oversight
- Provide resources

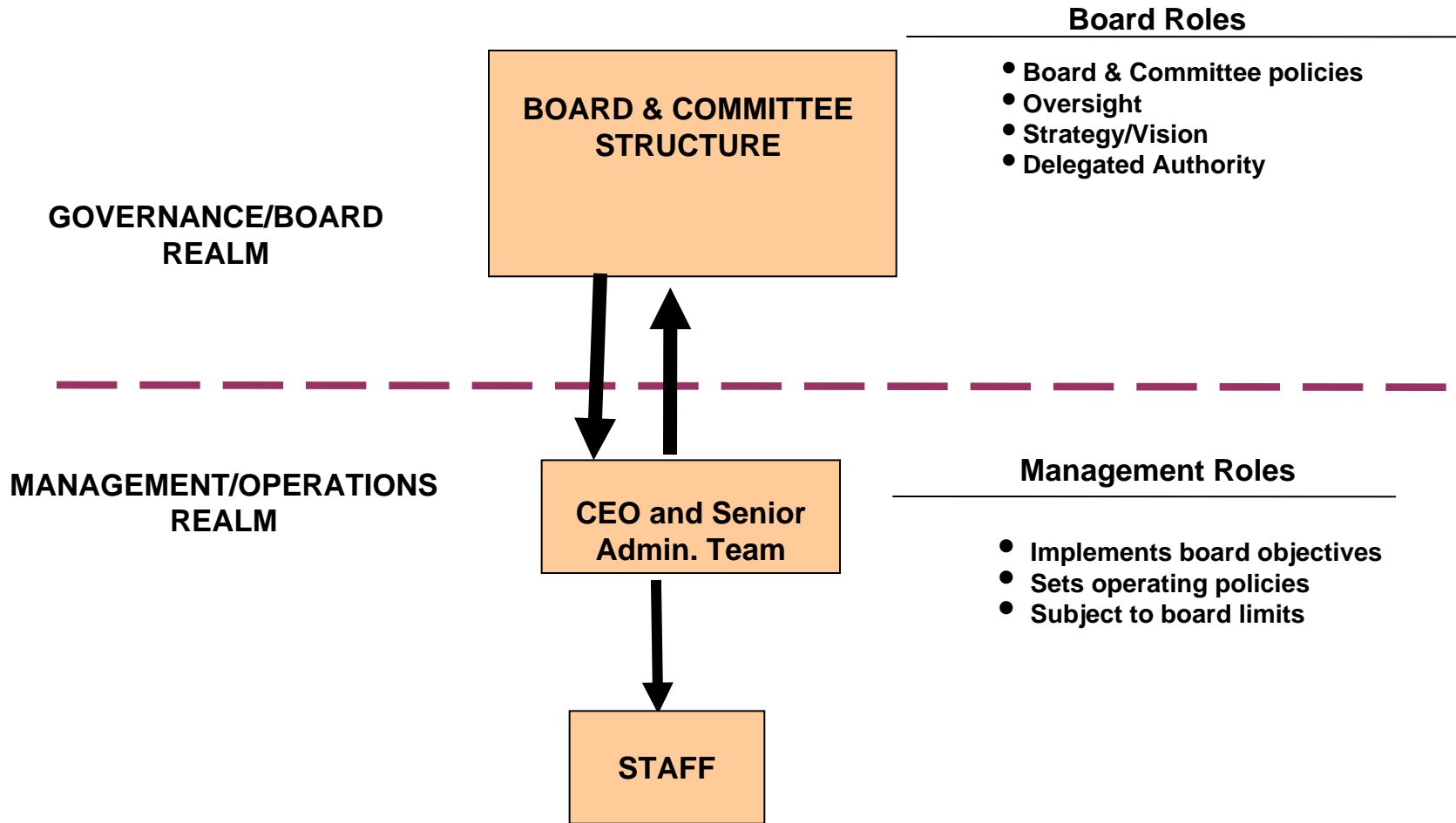
CEO and Sr. Mgmt.

