

BoardBrief

Prepared for Colorado Hospital Association Trustees

Becoming a Visionary Board in an Era of Transformation

Time and again in recent years, hospital trustees have questioned how they can be expected to determine a strategic future when so much in health care is changing, and the future is seemingly unknown and unpredictable. But this is precisely the time when the board must be at its visionary best. Forward thinking visionary boards anticipate potential futures. They prepare for and embrace the changes ahead.

In the book *Governance as Leadership: Reforming the Work of Nonprofit Boards*, the authors define three types of governance: fiduciary governance, strategic governance and generative governance. Fiduciary governance should be a boardroom basic, the cornerstone of the board's responsibilities. The practice of fiduciary governance includes stewardship of the organization's assets, responsibility for the organization's finances, ensuring the highest and best use of resources, monitoring and ensuring legal and regulatory compliance and providing operational oversight.

Strategic governance responsibilities encompass setting a vision and identifying initiatives and strategies for achieving that vision, as well as fulfilling the organization's mission. Strategic governance responsibilities include allocating the resources required to pursue strategic initiatives and monitoring progress to ensure goals are achieved.

While strategic governance might seem to be closely aligned with being a visionary board, it is actually generative governance skills that must be a priority for trustees in today's environment, which is characterized by fast-paced change with a hazy view of tomorrow. Boards that practice generative governance make time to question assumptions, they explore areas which lie outside the proverbial "box" and they envision new and innovative ways of accomplishing goals, achieving visions and fulfilling missions.

"What If" and "So What?"

Visionary trustees consistently ask themselves a series of questions, including "What do we know today that we didn't know yesterday?" By staying well-informed with a continuing flow of new information and evidence, visionary boards can anticipate emerging trends. They begin to envision potential futures by asking themselves "What if...?" For example, "What if our patient volume continues to decline as preventive and wellness efforts succeed in improving our community's health, as our initiatives succeed in reducing readmissions, and as care continues to shift to outpatient settings?" "What if health care is no longer hospital-centric?" "What if retail pharmacies become a preferred source of diabetic care?" "What if we formed a partnership with...?" "What if we look at this differently?"

Boards move another step closer to becoming visionaries when they also ask: "What could that mean to us? What implications does it have for our hospital?" and "What could or should we do to be prepared?" These are questions that begin to generate deeper understanding of new paradigms and their implications for the hospitals and health systems that boards are responsible for leading. They are the questions that prompt challenges to the assumptions and status quo that may hold organizations back.

By considering a variety of potential scenarios and possible responses, visionary boards are able to carefully consider what

10 Leadership Transformations for Visionary Governance

1. Develop new levels of expertise in the issues driving health care
2. Envision multiple futures
3. Focus more on the emergent and less on the urgent
4. Be catalysts for change, challenge assumptions, generate new thinking
5. Focus on strategic issues
6. Listen to outside views and perspectives
7. Engage in deep, decisive dialogues
8. Ensure high-quality trustee engagement, commitment and contribution
9. Understand the community's health concerns
10. Maintain a constant focus on mission and value

possible actions they must take to capitalize on the forces for change. They are better prepared to act quickly, confidently and on their own timetable instead of being reacting to situations that may be forced upon them.

Challenges to Maximizing the Board's Visionary Potential

While there are many potential challenges that prevent trustees from maximizing their visionary potential, below are a few of the most common causes that derail boards.

Failing to Stay Well-Informed. Without credible and current information and data, trustees cannot hope to recognize or anticipate the forces, trends and changes happening in the environment around them. They must develop a high level of understanding in the areas most critical to organizational success and performance. Passing knowledge is not enough. Well-informed boards search out opinions, ideas and perspectives that may be different from their own. They listen to a variety of voices outside the organization, engaging the viewpoints of people with unique experiences and perspectives. In doing so, visionary boards expand their knowledge base and open new lines of thinking.

Poor Agenda Planning and Meeting Management. Confronted with multiple challenges and competing priorities, effective boards must focus their time and attention on the issues most critical to achieving the organization's mission and vision. Board chairs must ensure meeting agendas are structured to allow the board to focus on bigger strategic

issues in board meetings. The board chair must manage meetings to engage trustees at a higher level of thinking and planning, enabling and facilitating the inquiry, dialogue, and debate needed to be visionary.

