



## **Governance Institute Session**

### **Strategic Impact: Driving Change at the Governance Level**

**Pre-Read for Session 1: Challenges and the Discipline of Perspective**  
**March 2024**

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#### **Introduction**

The healthcare sector is faced with \$4.5 trillion worth of super-wicked challenges and concerns. Boards of hospitals and health systems have the responsibility to address these challenges with their general duties, oversight, discernment, and guidance of the following:

- **Planning Models for the Organization:** Taking care of today, and getting ready for tomorrow
- **Decision Making at Different Levels of Delegated Authority:** Especially major capital investments and resource management
- **Risk Management across the Organization, with Key Stakeholders:** Performance risks, cyber risks, quality-related risks, and more
- **Problem-Solving Culture and Engagement:** From value-based care to the work of the human enterprise

This conversation is designed to explore the role of the hospital and health system board as a change-driver. *This is interesting territory* because the landscape of healthcare is complex and dynamic. Our executive teams have the technical and operational background to lead the enterprise. They have the financial, relational, and political expertise to engage in the details of leadership and management. Our fellow board members may bring experience and insights from other settings, but few of us fully comprehend the battlefield of healthcare transformation.

**With these issues in mind, how can board leaders and members serve as *change-drivers*?**

**How can we serve more effectively in the *higher value-added roles of healthcare governance*?**

**How can boards contribute to the *ongoing conversation about strategic change and impact*?**

**How can boards *address change in a thoughtful, focused, and deliberate manner*?**

These and other important questions are clearly in the mix of our conversation as we deal with many concerns shaping the prospects for **Driving Change at the Governance Level**.

#### **Approach to Driving Change at the Governance Level**

This program tackles three main themes for **Driving Change at the Governance Level**. Our intent is to explore each of these areas in a manner that allows for general application in the boardroom, with board committees, and across the extended board/executive team relationship. We will also consider *the board's duties of care and prudence, loyalty and interest, and obedience to policy*.

- In Session 1, we will address a framework for understanding the many strategic challenges that are shaping the next decade of healthcare delivery, along with a practical approach to change leadership, change management, and change governance.
- In Session 2, we will explore and develop an approach to the ongoing discernment of strategic options and choices for driving change. Options are essential in the oversight of near-term and long-term strategy. The anticipation and assessment work that shapes strategic options is key.
- In Session 3, we will examine the intersections of strategy, board talent, and culture as parts of the change engine. We will also look at the incentives for change, the natural barriers to change, and the work to be done over the course of incremental and transformational change.

The stream of thinking for this program is intended to provide context, insights, and a roadmap for **Driving Change at the Governance Level**.

### **Bold Change and Humble Leadership**

Experience tells us that change comes in many forms: Simple change, complicated change, complex change, and bold change. Necessary change, anticipated change, forced change, and natural change. Tougher change and easier change. Welcome change and controversial change. Proactive and preemptive change, and reactive and responsive change. Incremental change and transformative change. And sometimes, change that, by its very nature, is...**game-changing**.

**Bold change** in times of great challenge is part of the *work to be done* by boards and executives. This work is where great challenges meet with great governance and management. Bold change may suggest big moves, big actions, big risks, and big impact. But the *common duties of governance* should inform the general idea of bold change with a big measure of **humble leadership**, and that requires thoughtful discernment and the motivation for real impact—bold and humble.

### **The Questions That Matter**

Driving change at any level is part of an organization's capability. The discipline and capacity for change is a difference maker. The leadership, management, and governance of change is essential for making progress on what are sometimes called the four natural goals of healthcare:

- **Excellent Patient Care, High Standards of Care:** Reflecting the evolution of the patient experience and health equity
- **Comparative Value-Based Care Advantage:** Reflecting the impact of stakeholder interests and cost/value friction
- **Economic Performance, Revenue, and Resource Leverage:** Reflecting the dynamics of scope and scale, capital, and collaboration
- **Corporate Stewardship and Community Health:** Reflecting the broader societal and community goals of healthcare

The questions that matter for change leadership, change management, and change governance are questions that engage positive thinking about the conditions and options for positive



change, and the impact of change. These questions should invite more action, more learning, and more appreciation of the journey of change. They should encourage discernment and deliberation, a few good arguments, and the engagement of trust. The big questions that matter should put the near-term and the long-term objectives of the organization in the spotlight, encouraging the work of the board as they focus on taking care of today, and getting ready for tomorrow.

**This program is built on questions**, and the conversations that go with the work of hospital and health system governance. **In Session 1**, the questions examine the challenges and need for change, and different levels of change. **In Session 2**, the questions address the strategic options for change and the power and risks these options pose for near-term and long-term impact. **In Session 3**, the questions consider the practical concerns of change readiness, change friction, change incentives, and change barriers. What is urgent and what is important? What is tough about driving change and what is the best way to go about making change happen?

**And the central question is this: how can board leaders serve in their highest and best capacity to drive change that is intentional, attainable, valuable, essential, and meaningful to the stakeholders of healthcare delivery—all in a time of great transformation?**