



## Evaluating Board and Committee Dashboards

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**G**overnance Institute Strategic Advisors work with our largest health systems and continually identify themes from our various interactions with boards—member rounding on-site visits, engagement during board and committee meetings, and board self-assessment facilitations. 2019 presented many conversations around board-level dashboards. To further understand this issue, we also engaged in a review of health system dashboards to identify commonly used indicators and formats.

### The Challenge

Many boards report a feeling of uncertainty around their board and committee dashboards. Given the ever-quickening pace of change in the industry, a lot of boards would be prudent to evolve their board metrics to ensure they are keeping pace. Worst case, some organizations have found that their historic board dashboards weren't fully representing the organization's position and are now rectifying board metrics while implementing turnaround initiatives. In the cases of poor, incomplete, or misleading board dashboards, these challenging scenarios could have been addressed sooner or avoided entirely had the board received better insights via their dashboards.

Whether boards are misled intentionally or inadvertently,

### Key Board Takeaways

- Don't blindly accept metrics. Be involved in the process of identifying metrics the board is tracking.
- Participate in education to understand metrics; if education is not provided, ask for it!
- Watch for unclear metrics that are comprised of multiple datasets and seek understanding.
- Be cautious with metrics without trendlines (years or quarters)—without trending it's difficult to understand where metrics are pointing.
- Acknowledge blind spots and tendency towards volume-based metrics; consider how board metrics are measuring future-oriented priorities, such as consumer value or consumer loyalty over time.

these cases highlight the need for boards to not take a passive role in dashboards. Boards need to be involved in identifying the metrics they are tracking and participating in education to fully understand the datapoints they receive. Upon reviewing several not-for-profit healthcare system dashboards, it's striking how much variation exists across the industry. Within the spectrum of board dashboards, we have observed straight-forward, layperson-friendly metrics all the way to extremely complex metrics, rigged with opaque formulas that roll up and weight unclear datapoints. Further, most tend to favor volume metrics and remain focused on acute care settings.

### Standardizing Indicators

While conventional wisdom leads to the position that every organization is unique and therefore needs a

unique set of its own indicators, these custom scorecards may be leading to less effective oversight. Standardized dashboard metrics in theory would provide a non-biased lens into organizational health. At minimum, adoption of widely accepted indicators, such as Net Promoter Score, already being leveraged by consumer-focused organizations is a way to bring to light datapoints that will be critical as we continue to progress towards a more consumer-driven healthcare economy.

Dashboards provide an opportunity to engage board and committee members, improving conversation quality by distilling down complex information into digestible pieces. Given the volume and pace of information coming into the boardroom, dashboard refinement should be prioritized accordingly. If your dashboards could be improved,

consider creating a task force of the board along with management to revisit your board dashboards with fresh eyes.

## Best Practices

### *Avoid Dipping into Management*

Remember the board's role is setting organizational direction by outlining long-term metrics and destination metrics to ensure the organization is making satisfactory progression over time, as well as monitoring performance toward strategic ends using the longer-term metrics on the governance dashboard. The board must focus itself on strategic outcomes—not recitations of the initiatives or processes underway to move forward or, worse, the reasons why an outcome was not achieved. If the outcome/metric is no longer meaningful, the board should delete or modify it. All while, allowing management the flexibility needed to implement long-term strategy in a dynamic market. The board should not micromanage how management moves forward; rather it should focus on monitoring the outcomes that are being achieved.

### *Account for the Journey*

Use "bifocal" governance dashboard metrics.<sup>1</sup> Many boards use a balanced scorecard that incorporates key performance indicators related to, for example, quality, safety, and the patient experience; financial performance; employee engagement; turnover

<sup>1</sup> This section is an excerpt from Marian Jennings, "Special Section: Moving beyond the Basics of Strategic Planning: The Board's Role," *BoardRoom Press*, The Governance Institute, October 2015.

rates; and success in physician recruitment. This approach is valuable to directors in effectively overseeing current performance and moving the organization to higher performance levels. However, unintentionally, these indicators of current performance may overly focus the board on "skating to where the puck is now" and reinforce the status quo. While necessary, they are not sufficient. Just as a driver needs to see both his dashboard and look further down the road, directors need to track both current performance and key indicators of future success. In addition to broad strategic destination metrics, the board should review performance against clearly defined metrics related to each goal on a quarterly, semiannual, or annual basis based upon the nature of the metric. Below are some thoughts around what these more strategic, longer-term dashboard metrics might look like:

- Assuming a continued rise of consumerism, the board should anticipate how future healthcare decisions are likely to be made—with much greater emphasis on convenience and low cost—and begin tracking how the accessibility and cost-effectiveness of its care compare to that of regional competitors.
- If a system wants to perform at the level of a Truven Top 50 system, it should track not only the usual balanced scorecard metrics, but also begin to compare itself against likely future benchmarks of top performers. ("Skating to where the puck will be.")
- Envisioning a future where more payment will be based upon delivering "value," in addition to monitoring specific quality

or other metrics, the board should monitor what portion of potential incentive dollars the hospital or health system achieves for delivering "value" and estimate how it is likely to fare in the future on such incentives.

- Preparing for a future in which individuals will relate to networks of providers, the board should track what portion of "attributed lives" in the region relate to its system and affiliates.
- Anticipating a future with greater transparency of hospital quality data, the board should monitor its performance against quality data of local competitors not simply track its own improvements.

### *Dashboard Cohesion*

Consider the various dashboards and scorecards used across your governing bodies—how do these datapoints tie together and inform each other? Building, maintaining, and continuously reviewing datasets takes time and effort. Ensuring all the various datapoints prepared and presented to the board and its committees tie to the overall strategic direction goes a long way in improving board effectiveness. Creating consistency in formatting also makes intake time quicker, once everyone is oriented and comfortable with the format adopted for dashboards.

### **Governance Institute Resources**

["Moving beyond the Basics of Strategic Planning: The Board's Role"](#) (*BoardRoom Press* Article)  
[Setting Strategic Direction: A Toolkit for Healthcare Boards and Executives](#) (*Strategy Toolkit*)

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