Governance Never Events:
10 Leadership Failures That Should Never Occur in Hospital Boardrooms

Knowledge Points
- Review of ten governance “never events”
- Practical ways to ensure the events never occur in your governance practices
- Discussion points

There Are Many Opportunities for Governance Slip-Ups
- Review of external trends
- Strategic planning
- Meeting community needs
- Balancing relationships
- Quality and patient safety
- Changing realities

Ensure Confidence in Governance
- Clear policies, procedures, structure and expectations
- Governance Never Events

1. Failure to Make Quality and Patient Safety the Number One Item on the Board’s Agenda
Quality and Patient Safety is Always Number 1

- Responsible for ensuring quality and patient safety
- Establishes a culture that continually seeks to improve

Governance Malpractice

1. Lack of knowledge or understanding about key issues
2. Not engaging in the right conversations
3. Lack of involvement
4. Focusing on the wrong areas

Keeping Quality at the Forefront

- The board's leadership results in effective systems and measurement
- Quality must be a paramount priority in every decision made

The Board Sets the Tone for the Hospital's Quality Culture

- What is our “culture” of quality and safety?
- What should we be measuring, and how can we improve?
- How good is our quality?
- How ready are we to publicly disclose our performance?
- What does the public expect from us?

Proactive Leadership is Essential

- Proactive in addressing patient safety
- Regularly review quality and take corrective action
- Seek continuing education

2. Failure to Consistently Carry Out the Board’s Fiduciary Responsibility
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Full Authority, Full Accountability
- Operational effectiveness
- Strategic direction
- Community needs and financial viability
- Strong, insightful, balanced leadership
- Corporate culture
- CEO success

What is the Board’s Fiduciary Duty?
- Duty of trust to stakeholders
- Keeper of the mission, values, vision, goals and strategies
- Responsible for the success of the hospital
  - Duty of loyalty
  - Duty of care
  - Duty of obedience

Three Core Fiduciary Duties...
- Duty of Loyalty
  - Objective
  - Unbiased
  - Do not use position to further interests
  - Follow conflict of interest rules
- Duty of Care
  - Obtain information before making decisions
  - Act in good faith
  - Make decisions in hospital’s best interests
- Duty of Obedience
  - Comply with laws and regulations
  - Abide by mission and purposes to protect operations and community trust

The Lifeblood of Effective Governance
- Avoidance of “groupthink”
- Challenge traditional assumptions
- Lively give-and-take
- Openly discuss conflicts
- Make every minute count

Using Communication “Challenges” To Your Advantage
- Listen First, Talk Later
- Embrace Short-Term Tension for the Best Outcome
- Constructive Challenges to Conventional Thought
- Challenge Assumptions and Explore Alternatives
4. Failure to Meaningfully Discuss and Explore Strategic Opportunities

Govern, Lead and Think Strategically

The strategic plan is not a static document, but an ever-evolving plan
Govern and lead the plan, don't create or manage
Ultimate responsibility for success or failure

5. Failure to Avoid Conflicts of Interest

Confront Conflict
Conflicts are inevitable
Fiduciary duty to ensure all deliberations/decisions are carried out without conflicts of interest
When to raise a “red flag”

Ensure a Process to Prevent Conflicts of Interest
Conflicts are often unintentional or simply perceived but not actual
Process for preventing and addressing conflicts
Comprehensive conflict of interest policy
Annual conflict disclosure statement
6. Failure to Challenge Anecdotal Information With a Demand for Evidence

- Evaluate the quantity and quality of information
- Pre-meeting materials distributed in advance
- Ensure information is evidence-based

Evidence Trumps All Else

- Use of “dashboards” and “balanced scorecards”
- Govern through “strategic gap analysis”
- Ensure analysis that demonstrates strategic progress

Clearly Define Performance Expectations...

- Defined metrics
- Periodic review process
- Incentive system

...Using Sound Data that is Updated Regularly

- Determine what to be measured
- Identify data
- Periodically update indicators and performance expectations

Clearly Define Performance Expectations...

- Few in number
- Strategically significant
- Quantifiable
- Time specific
- Consistently reported
7. Failure to Hold the Board Fully Accountable for Performance

Self-Assessment Advantages
- Engages board in wide-ranging evaluation
- Opportunity to weigh in on important questions
- Opportunity to rate personal performance

Important Questions to Ask
- Single highest priority for the board?
- Governance strengths to maximize?
- Governance weaknesses to overcome?
- Most significant health care trends?
- Most critical challenges and issues?

Boards Should Evaluate Individual Board Meetings, Too
- Completed in 5 minutes or less
- Did the board chair lead the meeting skillfully?
- Agenda focused on the most critical issues?
- Was meeting time spent efficiently?
- Did all members actively participate?
- Were board materials helpful?
- Did every trustee leave knowing what’s next?

8. Failure to Reinvigorate and Replenish Governance Leadership Assets

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Succession, Not Recruitment

Succession Planning
- Anticipates future needs and defines necessary skills and characteristics
- Identifies individuals that meet today's needs

Recruitment
- Succession, not recruitment

Succession Planning Ensures Success

Conduct comprehensive self-assessment
- Select trustee, provide orientation and ongoing education
- Identify characteristics and skills desired
- Seek candidates that meet requirements

Succession Planning
- Defines Future Leadership Success
- Key to improving board and organizational perspective and performance
- Identify and close gaps through targeted trustee recruitment

Needs + Responses = Benefit

Board's responsibility to ensure that the hospital understands community needs

Community needs assessment best way to determine public wants and needs

Needs + Responses = Benefit

- Snapshot of the “health” of the community
- Information about other organizations
- Intelligence for evaluating potential partnerships
- Helps begin the planning process

Failure to Understand Real Community Needs and Perceptions

Board's responsibility to ensure that the hospital understands community needs

Community needs assessment best way to determine public wants and needs
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Using Your Community Needs Assessment to Improve Strategic Understanding

- Provides clarity about needed services
- Identifies specific, attainable goals for meeting needs
- Contributes toward the community benefit activities

Macro, Not Micro

- Provide strong, dynamic and effective leadership
- Embrace change
- Push for change, value creativity and innovation, and leverage change for strategic advantage
- Lead the organization to capitalize on new opportunities emerging

Successful Boards Engage in Continuous Knowledge-Building...

- Continually seek new knowledge and perspectives
- High level understanding of areas most critical to success
- Engage in continual education

...And Focus on the Future

- Commit any of these never events? Why? What contributes?
- Which is the greatest challenge?
- Opportunities for improvement?
- Initiatives to avoid never events?

Discussion Points

Focus on new directions and opportunities, not the problems of yesterday
Understand trends, not operational details
Create adequate time for discussion

The Walker Company
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