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# Hospital Focus

## Future-Proofing a Healthcare Board Calls for a Shift in Mindset

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Healthcare boards of directors face multiple challenges, from a highly regulated business model, to escalating labor, supply, and service costs, to declining margins and reimbursement.

Board members must navigate organizations through transformational change via information sharing, education, and collaboration with every vital stakeholder. The result will be a healthcare system defined by technological advancement, efficiency, and accessibility.<sup>1</sup>

Mindsets are nothing less than the set of beliefs that shape how directors make sense of their board roles and the organization's function, scope, and purpose within the healthcare industry.<sup>2</sup> Given the complexities of labor shortages, reduced patient volume, digital health investments, and other unpredictable disruptors, board members must evaluate trends, issues, and crises by adapting the best, most appropriate mindsets.

This article focuses on six mindsets to help healthcare boards address new and emerging trends and challenges.

**Mindset: Focus on long-term, sustainable value creation.** Boards deliver value when they pivot from an exclusive focus on short-term targets to long-term strategy, performance, and outcomes. Doing so generates stakeholder value, facilitates business and clinical growth, and opens pathways to innovation and transformation.

- 1 [5 Corporate Governance Trends Affecting the Board's Oversight Role in 2023](#), Gartner.
- 2 April Rinne, "Change Management Requires a Change Mindset," *Harvard Business Review*, May 18, 2023; Steven Valentine and Guy Masters, "Healthcare Forecast 2023: 10 Trends for Board Members and Senior Leadership," E-Briefings, The Governance Institute, January 2023.

Board members support long-term value creation when they:

- Align mission/purpose with long-term performance.
- Insist on tracking, reporting, and communicating long-term value creation.
- Build sustainable value across finance, technology, talent, governance, and social responsibility.<sup>3</sup>

**Mindset: Ensure data transparency and communication on complex issues.** By incorporating metrics on environmental, social, and governance (ESG)/sustainability into governance, board members mitigate risk, surface business opportunities, engage stakeholders, and accelerate decision making.<sup>4</sup>

Healthcare directors lead on security/cybersecurity when they pose questions on data location, ownership, importance, enterprise-wide risk management, cybersecurity expertise, and security audits and assessments.<sup>5</sup>

Board members contribute to data transparency and communication on tough issues when they:

- Collaborate on metrics.
- Scrutinize the implications of audits and assessments.
- Insist on plans and controls to better manage risk.
- Request regular data analyses and syntheses from the C-suite.

**Mindset: Articulate the organization's long-term talent agenda.** Directors who once zeroed in on CEO succession now review the strength of the leadership pipeline with the goal of future-proofing the organization. They also question how culture helps the organization manage risk, outperform the competition, and fulfill strategic goals. By fostering leadership development and promotions, boards can alter the trajectory of an organization's culture.<sup>6</sup>

Healthcare directors influence and shape an organization's long-term talent agenda if they:

- Monitor the CEO's performance on strategic talent management.
- Ensure a quality talent pipeline for C-suite and upper management functions.
- Assess the organization's culture and emerging talent needs.
- Monitor performance on diversity, equity, and inclusion (DE&I) and the "S" in ESG often referred to as "human sustainability."

**Mindset: Enable innovation and transformation via technology.** Healthcare boards will drive digital transformation if they articulate what transformation could mean for stakeholders across the continuum of care, from consumers, providers, and payers to suppliers, government, and pharma.

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- 3 Magdalena Ziolo, Iwona Bak, and Anna Spoz, "[Theoretical Framework of Sustainable Value Creation by Companies. What Do We Know So Far?](#)" *Corporate Social Responsibility and Environmental Management*, March 30, 2023.
  - 4 Eric Burdon, "[15 Key ESG Metrics to Track in 2023](#)," KnowESG, July 28, 2023.
  - 5 Paul Proctor, "16 Metrics to Transform Cybersecurity Measurement Reporting and Investment," Gartner, May 22, 2023.
  - 6 Annie Villanueva Jeffers and Ann Beth Stebbins, "[Winning the War for Talent: It's the Board's Responsibility, Too](#)," Skadden, Arps, Slate, Meagher & Flom LLP, June 1, 2022.

Healthcare directors must uncover how well digital transformation performs by tracking metrics like adoption, productivity, user experience, cost reduction, reliability, and accessibility.<sup>7</sup> They must also figure out how digital transformation alters long-term value creation via changes in systems, processes, workflow, culture, and how and where organizations create value.<sup>8</sup>

Board members enable innovation and transformation via technology when they:

- Question the link between digital transformation strategy and the fulfillment of business and clinical objectives.
- Champion the short- and long-term value of digital transformation in healthcare and medicine.
- Influence the measurement and evaluation of digital transformation success.
- Link talent management strategy to digital transformation outcomes.
- Demand vetted insights on new and emerging technologies, including machine learning, artificial intelligence, quantum and edge computing, robotics, and natural language processing.

