

Governance Institute Session Strategic Impact: Driving Change at the Governance Level

Pre-Read for Session 2: Bringing the Best Strategic Options Forward May 2024

Hospital and health system boards serve to oversee and influence the delivery of healthcare services. Board members bring knowledge, perspective, wisdom, judgment, and experience to the table, and they contribute to the momentum of the organizations they serve. This Governance Institute program deals with the challenges, options, and leadership that are key to driving change at the governance level. In Session 1, we explored the *challenges of healthcare transformation* and the nature of *board perspectives* that help inform the change pathways and change insights of the board. Our focus in Session 2 is the board's consideration of *strategic options*—the ongoing assessment, appropriation, and accountability insights that go with governance.

A Few Comments on Strategic Options

In most organizations, there are many options for change, performance, and growth. However, between governance and management, there is a tendency to moderate, perhaps cut the analysis and review of those options. Fewer, lesser options on the table often reduces the roster of viable choices that are eventually made. And here is the concern:

- The discipline and practice of exploring strategic options affords a deeper level of insight on the range and implications of pathways for change—**bold change**. The attention to options is quite often cut short by urgency, friction, and assorted process factors.
- The board's basic approach to forward planning, decision making, risk management, and problem solving may be well constructed and effective in normal times, but in times of healthcare transformation, the challenges tend to unfold in complex and dynamic ways.
- The consideration of strategic options is part of the ongoing work of governance and management. It helps connect the work that deals with taking care of today and getting ready for tomorrow. It helps keep the choices that boards make sound, clear, and adaptive.

This is not a defense statement for *paralysis by analysis*. Rather, it is a definitive support statement for **strategic options as critical assets of the organization**. Where we have multiple well-founded options, we are likely in a position to make better, smarter, perhaps faster choices over the journey of change. The sound governance and management of strategic options is a source of market advantage and sustenance.

Healthcare Challenges and Strategic Options

In Session 1 of this program, we addressed the major challenges facing management and governance in healthcare today. These are dynamic and complex challenges, and they have broad implications for planning and decision making. These challenges temper the strategic options available to hospital and health system boards. And in different ways, challenges in these five areas spark critical conversations:

1. **Patient Experience, Quality, Safety, and Value-Based Care:** Options for patient-focused improvement?

2. **Economics, Incentives/Experiments, and Collaboration for Impact:** Options for margin gain/resource leverage?
3. **Technology, Vectors of Innovation, and Digital Transformation:** Options for technical and operational advancement?
4. **Evolving Service Delivery and Service Access Management:** Options for the place/time/space of care?
5. **Regulatory, Government, Legal, and Compliance Considerations:** Options for high-performance systems?

These challenges define the pressure for change across the healthcare sector, locally and globally. They surround the nature of health equity, the value of services, the costs of healthcare, the capital base of healthcare in economic, human, systems, and strategic terms. These challenges frame the scale-and-scope issues of healthcare. They shape the disparities experienced in the marketplace. They also shape the mixed revenue streams and resource streams for hospitals and health systems. And they often force the decision-making constraints that frame an organization's survival, closure, or change in structure.

The Hatching, Arguments, Curation, and Advancement of Strategic Options

The board's consideration of strategic options is one of the most important value-added functions of governance. Putting things into *this perspective*, what is the real *work to be done* here by the board?

- **The Hatching of Strategic Options:** *Exploratory, creative work by the board*
- **The Formation of Arguments for Strategic Options:** *Analytic, evaluative work by the board*
- **The Curation of Strategic Options:** *Crafting and framing work by the board*
- **The Formal Advancement of Strategic Options:** *Influence and support work by the board*

These are practical processes in the board's work on strategic options and the key is balance—the balance of *bringing order and arrangement* to which strategic options make the “**could do**” roster and which have the value and power of making the organization's “**should do**” imperatives. Bringing the best strategic options, perhaps the **boldest strategic options**, to the front is our main theme in Session 2.