

Healthcare Leaders' Dialogue Conference

**Governance Renewal
& Scorecard**

Gordon Cheesbrough
Chair, NYGH

January 18, 2008



The NYGH's Learning Journey:

- **Our Board did not wake up one day and say: “*We need a Balanced Governance Scorecard.*”**
- **We got here through a (sometimes painful) learning journey.**

Financial Implosion:

**\$23 Million
Deficit**

Culture/ Leadership Implosion:

**Epicenter of
SARS I & II**

Governance Realities:

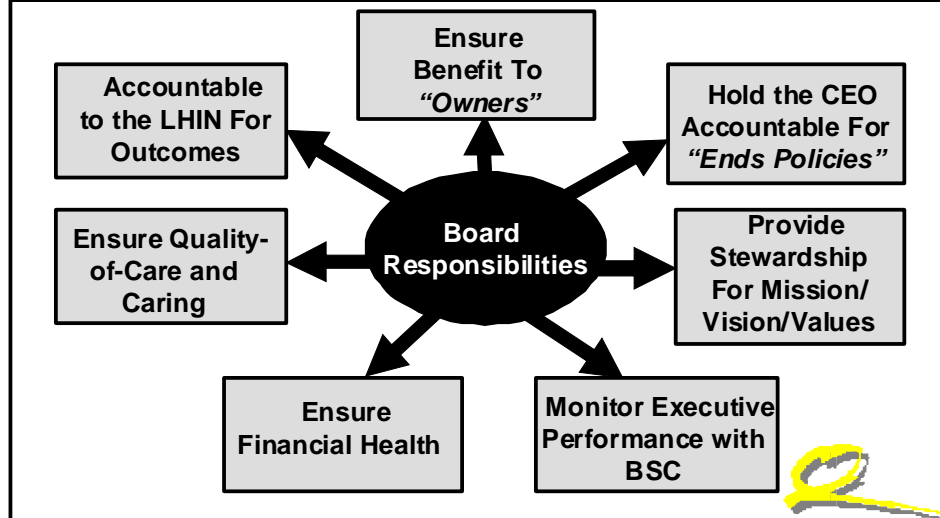
- **Board uncertain as to our “value-added” role.**
- **Healthcare/ hospitals are complex, non-rational.**
- **How can community Boards “add value”?**
- **What is our role?**

Provincial Re-Design:

- ***Bill 8* and *Bill 36* have created a very different system in the Province of Ontario.**
- **LHIN’s allocate resources.**
- **A new *Service Accountability Agreement* between the LHIN and our board.**
- **Hold CEO & MAC Chair (or COS) accountable for outcomes.**



Board Responsibilities

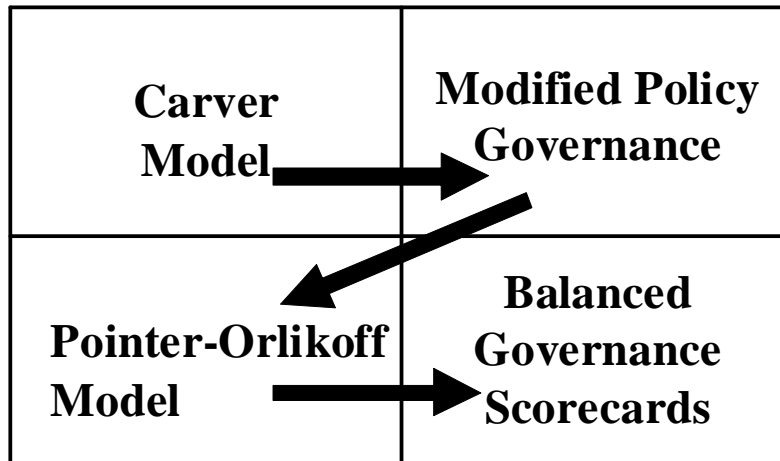


A Balcony Perspective

“Because trustees are more emotionally distant from the day-to-day action of the organization, they are often in a better position to see things from a balcony perspective. They can observe the whole dance floor -- without getting caught up on the dance.”

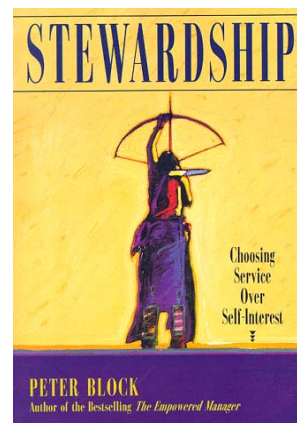
- Ronald Heifetz
Adaptive Leadership

Emerging Best Practice Governance: *The Learning Journey in Healthcare*



Provincial Priority:

- The “*Made-in-Ontario Model*” for system integration won’t work unless community governance evolves.
- Governance needs to reflect evolving best practices for stewardship and accountability and the new system design.