**Mindset: Cultivate resilience to counter downturns, disappointments, and crises.**

Healthcare boards need the resilience to pivot from an existing crisis or disruption, recalibrate, and prepare for what lies ahead. The COVID-19 pandemic caused healthcare boards to invest in digital collaboration, crisis management tools, and board meetings structured around business and clinical strategy and crisis response. However, many healthcare boards that accelerated decision making during COVID-19 still question if they could prevent, prepare for, and respond to the next pandemic-level event or natural or man-made disaster.

Healthcare boards can develop the resilience needed to counter disruption and crisis if they:

- Advocate for integrated approaches to risk identification and mitigation.
- Champion accelerated team decision making and agility.
- Maximize the value of teams via accountability and outcomes ownership.
- Recruit, develop, and promote executives who can coach teams and facilitate shifts in mindset.
- Evaluate and strengthen talent and culture-building strategies.<sup>9</sup>

**Mindset: Champion organizational mission and purpose.** Healthcare purpose or mission statements engage and inspire the workforce, create a sense of belonging, build trust and confidence among stakeholders, and guide decision making, especially in times of uncertainty. Directors have a responsibility to support the CEO in implementing the organization’s mission or purpose and secure funding for programs that support the purpose or mission.

Healthcare mission statements engage and inspire the workforce, create a sense of belonging, build trust and confidence, and guide decision making.

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7 “14 Important KPIs To Help You Track Your Digital Transformation,” *Forbes*, June 25, 2020.

8 Marshall Van Alstyne and Geoffrey Parker, “Digital Transformation Changes How Companies Create Value,” *Harvard Business Review*, December 17, 2021.

9 Andres Garro, et al., “Healthcare Resilience in Three Key Moves,” Boston Consulting Group, June 16, 2023.

Healthcare boards champion an organization's mission or purpose when they:

- Collaborate with C-suite executives to build a narrative around organizational mission and purpose.
- Share stories of how stakeholders fulfilled organizational mission and purpose.
- Communicate the organization's assets, vulnerabilities, and new and emerging opportunities.
- Evaluate decisions on strategy, talent, technology, finances, investment, governance, and risk management through the lens of purpose or mission.
- Make the fulfillment of mission and purpose a regular board agenda item.
- Ensure accountability for purpose or mission fulfillment via performance appraisals, reporting requirements, incentives, and compensation.<sup>10</sup>

## How to Shift Board Mindset

Healthcare boards can facilitate changes in mindset through these strategies:

- **Workforce:** Board members can shift their mindset from the numbers game of recruitment and retention to understanding the value proposition for employees. Many boards have evolved to focus on talent for the whole company rather than just compensation for the CEO and other top executives. Understanding the evolving needs of the workforce brings clarity on how to align employee experience with long-term performance, growth, reskilling, upskilling, and development.
- **Risk and financial pressures:** Provide board members with the tools to test, monitor, and evaluate strategies for achieving the organization's strategic goals under the most stringent economic conditions. Ask board members to imagine scenarios that might change the trajectory of financial performance and growth and to recommend strategies for uncertain economic conditions.
- **Regulatory:** Ask board members to reach beyond staying up to date on regulatory changes in areas like payment reform and value-based care models. Instead, challenge them to evaluate emerging challenges and opportunities, and advise on possible organizational responses focused on collaboration to understand creative payer-provider partnerships to advance equity and improve health outcomes to execute whole-person care.
- **Technology:** Invite board members to decelerate unrelenting pressures to develop and invest in technology-driven products and services by shifting focus to long-term value creation. Acknowledge directors' role in technology oversight via regular reports on technology projects and investments and emerging opportunities for tech-driven innovation. Digital transformation and AI investments will be key enablers in solving many challenges facing healthcare organizations today and tomorrow.

By adopting mindsets linked to value creation, talent, technology, data transparency, resilience, and purpose, healthcare board members can tackle any challenge that comes before them.

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10 Signe Spencer and Guangrong Dai, "The Business of Business Is Purpose," Korn Ferry; Jonathan Knowles, et al., "What Is the Purpose of Your Purpose?," *Harvard Business Review*, March/April 2022.

- **Sustainability stewardship:** Ensure that board members understand the environment and climate in the context of ESG and sustainability initiatives. From supply chains to environmental footprints and recruiting efforts, connecting the dots on a solid ESG strategy aligns with most healthcare organization’s mission to improve community health.

## Fast Forward to the Future

Healthcare board issues will evolve in the months and years ahead. By 2030, healthcare will witness escalating spending and worker shortages amid employment growth. Retail giants will build primary care market share as digital patient engagement solutions soar. Consumers will be empowered to prevent disease rather than seek treatment while non-traditional providers could deliver half of primary care.

Healthcare boards will be front and center in evaluating the impact of spending, staffing, job growth, market share, and technology. By adopting mindsets linked to value creation, talent, technology, data transparency, resilience, and purpose, healthcare board members can tackle any challenge that comes before them.

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