Focus on the Wrong Issues. Boards must continually adjust their attention to deal with the issues of the future, not the issues of the past. Time should be concentrated on understanding trends and priorities, and their implications for the organization, rather than dealing with operational details. The board's focus should be on generative thinking and visionary-focused dialogue about the challenges, issues and opportunities ahead.

Disengaged Trustees. Board service has never been more challenging. Trustees must know and understand more, and take on greater responsibility than they have in the past. Board members must have the time, availability and discipline to act on their commitment to the board and the responsibilities of trusteeship. They should possess the personal attributes and qualities that ensure the caliber of engagement and contribution required for effective, visionary governance.

Failing to Engage in Deep, Decisive Dialogue. Visionary board members ensure their governance conversations are always vibrant, vital, and focused on purpose and outcomes.

Generative Governance: Where Real Leadership Power Lies

According to the authors of *Governance as Leadership: Reforming the Work of Nonprofit Boards*, generative governance is where real leadership power lies. It's where the board has a clear sense of problems and opportunities facing the organization. Meaningful goal setting and direction setting originates from generative thinking, which requires leaders that not only contribute generative insights to their hospitals, but also engage others in generative thinking. It occurs when boards question assumptions, probe feasibility, identify obstacles and opportunities, and determine alternate ways of framing issues.

Generative governance requires a new type of agenda that features ambiguous or problematic situations rather than reports and routine motions, with a goal to frame decisions and choices, not simply make them. Trustees promote robust dialogue around generative ideas and concepts, which stimulates a "culture of inquiry," creating more substantive and intellectually attractive agendas that create more interesting and productive work, and a more influential role for board members.

Source: Chiat, Richard P., Ryan P. William and Barbara E. Taylor. Governance as Leadership: Reforming the Work of Nonprofit Boards. BoardSource. October 22, 2004.

Dialogue should be the board's "social operating mechanism." Through synergistic discussions, innovative solutions are generated by grappling and grasping with new concepts, ideas and solutions. Without constructive challenges to conventional wisdom and thought, the best solutions may never surface. Visionary boards regularly confront issues by challenging assumptions and exploring alternatives to traditional thinking.

Holding onto the Status Quo. Holding onto the status quo will not push organizations to excel in the future. Improvement and advancement are the keys to future viability in a complex, competitive health care world that will not be the same as it is today. Trustees must lead organizations that can capitalize on new opportunities. Innovation and change must be encouraged and rewarded in all areas and levels of the organization. This requires trustees' leadership of thought, ideas, creativity, accountability and purpose.

Lack of a Common Purpose. As organizations grow through mergers, joint ventures, partnerships, and collaborations across the continuum of care, all stakeholders must share a common purpose or mission. Nothing is more motivating than a clear picture of a bright and successful future. Accomplishing this demands that the board develop an exciting, shared mission that will stimulate enthusiastic followership.

Attributes of Visionary Trustees

Visionary trustees possess the personal attributes and qualities that ensure the caliber of engagement and contribution

required for generative governance. Developing the expertise needed requires motivation, commitment, and time. High-caliber trustees voluntarily seek to be well-informed and knowledgeable, and demonstrate intelligence and quick understanding. Visionary trustees are big-picture thinkers open to new ideas. They think and speak strategically in discussions about complex scenarios and situations. Visionary trustees analyze trends to determine possible implications to the hospital or health system. They display creative and resourceful thinking, considering situations from various angles and perspectives. Visionary trustees use "reasonable inquiry" to pursue new solutions and opportunities, asking thoughtful and insightful questions. Visionary trustees are willing to challenge the status quo and take calculated risks in the interest of moving their organizations forward and fulfilling their missions. These individuals look into the future and imagine what might be achieved.

Visionary boards do not happen by chance. They build on the sound foundation of their organizations' missions, a good understanding of their communities' health care concerns and the bigger perspective of how health care is evolving. By asking penetrating questions and engaging in vibrant conversations that explore new possibilities, the board's visionary focus can stimulate creative thinking, dialogues and debates that help trustees identify and evaluate new and different strategies, overcome challenges and barriers, and encourage calculated risk-taking that leads to visionary futures.