

Trustee Insights

VIEWPOINT



Enhancing Governance to Foster Innovation

Eight ways that boards embrace innovation and transformation

BY CATHY K. EDDY

As a health care trustee, is your governance role:

- a) Oversight
- b) Insight
- c) Foresight
- d) Innovation
- e) All of the above

If you had asked me that question when I first joined a board 15 years ago, I would have said: a) oversight. But today, the role of boards has expanded to include all of the above.

When you talk to trustees about the governance challenges they face, you often hear:

- Our strategy isn't focused on the long-term future and new entrants to the health care market.
- We don't have time on our agenda to discuss insights and

Innovation

foresight topics because most of our time is taken up with reviewing the oversight and compliance issues.

- As the health care field becomes more complex, we are considering whether we have the right expertise on the board. Innovation, cybersecurity, consumer experience and digital technology all are important and will benefit from

people with expertise outside of health care.

- No board wants to be a rubber stamp, but cultivating an environment that encourages dynamic discussions and probing questions requires a collaborative partnership between the board and organization's leadership.

Here are eight ways that boards can embrace innovation and transformation so their organizations can plan for sector change.

1. Shift the mindset.

By expanding its key roles, the board can become an accelerator for change:

- *Oversight* can be enhanced by constructive debate, targeting specific threats and monitoring high-stake strategies. Building strong relationships among board members outside of formal meet-

ings can strengthen the oversight role. Boards also need to make sure the right measurements for strategic objectives are in place.

- *Insight* is developed by spending time understanding emerging trends and how they will impact the organization. Boards can benefit from professional development; and management can provide information and educational opportunities, along with field resources.

- *Foresight* requires trustees to ask probing questions about emerging technologies and customer trends. It's also important for boards to test key assumptions – does your organization have the right resources and talent for the future?

2. Develop new expectations.

Expand board expectations of the CEO's role in innovation. When selecting a new CEO, look for one that can drive innovation. Make sure the board sets goals and can measure CEO performance for this dimension. Although most boards say they want innovation, they tend to measure their organization's leadership on financial performance and compliance – traditional oversight functions.

3. Build knowledge and skills.

There are several ways to enhance the literacy of the board through education, board retreats, guest speakers and external events. Scenario planning also can help trustees consider different future directions. Boards should look for ways to leverage board members from other industries to share their perspectives on innovation and how they apply to health care systems.

4. Foster diversity.

Many governance committees discuss the need for diversity, but may not go beyond gender and ethnicity in selecting board members. Diversity in age, backgrounds and expertise also is important. Millennials think differently about the delivery of care, but their perspectives are rarely represented in the board room. Consumer experience also will be key as new entrants such as Apple and Amazon gain traction in the health care sector. Increasingly, care delivery is incorporating digital technology, artificial intelligence and machine learning – does your board have access to this expertise?

5. Revisit board competencies.

Boards can benefit from refreshing their competency models – be sure to identify the key competencies your organization and board need to drive oversight, insight and foresight. Does your board have members skilled in complexity, innovation, digital technology and cybersecurity? An updated governance competency model can better focus board recruitment and succession planning efforts.

6. Dedicate time.

Make time on the board's agenda to discuss strategy and innovation. Does your board allocate time during its meetings to discuss insight and foresight items, or is all the board's meeting time taken up with oversight topics? Setting aside time on the agenda to address the challenging, forward-focused topics will enrich your board discussions.

7. Engage board members.

Involve trustees selectively in key initiatives. If a board member has led change in another field, leverage that expertise and insight to challenge strategic direction. Your board also can consider inviting an individual that leads innovation efforts at another hospital or health system to join the board. Your organization and board will gain value from that individual's experience and perspective, and everyone will benefit from the hospital-to-hospital or system-to-system exchange.

8. Create separate committees for major efforts.

Adding a new standing or ad hoc committee when needed can help boards focus on key areas. Boards can leverage members with relevant competencies to advise on innovation, digital transformation or system redesign. Most current board committees focus on oversight responsibilities. Think about using a separate board committee or ad hoc group to help the board develop its insight and foresight roles.

The challenges facing the health care field will require new ways of thinking, planning, doing business and governing. Enhance and leverage your board to drive innovation and provide oversight, insight and foresight for your organization's future success.

Cathy K. Eddy (cathyeddy55@gmail.com) is the founder and retired president of the Health Plan Alliance and currently serves as a strategic advisor for several companies.