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Moving from Conflict to Consensus between Public Boards and Hospital Boards

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Lack of trust, miscommunication, long-held grievances, and misaligned visions between a hospital board and a district or county board can weaken the foundations of even the strongest county- or district-owned health system. When larger forces—new competitive threats, provider shortages, advanced payment models—disrupt business models and erode operational performance, these tensions can boil over. Combine these operating risks with the challenges and uncertainty of a pandemic and it becomes a catalyst for conflict. It is imperative to regularly tend to the working relationship between boards, to diagnose and treat problems before they become acute, and to deploy key strategies to keep the relationship between boards on track.

Key Board Takeaways

Steps to help public and hospital boards develop a strong relationship and a common vision and strategy for the organization include:

1. Ensure leadership on both boards communicate regularly and have a partnership that is based on trust and transparency.
2. Form a special joint committee consisting of members from each board and additional community leaders to assess the status and direction of the hospital.
3. Develop a common fact base that informs the work of the special joint committee—and ultimately the work of the boards.
4. Task the committee with creating a shared vision. If necessary, bring in an outside advisor to help create consensus around this vision.
5. Have a shared communication plan to ensure boards are effectively communicating with the public, hospital staff, donors, and other key constituencies about the strategic direction and vision of the organization.
6. While the above approaches can be employed at any point, the appointment of new board leaders may present a unique opportunity to "reset" the inter-board relationship.

What Drives Misalignment?

Over the years, we have often heard the hospital board exclaiming that the district or county are just the landlord and should not meddle in the management and operations of the hospital. Conversely, we have heard district or county board members speak to their role as stewards of a community asset and their responsibility to protect it from harm.

We have worked with many boards to bring them together to understand the facts and circumstances driving health system performance and create a shared vision of the future after over a decade of toxic public battles. The key elements of their success are shared below. However, we have also worked with boards that could not move beyond the barriers of dysfunction and distrust. Their story is one of scorched earth and loss. In many instances, the county or district has the ultimate authority to "prevail." In one case, after a long-running dispute with the hospital board, the district terminated the 501(c)(3)'s lease of the hospital, fired management, brought in a new management team, and filed for bankruptcy 18 months later—all while depleting reserves, seeing talented staff depart, and alienating portions of their community and stakeholders. It is hard to view this enormous loss as a "win" for the local community.

Avoid Settling for a Pyrrhic Victory

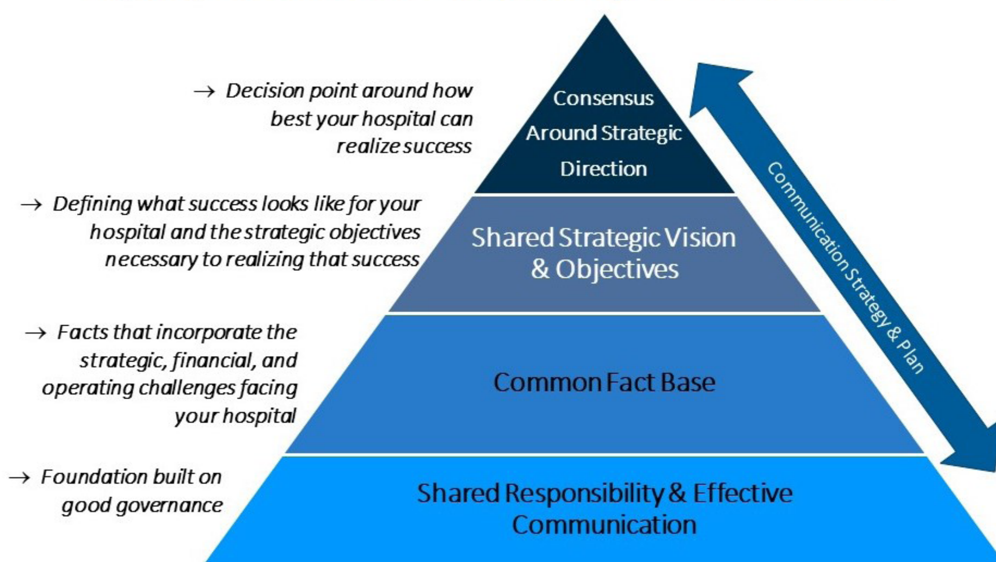
The Peter Drucker quote below points to the challenge. The most

