



Culture Alignment, High-Performing Healthcare Organizations, and the Role of the Governing Board

Part Two: Setting a Culture of High Performance and the Responsibility of Governing Boards

By Daniel K. Zismer, Ph.D., and Ben Utecht, Keystone Culture Group

Hospital and health system performance is, or should be, at the top of the agenda for every healthcare board in the U.S., especially given the juggernaut that is the public demand for increased value for the health dollar spent. Board members hold final accountability for the organizations they govern, and management is hired to execute on performance plans approved by boards.

The optics on performance almost always manifest as a scorecard that is owned by the board.¹ Such scorecards typically reflect performance metrics and comparisons to benchmarks across an array of important areas of evaluation. Each area evaluated can be variously important independently and as each interacts with others on the scorecard. Comprehensive performance scorecards have been raised to a high art and science. Most, however, fail to account for what may be the most important ingredient in the recipe that produces high performance: culture. There is such a thing as a culture of high performance in organizations. The balance of this article supports this claim and provides a framework for board discussion.²

¹ Robert Kaplan and David Norton, "Using the Balanced Scorecard as a Strategic Management System," *Harvard Business Review*, July–August 2007.

² Part one of this article series looked at the board's role in culture and culture alignment; see Daniel K. Zismer and Ben Utecht, "[Culture Alignment, High-Performing Healthcare Organizations, and the Role of the Governing Board: Part One: Culture and Culture Alignment—The Foundation of a Board's Culture Game Plan](#)," E-Briefings, The Governance Institute, March 2018.

Key Board Takeaways

Cultures of high-performing organizations are encouraged by boards that:

1. Are willing to make bold, outward-facing declarations of mission performance goals and expectations for the organization; this means clear translations of mission into specific, measurable performance goals that are aspirational and inspirational.
2. Have communications coming directly from the board to the organization, including routine summaries of the work of the board as it related to progress toward mission, strategy, and organizational development goals.
3. Make clear, tangible commitments to investments that will be made to support the work of the people who carry out the mission.
4. Establish, through management, how the board will evaluate progress on goal expectations.

Culture Drives Performance

Skeptics of culture as a driver of performance will say, "Healthcare organizations are composed of highly trained and experienced professionals; they know what high performance is and how to make it happen." While such an assertion may hold some weight, what often passes with little understanding or appreciation by boards is that individuals hold intrinsic and integral beliefs regarding how they must perform to satisfy a personalized, internal compass that guides their behaviors. But, oftentimes, that internal compass

doesn't relate to, or integrate with, a drive to also ensure that the environment in which they work performs at high levels.

In fact, such is the case when professionals who rate themselves as high performers tolerate working in organizations that fall short of their personal standards of performance. The psychology of such situations will facilitate a disconnection and discordance of the individual's perceived responsibility for the state and status of the performance of the "place" they work from that of their performance within that place; "I am good at what I do. The place I work at just can't seem to get it right." This dynamic translates to professional sports as well. NFL teams are populated with elite athletes. Players move around the league based upon trades and free agency. All teams play the same game coached by seasoned professionals. At the end of the 2017 season, 12 of 32 teams had never won a Super Bowl. Bad luck year after year or culture? Players on teams that don't win, will not, necessarily, see themselves as subpar athletes because the team they play for isn't a winner.

Nurturing a Culture of High Performance from the Boardroom

How can board members fully understand and harness the potential that comes from a culture of high performance? First, let's return to our definition of culture: "Culture is the foundation of intrinsic beliefs that bind and inspire the behaviors of people in communities to pursue unity and purpose."³

Declarations of performance goal expectations by boards is necessary, but not sufficient. The foundational question is: What kind of culture is required to enhance the likelihood of success through the alignment of organizational goals with those of the people who are the organization? Board members and senior leadership must work well together here. The foundation of a culture of high performance fits into a seven-pillar framework:

1. Everyone must understand and accept the mission of the organization. They must trust that those who govern are believers as well and will hold fidelity to the mission with their decisions and related behaviors.