- Strategic
- Translating Mission, Vision, Values
- Translators
- Ensure standards
- Oversight
- Gets the job done (through others)

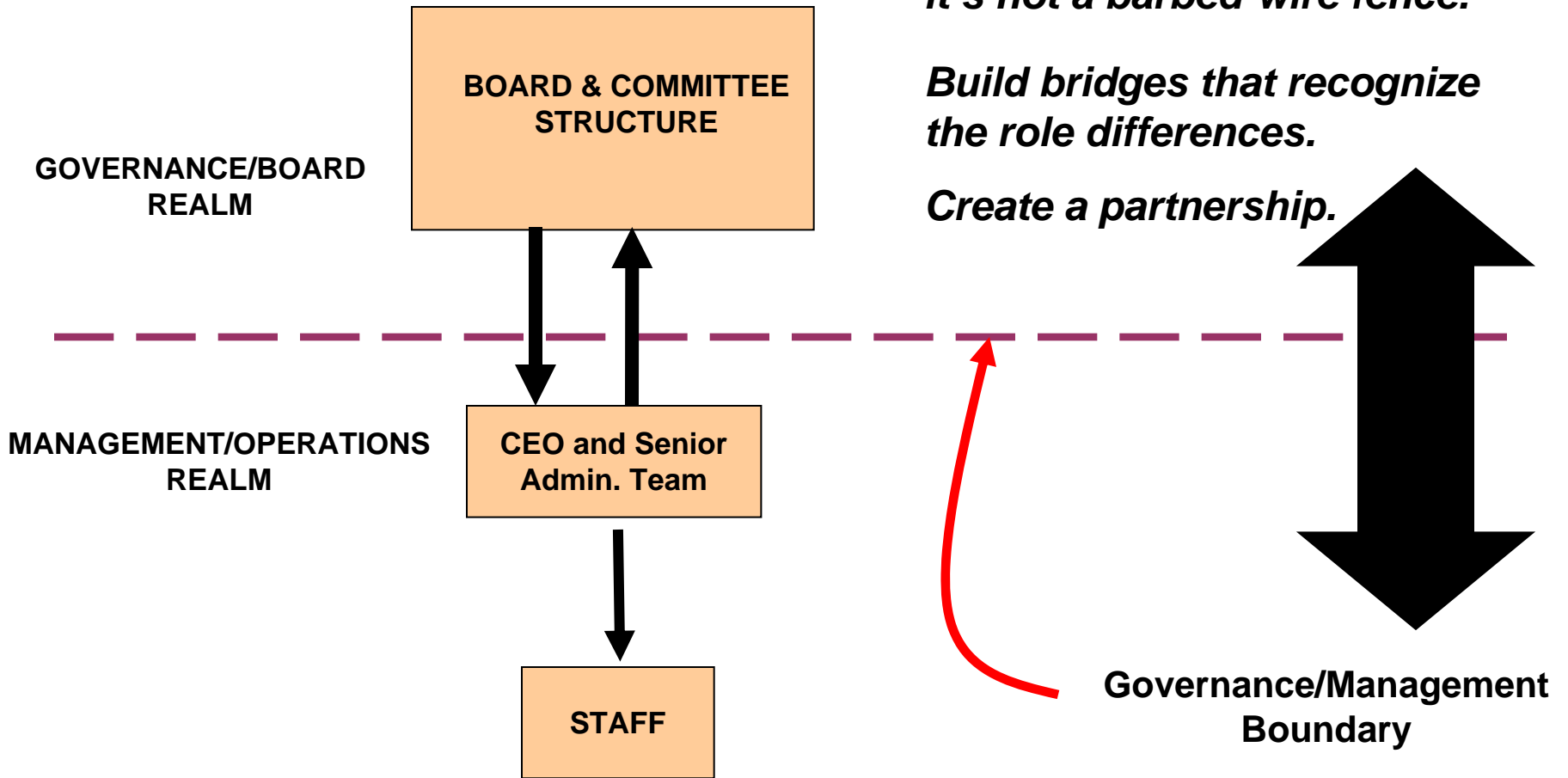
Departments

- Alignment of workers to organizational goals
- Ensure standards
- Integration of values
- Get the job done (hands-on)

Defining the playing field



Creating Bridges



The –

- *Board hires and evaluates.*
- *Most Boards are part-timers, not experienced in the business of health care.*
- *CEOs and senior management teams are full-time; and experienced.*
- *Good Boards have a broad general knowledge of the health care industry.*
- *CEOs and their team should have both working and, in some cases, detailed knowledge about several areas in health care.*

- 1. Commit to improving governance skills.*
- 2. Establish core competencies for Board and Management.*
- 3. Build organizational and industry knowledge.*
- 4. Commit to flawless communications.*
- 5. Create clear roles at the Board and Management levels; but be flexible.*
- 6. Co-mentor*

Synergy occurs when Board and Senior Management are aligned regarding...

- ✓ ***Strategic vision and direction***
- ✓ ***Values***
- ✓ ***Organizational priorities***
- ✓ ***Points of decision-making***
- ✓ ***Quality and frequency of communications***

Board and Senior Management...