"There is no perfect strategic decision. One always has to pay a price. One always has to balance conflicting objectives, conflicting opinions, and conflicting priorities. The best strategic decision is only an approximation—and a risk."
—Peter Drucker

important decisions facing the hospital require balancing conflicting objectives and priorities and are, at best, only an approximation and certainly a risk. How can a hospital move forward without a common understanding of strategic and operating risks and a shared future vision? How can prudent decisions that entail risk be made if every decision is viewed through a lens of mistrust?

Based on our experience in dozens of communities with county- or district-owned hospitals, including many where relationships between the hospital board and county or district board were highly strained, these six steps are essential for moving beyond conflict and distrust to consensus around the future direction for the local hospital or health system:

1. **Ensure frequent communication among board leadership.** Leadership of both boards must communicate regularly to begin to forge a better working relationship. Understanding the perspectives of others and sharing information can help thaw the frostiest of relationships, but frequent and transparent communication is essential.
2. **Establish a shared venue.** Forming a special joint committee to assess the status and direction of the hospital can be a critical step. This committee may consist of a few members from each board, select physician leaders, and additional community leaders who bring important perspectives to the issues. The goal should be to create a forum where the special committee can reach consensus on key issues, including a shared vision, a set of objectives, and ideally, a preferred strategic direction for the hospital.
3. **Develop a common fact base.** Developing a common fact base that informs the work of the special joint committee—and ultimately the work of the boards—helps to replace emotion with insight. The power of a carefully developed set of analyses and findings to move discussions forward cannot be overstated.
4. **Bring in outside facilitation.** Retaining an outside advisor can be essential to creating consensus. The perspective of an expert, gleaned from managing challenging inter-board dynamics, can help to avoid missteps and bring an important perspective to the work of the committee. If you choose an outside advisor, a single advisor should work with the committee. If each board has its own advisor, the "we versus them" dynamic will be reinforced and consensus around a shared vision will be more difficult to achieve.
5. **Have a shared vision.** The objectives of the committee should be to undertake an objective analysis of the hospital's strategic and operating risk profile; define its needs, constraints, and objectives; and craft a shared strategic vision for the future. Using this framework, the committee and boards can



evaluate strategic options and focus on the priority initiatives for the hospital.

6. **Create a communication plan.** Because distrust and conflict between boards often becomes a public spectacle, the boards must have a shared communication plan around the objectives, steps, and outcomes of the work described above. A thoughtful plan for communicating with the public, hospital staff, donors, and other key constituencies can help turn over a new leaf while creating buy-in and support for planned communications.

Understanding that each board will be protective of its role and responsibilities and that various stakeholders will have conflicting perspectives is an important first step in this process. Public scrutiny and debate will only heighten the chances for conflict. Without a thoughtful process to achieve buy-in and consensus, trying to force counterparts to accept the "right" answer will contribute to the discord and distrust.

In the current environment, characterized by disruptive technology, new competitive threats, rapidly evolving payment models, and pandemic effects on core health system services, the difficult decisions facing hospitals and health systems can make inter-board dynamics highly combustible. Investing the time, effort, and expense to avoid a meltdown between boards and create a shared vision is essential to the future success of many county- and district-owned hospitals and their communities.

The Governance Institute thanks Jeff Sommer, Managing Director, and Clare Kelley, Consultant, Stroudwater Associates, for contributing this article. Jeff can be reached at jsommer@stroudwater.com or (207) 221-8255, and Clare at ckelley@stroudwater.com or (207) 221-8267.