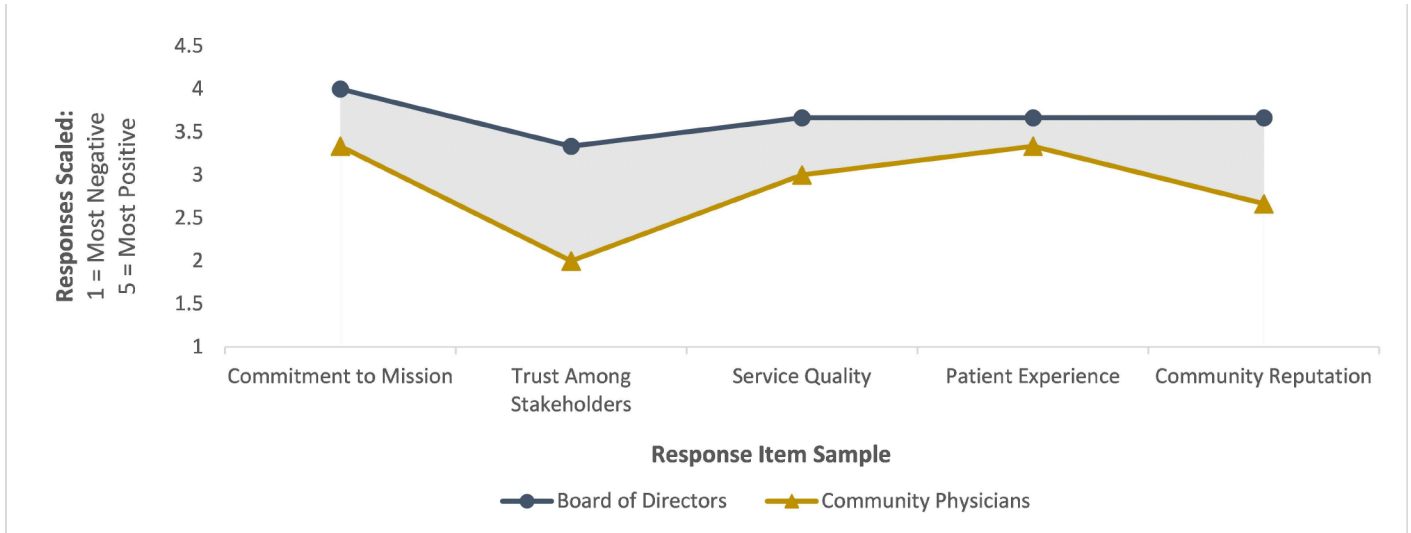
³ Keystone Culture Group, Culture Pro Series (see www.keystoneculturegroup.com).

2. Performance goals must be worthy in the context of the whole. Stated goals need to be seen as being worthy of their commitment of purpose and professional efforts. Goals tipped too far to the financial or operating efficiencies, for example, may create suspicions of intent.
3. Investments required must be seen as likely to deliver fair and equitable distribution of rewards; here the term "investments," at the level of the individual, is defined broadly, including investments of emotional energy (i.e., the expectation that I, as an individual, am willing to invest my emotional energy in pursuit of the goals created by those who operate at a distance from my touch points within the organization).
4. Goals declared are consistent with a sound foundation of organizational ethics and morals. Board members must be worthy of trust.
5. Goals stated are the "right ones." Highly skilled professionals will hold opinions on whether the organization "has it right" (with "right" defined in terms of the goal, the path to the goal, and the value of the returns available measured against the risks of pursuit).
6. Commitment and participation will not jeopardize the individual team members' abilities to fulfill personal and professional goals and objectives.
7. Professionals must believe they are free to exercise sufficient personal judgement in how they execute on any plan.

Alignment of culture is critical to achieve high performance in pressured markets.⁴ How can boards know if the people of the organization are aligned with the performance goals of the organization? That's the easy part; they will tell you if asked. It is our experience that everyone is more than willing to answer honest, well-crafted questions pertaining to the goal orientations of the governing board and senior leadership. Insufficient alignment is evidence that performance goal attainment is at risk. (See **Exhibit 1** for an example of results from a survey that show misalignment among board members and community physicians in an organization.)

⁴ See Daniel K. Zismer and Ben Utecht, March 2018.

Exhibit 1: Board Member Alignment with Community Physicians



Note: This represents a sample of results from a comprehensive organizational alignment survey undertaken by Gregory Carlson, Ph.D., and Richard M. Shewchuk, Ph.D. Dr. Carlson is a Senior Advisor for Castling Partners, LLC.

Board members should be mindful that at the core of all healthcare organizations is a collection of teams composed of highly trained professionals that have an intrinsic need to succeed at the highest levels. To align these intrinsic goals with those of an organization requires a decided, designed, directed, and

deployed approach to a culture of high performance. A culture of high performance is the responsibility of a governing board working hand in hand with management. The good news is professionals want to be associated with a winning team, as long as they believe in the path and goals of the organization. It is human nature.

The Governance Institute thanks Daniel K. Zismer, Ph.D., Managing Director and Co-founder of Keystone Culture Group, and Ben Utecht, former NFL player, public speaker, and Co-founder of Keystone Culture Group, for contributing this article. They can be reached at dan@keystoneculturegroup.com and ben@keystoneculturegroup.com.