- ✓ ***Acting in concert around strategies, values, and organizational priorities***
- ✓ ***Filling in each others “blind spots” regarding industry and organizational knowledge***
- ✓ ***Engaged in flawless, proactive, and productive communication***
- ✓ ***“No surprises” management and governance***
- ✓ ***Board and Management act as co-mentors***

The Bottom-line...

Board and Senior Management honor each other's roles and play off each other's strengths.

- *Passive Board/strong CEO.*
- *Strong Board Chair and inexperienced Board members*
- *Strong Board/inexperienced CEO*
- *Disengaged Board; abdicates to the CEO or Board Chair*
- *Rigid roles*
- *Lack of trust.*

Establish a collaborative mindset –

- *See the board and senior management team as an extension of each other.*
- *One team...different roles and responsibilities.*
- *Understand the unique areas of exclusive decision-making for each.*
- *Regardless of who has the responsibility for the final decision, confer and consult with each other before the vote is taken.*
- *Cultivate and nurture the relationship.*

Jettison old models

- *Old*
 - ❖ *Management studies the problem; does the analysis; proposes solutions to the board.*
 - ❖ *Board listens, approves, monitors results.*
- *New*
 - ❖ *Board and CEO agree on problem definition; Management studies; brings initial findings to the Board; Board and management collaborate on solving the problem.*

Jettison old models

- *Old*
 - ❖ *Board sets policy with little or no management input; stays on its side of the line.*
- *New*
 - ❖ *Board and management team examine the need for policy and its implications. Policy developed together with all implications clearly understood.*

- *Setting strategic priorities.*
- *Forecasting capital investments.*
- *Filling vacant board positions.*
- *Board policies; especially those that have an impact on operations and management.*
- *Establishing the expectations for the CEO and Senior Management Team*
- *Establishing the criteria for key positions (e.g., physician recruits, C-suite team members)*
- *Board chair and chief executive set board agenda together.*

Where we sometimes fall short

- *The need to keep roles separate and “mind our own business” becomes an obstacle to building positive support.*
- *Rigid adherence to a command structure.*
- *Control issues on either side.*
- *Knowledge, skills, and abilities of board and senior team not balanced.*

- **Basic board practices**
 - ❖ *Meeting attendance, participation in discussions, committee work*
- **Analysis**
 - ❖ *Getting good information and using it in decision-making*
- **Strategic thinking**
 - ❖ *Big picture, long-range implications, anticipation*
- **Education and industry knowledge**
 - ❖ *Achieving a broad general knowledge of the health care industry*
- **Interpersonal skills**
 - ❖ *Being able to constructively confront; function as a team*
- **Context**
 - ❖ *Knowing the community, traditions, sensitivity to local situations*

...between the Board and Senior Leadership?

Five things you can do:

- 1. Create and define flexibility into roles; especially Board/CEO*
- 2. Communicate frequently and share information*
- 3. Capitalize on individual strengths and areas that overlap; fill each other's blind spots.*
- 4. Create co-mentoring relationships*
- 5. Involve the key senior management leaders in board meetings.*

1. Clearly define roles

Board	Overlap Zone	CEO
<ul style="list-style-type: none"> •Primary responsibility for development of organizational Mission and Vision 	<ul style="list-style-type: none"> •Works as a team to develop mission and vision; involving key staff and physicians 	<ul style="list-style-type: none"> •Primary responsibility communicating and ensuring development of initiatives that achieve mission and vision
<ul style="list-style-type: none"> •Selects, hires, evaluates CEO 	None	None
<ul style="list-style-type: none"> •Creates high-level organizational policies 	<ul style="list-style-type: none"> •Board creates •CEO advises 	<ul style="list-style-type: none"> •Provides insight and perspectives, and coaches the board in their policy-making role
<ul style="list-style-type: none"> •Provides financial oversight and protection of assets 	<ul style="list-style-type: none"> •Board ensures that policies and procedures are in place for successful financial management and asset protection •CEO ensures that policies are implemented and activities are undertaken to protect assets; helps board identify areas for policy-making 	<ul style="list-style-type: none"> •Implements financial policy •Oversees financial management of the organization
<ul style="list-style-type: none"> •Ensures the quality of care 	<ul style="list-style-type: none"> •Board and CEO work as a team •CEO identifies areas for improvement and keeps board informed •Chief of Medical Staff plays a critical role in ensuring quality standards are met 	<ul style="list-style-type: none"> •Works with Medical Staff, Clinical Staff, and appropriate committees ensure that quality of care systems and standards are in place and working.
<ul style="list-style-type: none"> •Creates, oversees, and is responsible for the strategic planning process 	<ul style="list-style-type: none"> •Board owns and creates the plan •Board ensures that process is in place and works with CEO, medical staff and others to develop the plan •CEO and key management are active participants in the planning process 	<ul style="list-style-type: none"> •Major responsibilities lie in making sure that the strategic plan is implemented •Creates appropriate accountabilities to ensure that strategies are achieved and that standards are set for performance
<ul style="list-style-type: none"> •Ensures legal and regulatory compliance 	<ul style="list-style-type: none"> •Board sets policies to ensure that the organization is functioning according to legal and regulatory standards •CEO keeps board informed on legal and regulatory issues and makes recommendations for policies 	<ul style="list-style-type: none"> •Ensures that the organization is functioning according to legal and regulatory standards •Ensures that operating policies are in place to meet legal and regulatory requirements
<ul style="list-style-type: none"> •Serves as public liaison 	<ul style="list-style-type: none"> •Both board and CEO have significant roles and overlap in this area that vary among the public constituents •Board has the primary lead on matters of policy •CEO has lead on areas relating to programs, services, etc. 	<ul style="list-style-type: none"> •Serves a public liaison
<ul style="list-style-type: none"> •Evaluates board and individual board member performance 	None	None
<ul style="list-style-type: none"> •Establishes and maintains fundraising activities 	<ul style="list-style-type: none"> •Board leads and organizes fundraising efforts •CEO and staff provide support •CEO may have visible public role to support board 	<ul style="list-style-type: none"> •Provides necessary staff support and functions in public liaison role

