

Asking Incisive Questions

Boards must help management challenge their deeply held beliefs about health care

By John Koster and Gary Bisbee

Deeply held beliefs can blind boards to the true nature of change. It's time to challenge the orthodoxies.

In the early 2000s, the Nokia board debated creating a smartphone. The company's wireless handset was the global best seller. Management believed consumers would not use a touch screen on a handset. They knew Apple had 200 patents on relevant technology but, for a host of reasons, they did not respond until too late.

Napster threatened music industry boards. They decided to stop Napster even if they had to sue their own customers. Their focus was "criminal activity," not transformative technology. Opportunity closed as others moved into that space.

The Kodak board, in the 1990s, reviewed management's plans for the first digital camera. Management had a problem. They could not incorporate film or chemicals into image creation. It didn't fit the company's orthodoxy of photography. The project was put into mothballs.

Do health system boards of today have similar challenges? The forces of transformation are changing everything. Health care is in the earliest

stages of transformation. What will be different about health care transformation? What is the role of the board?

Individual uniqueness

Transformation refers to fundamental changes a business or a profession must make to be successful when there is a shift in the market environ-

ment. Sometimes the changes are easily seen, and the changes needed are readily apparent. Other times, the shifts are so profound and fundamental that their connection to the business environment can be difficult for leaders to see.

Individuals view the world differently today. Evidence is everywhere. People have individualized information at their fingertips and get what they want, when they want it. This changes everything: institutions, music, news media, retail, governments and every aspect of life. Many institutions and businesses have been pro-

foundly changed or completely eliminated.

The primacy of individual uniqueness and its expression is at the core of health care transformation. People customize their experiences and purchases and expect information to identify what they truly want. They want to know, "If I like this song, then I will like *that* song."

Digitization

Democratization of information is a powerful force. People everywhere carry the knowledge of the world in their smartphones. The Internet not only connects to unlimited knowledge, but also to other people. Thus, they have unlimited access to information as well as the thoughts and opinions of other people, which has expanded consumer expectations. The only other time of comparable social change was in the decades after the Gutenberg press. The historic asymmetry of medical information has changed.

Previously inaccessible information can enhance patient care. Digitization has unlocked information from patient

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records and other sources. Predictive analytics unlocks previously unknown correlations relevant to health and disease outcomes. Boards understand that this information is transformational. It is not dissimilar to discovering a vast reserve of oil where the organization must determine how to refine gasoline, kerosene and jet fuel to produce value from the data at hand.

Scientific innovation

Computational biology is profoundly changing our understanding of health and medicine. Genomics, proteomics, microbiome, sensors, mobile monitoring and many others are revolutionizing our understanding of disease. Scientific innovations are synergistic-



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tic, with advances in one field fueling rapid innovation in others. These new understandings highlight the biologic uniqueness of each individual and make precision medicine possible. Individuals are aware of their uniqueness and want personalized treatment and preventive services.

Biologic uniqueness is changing cancer treatment, as some cancers are now viewed as a genomic disease with genomic aberration potentially giving rise to cancer in many organs, rather than being a disease of a singular organ. In addition, an individual's response to medications can vary. Unaware, people may take medication that is either noneffective or toxic, because of their genomic makeup. What happens as this becomes more widely known? Entrepreneurs and technology companies are working on tools to assure personalized treatment.

Making a difference

Boards of health care organizations can learn from the experiences of Nokia, Kodak, the music industry and newspapers, all of which misjudged the individual's utilization of technology to access information and make decisions. The deeply held beliefs about their business, the orthodoxies, can blind boards to the true nature of change. In transformation, boards must help management challenge the orthodoxies.

Most importantly, health care boards should develop a framework of transformational forces. Board members may have begun their service on a hospital board. Now, the board is responsible for a large, vertically integrated health system in the midst of transformation. They appreciate the transformation of other industries, but know that health care is about much more. It involves a sacred trust among the caregiver and the patient and family. Preservation of this sacred trust is crucial. Their board work is about more than a "business model," it's a matter of life and death.

The forces of health care transformation extend well beyond biology, digitization and information. Government and employers, with the impetus of the Affordable Care Act, are passing the financial risk of health care to patients (in high-deductible plans) and to providers (in bundles and population health plans). Will this lead to more demanding expectations for health services? What will individuals expect as they pay more of their own money? What should systems learn about customer behavior from the transformation of other industries?

Importance of questions

Successful boards ask incisive questions. Organizations redefine themselves as they seek opportunities. They recall Nokia, Kodak and other legacy

companies where the deeper nature of change was unappreciated or misinterpreted.

Health care boards play a vital role by asking questions that develop deeper understanding. Such questions challenge organizational orthodoxies ("What alternative ways of delivering care are we considering to provide greater or more convenient access to our services?").

Other questions deepen the understanding of customers ("What do patients most want from us, and what are we doing to meet those needs?"), or clarify new risk-based business models ("What is the greatest risk we will be exposed to if we enter into this type of value-based contract, and how can we mitigate that risk?").

Still other questions continue to survey the forces of change ("What have other transforming sectors learned about change that our organization should consider?"). Through asking incisive questions, boards serve their community mission and facilitate transformation. **T**

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