



Subsidiary Focus

Building Your System Identity as a Subsidiary Board

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What does it mean to be a board member of your health system? Does it depend on which board you sit on within the governance hierarchy? Does it depend on how your system came together (either the way in which the system structured its governance when it became a system, if it has restructured more recently, and/or how recently you became part of a system)? Conversations with several system members that have subsidiary (local/affiliate/community) boards have revealed that system identity seems to be sorely lacking among these boards and their board members, especially those board members who were on the independent hospital board and remain on the board now that it is a subsidiary. While it is essential for system-level leaders to build a strong identity that differentiates board members in their new role within a system in an inspiring way, subsidiary boards have a responsibility also to ensure that they work towards building their own identity and culture that, first, does not impede system identity and goals, and ultimately helps better integrate their board into the system and its culture. This is the only true way subsidiary boards can best serve as stewards for their local communities.

Key Board Takeaways

Subsidiary board members may struggle with building a system identity. This can happen if they don't understand their role within the system; if they don't understand or agree with the system's goals and vision; or if they feel that they don't have a voice at the system level.

Subsidiary boards have a responsibility to help their members build a system identity through:

- Building broader awareness and understanding of the board's role within the system, why it is important, and how/why it is different from before
- Clearly demonstrating why and how going against system protocols, requests, and goals/strategy can serve as barriers that ultimately hurt the local community
- Asking probing questions about how board members perceive their individual role and purpose, and helping them to align with the system culture and identity without losing their sense of local responsibility
- Doing the above through meetings, retreats, orientation programs, and other in-person opportunities with system-level leaders and other subsidiaries that help bring people together and build trust and mutual understanding

If your board does not comply with processes, procedures, policies, standards, communication channels, requests, or otherwise from the system board or a higher board that you report to, this can lead to breakdowns in communication, culture, and identity; board member confusion and burnout; and the system's ability to achieve its strategic goals towards its future vision. A most basic example of this is reducing clinical and cost variation system-wide. In today's tightening reimbursement (and risk) environment, providing quality care at the lowest cost, every time,

becomes critical to keeping the doors open and the lights on. A major benefit of being part of a system involves having data from other hospitals about evidence-based protocols and their associated costs, and what happens when clinicians practice outside those protocols. While it can be hard to change clinician behavior, having the system-wide leadership and data supporting you, it can and needs to happen. Clinicians ultimately want to be top performers, so once they understand what the data means and how to change, they have strong intrinsic motivation to do so. The

same goes for boards—although it might seem that boards have more leeway because they are not providing direct patient care, the implications of not being a “team player” within the system can be as important as this example.

When agreeing to become part of a system, even if much or all of your fiduciary authority remains local, it is important to understand what it means and how that makes the board member’s role different from that of an independent hospital (or if you were independent before, how and why your own role is different now). Do board members feel the need to maintain independence and “local control” despite system membership? What is the fear of relinquishing control? Is there a lack of trust of system leaders and their intentions? Is there a concern that local boards may be failing their communities by giving way to the system?

Sometimes, the examples of lack of system compliance by subsidiary boards are very basic. One system we heard from is struggling to get boards to comply with simply providing the system with what their local board goals are for the year and how those align with the organization-wide strategic plan. Another system is having trouble ensuring that local CEOs and board chairs are sharing system-level communication with their board between board meetings. The result is that subsidiary board members feel “left out” of system-level decisions. These are foundational activities that build relationships and, at their core, have nothing to do with relinquishing control and everything to do with building trust. Whether your barriers are basic, such as these, or more complex, we believe strongly in the need to build a system identity at the local level that aligns with, builds upon, and does not diminish or erase the local identity. It’s a journey back to the

roots of why you joined *this* system in the first place.

A first step is to have a crystal-clear understanding of the subsidiary board’s roles and responsibilities, and whether those responsibilities include decision-making/fiduciary authority, or if those are to make recommendations to a higher board within the system. This reduces confusion among board members and helps to shape meeting agendas to focus on the real work of the subsidiary board, so that it is not doing duplicative, unnecessary, or contrary work. Board member time is valuable, so the important message here for those who push back is why spend time on things that others are doing for us, or that don’t matter the most to our community? (The Governance Institute has several articles, resources, and templates such as sample governance authority matrices to help your board develop this understanding more clearly, working in tandem with your system board.)

Part of the discussion in this step is to note whether your board agreed to those responsibilities or if they were “handed” to you from the system without a say, and how your board members feel about that. If there is contention, it needs to be worked out with the help of the system board chair, so that board members feel like they have a say going forward and can embrace their new (or different) role.

Another important way to build system identity in subsidiary boards is through the board orientation for new board members. It is critical to build this identity at the outset. (In some circumstances, you might consider putting seasoned board members through a portion of this orientation if they are struggling with system identity.) If possible, during the orientation program, demonstrate examples and perhaps

even role play certain scenarios where subsidiary boards/board members have acted as barriers to communication and achievement of system goals, and the negative consequences that resulted. Provide specific examples of what makes your health system’s culture unique and how and why organizational culture is important to achieving goals and succeeding in change initiatives.

This kind of orientation activity is most effective with system-level leaders on-site to participate, work with, and get to know the subsidiary board members. Encourage your system board to provide opportunities for all subsidiary board members to meet together to get to know each other; however, it may be necessary to schedule subsidiary orientations individually at each site, with system-level leaders in attendance. This may be time consuming for system leaders but important—different system leaders can attend different orientations so that the same people don’t have to attend every one.

Some potential discussion questions for subsidiary board members during their orientation (or a board retreat for all board members struggling with system identity) include:

- How and why is my role going to be different now that we are part of XYZ Health System?
- What, specifically, will change regarding our meetings, activities between meetings, reporting/communication to/from the system, etc. because of our being part of XYZ Health System?
- What should we do when we don’t agree with something the system-level leaders are asking of us? Who can we talk to, or what is the protocol for this? If there isn’t one, task your system board chair with creating one.

- How do we benefit our system by ensuring alignment with system goals and objectives?
- How do we harm our system and our own organization if we do not align with system goals and objectives?
- What does it mean to me personally as a board member to be a part of and represent XYZ Health System? (If board members don't demonstrate a personal resonance with the concept of being a part of the system, there needs to be a strong emphasis on the system's mission, vision, values; what sets your system apart from others; why it is exciting

to be a part of your health system's future, especially in today's healthcare industry; how your system can help the subsidiary organization build brand recognition, scale, patient experience and loyalty, etc.; and perhaps most importantly, how and why the subsidiary board is needed and brings value to the system so that individual board members feel a strong sense of purpose for their role.)

Finally, are your board's goals at odds with the system's goals and vision? If the answer is yes, during a board meeting or retreat, it is important to dig deep into a

generative discussion about why your goals don't align, and how that can change without your board members having to relinquish what is most important to them. Include system-level leaders in this discussion as much as possible, so that they can help explain why the system's goals and vision are what they are, how those goals and vision will help your local community, how your subsidiary board fits into the larger puzzle, and then help focus and align your board's goals in such a way that you maintain pride and purpose in your ability to help improve the health of your community.