2. *Communicate Frequently*

- *In-person meetings trump e-mails and phone calls*
- *Informational and special meetings*
- *Executive Committee meetings*
- *CEO and Board Chair monthly meetings to foster a team effort: streamline board meetings, focus discussion on areas of need, anticipate problems that might need board attention.*

3. Fill each other's blind spots

- *Know when to lead, when to be led, and when to collaborate.*
- *Draw on the business expertise of board members.*
- *Reinforce and add additional perspective to hospital strategies.*
- *Achieve a broader understanding of hospital culture and the relationship between departments, medical staff, etc.*
- *Achieve a greater board proficiency in areas such as strategic thinking, analysis, etc.*

4. Co-mentoring and no “surprises”

- *Form a partnership: use each other for advice and counsel*
- *Provide information before it's asked for. Keep each other informed.*
- *Develop a personal rapport at the CEO/Board Chair level.*
- *Clarify expectations and accountabilities.*
- *Anticipate contentious issues.*
- *Act as a sounding board and problem-solve together.*
- *Use each other's experiences to develop options.*

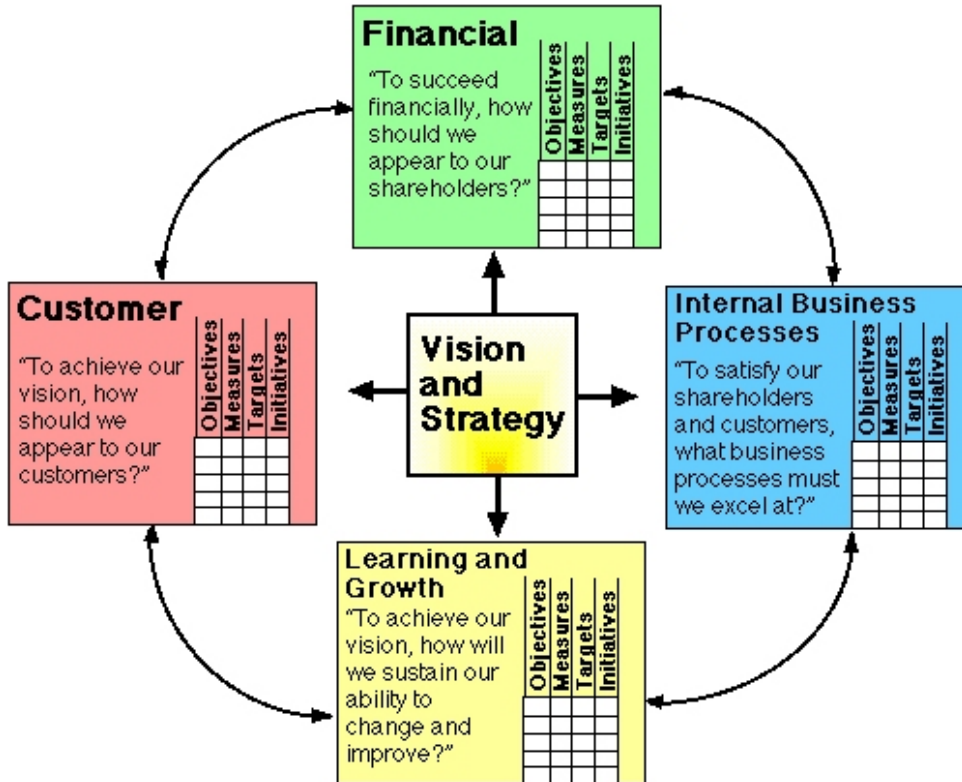
5. *Involve the Senior Mgmt. Team*

- *Listen to and create dialogue with the field generals: CFO, CNO, other VPs.*
- *Invite them into the board room.*
- *View the CEO and their team as an extension of the board and use their support.*
- *Consider the CEO an “ad hoc” board member**
- *Define their role and be accountable for delivering information on their areas.*

* Regardless of whether or not the CEO is on the board, use their expertise and counsel to expand the board's insight into matters.

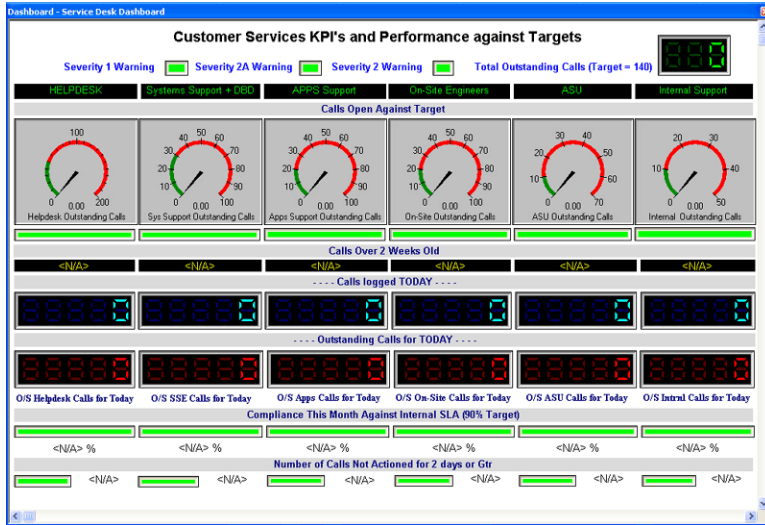
...that we still are accountable and don't mix up roles?

- *Use tools, such as balanced scorecards, dashboards, etc. to track and measure operating and strategic performance.*
- *Use a combination of internal and external benchmarks.*
- *Become a “learning organization.” Hone strategic, analytical and financial skills of the board.*



Balanced Scorecards

- Monitor strategic and operational performance
- Focuses the organization on strategy not operational crises
- Value to Senior Management and the Board



