



## The Imperative for Disruptive Leadership in the Boardroom

By Carol Geffner, Ph.D., Newpoint Healthcare Advisors, LLC

Imagine a healthcare system that provides patients with a clinical guarantee, ensuring perfect outcomes and no charge for readmission in the event of an associated problem. Or imagine the design of a “Medical Main Street” where healthcare services representing the continuum of care are integrated into city planning and redesign to build healthy communities for the future.

These are only two examples of innovations within the industry that continue to reshape the delivery of care locally and globally. In the new business paradigm, innovation is becoming a strategic lever for sustainability and growth. Drug therapies will increasingly be based upon genetic profiling. Mobile technology is on its way to becoming the primary communication and education mechanism for patients and medical care teams. Provider teams are already linking information across delivery systems to improve patient outcomes and the overall care experience. The historically staid healthcare industry is being upended by disruptive solutions that are transforming how we think about and deliver the continuum of care.

### Moving to Disruptive Leadership

How, then, is this new reality changing the shape of governance? Traditionally, boards of directors have been relatively conservative and risk-adverse in enhancing long-term shareholder value and/or ensuring quality and access of care. More often than not, they have focused on the financial health of the business and have been less concerned with breakthrough thinking at the governance level. Financial and legal expertise often dominate board composition. While these capabilities remain critical, for the sake of future sustainability they must be balanced with expertise in disciplines known for innovation and disruptive thinking.

Research confirms that highly innovative organizations create cultures that nurture experimentation, courage, creativity, and actively seek talent that excels at associative thinking, questioning, and extreme curiosity. These are essential skills for businesses that disrupt the status quo. Such organizations need thinking and action that anticipate marketplace needs and create solutions ahead of customer demand.

While operationalizing an innovative culture is within a management team’s purview, the responsibility for providing strategic oversight and policy advice resides in the boardroom. This implies that boards of all healthcare systems and hospitals need not only to understand innovation and disruptive action, they must model this sort of thinking and behavior. Even in small critical access hospitals, long-term sustainability relies on boards that are well-informed about the trends and emerging models of forward-thinking hospitals. While these and other community-based hospitals may not have adequate resources to produce digital innovations, it is their capacity to think broadly and creatively about quality and customer needs that will give them an edge in a radically changing environment. This may present governing bodies with uncomfortable challenges, such as the need to deeply examine the quality of care delivery while insisting on shaking up the status quo in service to long-term value and sustainability.

### Questions for the Board

To build a board that can successfully govern in a rapidly changing ecosystem, there are several categories of questions that boards should be asking and challenging themselves with on a regular basis. Those questions include:

1. **Definition of the business:** What business are we in and does our definition need to change? What alternative

- perspectives should we entertain to break through insular thinking?
2. **Competitive ecosystem:** Who do we believe are our competitors? Are there any others that could emerge in the next five to 10 years as a competitive force? How are they changing their business models? What can we learn by looking to other industries? What do we know about governance of highly successful and innovative enterprises?
  3. **Customer evolution:** Who are our customers of the future? What do they value? Is the organization positioning itself to meet their emerging needs?
  4. **Management expertise:** Have we hired the right CEO? Does the CEO have a record of leading rapidly changing businesses that have innovated their products or services? What do we expect from the CEO relative to positioning the business for long-term growth and success? Where does this talent reside on the executive team?
  5. **Board culture:** What is the assessment of our board culture? Are we transparent and candid with one another? What kind of innovation is needed in the business to ensure sustainability? What questions or topics should the board address that might be difficult or controversial? What is our capacity to think associatively and challenge our existing business model? What do we do when confronted with uncomfortable issues? How do we get information on the impact we have on the organization's culture and capacity to innovate?
  6. **Board leadership:** Does the chair set a tone of openness and ensure that sidebar

discussions are proscribed? Does the chair proactively facilitate conversations that force us to deal with difficult, new, and unfamiliar ideas that support organizational growth and sustainability? Does the board chair have an open and trusting relationship with the CEO that fosters conversations that are critical but uncomfortable?

7. **Board agenda:** When will the board have time to discuss possible innovations and emerging business models? How much do we know about innovation strategies and plans? How frequently should we have extended meetings in which detailed discussions occur about our performance as a board, developmental and learning needs, and our impact on the organization?

In summary, boards must not underestimate the influence they exert on a business' capacity to continuously improve, transform, and position for the future. The dynamics and leadership practiced by the board channel through the organization in ways that may be invisible to them, but have a significant impact on the culture, operations, and success of the business. As a result, boards must exert leadership that not only demonstrates vigilance about the financial health of the organization, but also pushes an agenda of change, innovation, and creation of value in emerging markets. This means boards must become comfortable with shaking up the status quo and challenging themselves and the organization's management team to think and act as leaders of an emerging future.

*The Governance Institute thanks Carol J. Geffner, Ph.D., President of Newpoint Healthcare Advisors, LLC, for contributing this article. She is also Professor of the Practice of Governance, Management, and Policy and Director of the Executive Master of Leadership program at the University of Southern California Sol Price School of Public Policy. She can be reached at [cgeffner@usc.edu](mailto:cgeffner@usc.edu).*