Dashboards

- Set internal or external benchmarks
- High-level picture of performance
- Value to Senior Management and the Board



Performance Area	To improve performance we have to...	1-5 Score
Board Practices •Participation and attendance •Teamwork •Community and constituency influence and credibility.		
Analytical •Use of data and information •Thorough weighing of all sides before a decision is made.		
Strategic •Future orientation and focus •Big picture mentality •Anticipation		
Educational •Understanding and keeping up-to-date on •Industry trends •Hospital business fundamentals.		
Interpersonal •Functioning as a team •Issues over personalities •Ability to manage conflict within the board		
Contextual Influence of the following on decisions •Values •Traditions •Culture		

Board Self-Assessment

- Rates key board competency areas
- Identifies areas for improvement
- Guides Board, not only on performance, but also areas for future Board recruitment

- ***Development of board policy where operational impact may be anticipated***
- ***Staff recruitment, discipline, conflict resolution***
- ***Defining and responding to quality of care issues***
- ***Retention or discontinuation of service-lines***
- ***“Wedge” issues: any area that might be or become controversial and where board and CEO should be in agreement***
- ***Serving as a buffer.***

“Look at any high-performing organization, and you will find it is lead by a board chair and chief executive who have developed a very close working partnership, built upon the three pillars of effective leadership...”

- ❖ *A shared understanding of mission and vision..*
- ❖ *A clear sense of roles and responsibilities..*
- ❖ *A high level of trust.*

“Leadership Roles in Nonprofit Organizations”, Robert L. Gale, BoardSource

“To achieve synergy in business requires that people become open and authentic.

When we open ourselves up to the influence of others, we gain new insights and facilitate the generation of new options.”

“The Seven Habits of Highly-Effective People”, Stephen Covey

Thank You!

Questions and Discussion

*David C. Hoffman, Ph.D., Partner
Wipfli Health Care Practice
2501 West Beltline Highway, Suite #400
Madison, Wisconsin 53713*

608.437.7440

dhoffman@wipfli.com