Renewal Process:	
1. Board Retreat	Feb, 2007 Decision on Governance Renewal
2. Phase I	7 four-hour meetings with Task Team of 13 people
3. Board Retreat	Jan, 2008
4. Phase II	5 four-hour meetings with Task Team on targets/ alignment
5. Board Retreat	June, 2008
6. Office of Strategic Learning & Management	April, 2008

Phases:
<ul style="list-style-type: none"> • <u>Phase I</u>: develop a Balanced Governance Scorecard and bring to Board on January 9th, 2008. • <u>Phase II</u>: develop initiatives; set targets; align with the Board structure; with the hospital's scorecard & CEO/ CMAC's <i>Accountability Agreements</i>; and, develop the governance performance reporting system for retreat in June, 2008.

BOARD'S STRATEGIC IMPERATIVES:

1. **Oversee the delivery of high quality health care in our community -- including the highest standard of patient safety.**
2. **Ensuring that the Hospital has the most effective relationship with the Central LHIN & MOHLTC.**
3. **Maintaining fiscal health.**
4. **Ensuring a culture of high performance – by setting the tone at the top to achieve an organization that has:**
 - *High employee satisfaction, highly collaborative, continuous improvement, respect, trust*

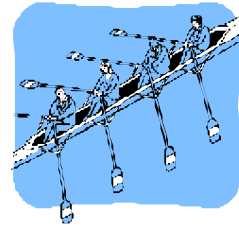
Board's Strategic Imperatives:

5. **Structures and Functioning - Board must be consistent with best practices for:**
 - *Board size*
 - *Board composition (including ex officio positions)*
 - *Number of committees (design and function)*
 - *Duration and frequency of meetings*
 - *Orientation*
 - *Continuing education*
 - *Accountabilities of community representatives*
 - *Evaluation*
 - *Succession planning for the Board*
 - *Code of conduct*



Board's Strategic Imperatives:

6. **Continue execution of *Enterprise Risk Management***
 - *Have a system to help maintain focus*
7. **Ensuring a strong relationship with physicians and other health care professionals**
8. **Talent Management:**
 - *HR strategy and execution*
 - *Succession Planning – CEO, Sr. Management, key leaders (including physician leaders)*
9. **Ensuring patients have a good experience.**
10. **Information system for the Board – scorecard with clearly defined metrics for effective governance.**
11. **Community relations and understanding community health needs.**



Strategic Destination Statement:

Ends to Be Achieved

- * Financial
- * Target Stakeholders & High Level Value
- * Distinctive Contributions & Deliverables
- * Environment Awareness/Recognition/Perception/Image
- * Geographic Reach
- * Alliances/Partnerships/Affiliations/Relationships (Internal & External)

Process Capabilities At Which We Must Excel

- * Core
- * Support

Enablers

- * Members & Staff
- * Culture
- * Leadership
- * Organization
- * Information



Governance Destination Statement:

Focus on:

- * What we are capable of doing (ideally, what we are best at doing)
- * What we want to and should do (ideally, what we are passionate about doing)
- * What the environment will support (ideally, significant opportunities)

Destination Statement Should:

- * Be clear, understandable, explicit
- * Reflect explicit choices
- * Identify distinctive value
- * Be aligned with your overall mission & values
- * Be future-focused
- * Identify your logic regarding ends & means
- * Demonstrate internal alignment



GOVERNANCE DESTINATION IN TWO TO FIVE YEARS

Governance for a community teaching hospital in a continuum of health care, providing compassionate and quality care to diverse communities in North Toronto and beyond – creating a destination of choice for patients, employees, physicians and volunteers

Ends to Be Achieved

Patient/Family:

- Top Rated Quality Care & Patient Safety
- As Satisfies the Aetna Industry
- High Quality Health Care
- Highest Standard of Patient Safety
- Top Rated Patient Experience
- Best Experience in Peer Group / Industry (or Best "Possible"?)
- Provider Destination of Choice
- Timely Access to Care
- Information Exchange & Involvement in Decision Making
- Patient/Family Driven: Responsive to Needs, Values, Priorities, Wishes
- Community Teaching Hospital

Hospital Staff:

- Ensure an Environment of Safety, Security, Recognition, Learning & Development
- Strong, Positive Relationship with All HC Professionals
- Well Designed Safe Workplace

Citizenry/ Community:

- Confidence in Health Care Provided
- Health Care Services Perceived as Effective & Efficient to Meet Needs
- Sameless Customer Experience Across the HC System/Continent – Navigation & Coordination – Easier Movement
- Linkages with the Community to Focus on Illness Prevention
- Strengthen the Continuum
- Provide Patients/Families with Right Service, at Right Time, with Right Provider, in Right Place, at the Right Cost
- Ensure Collaboration with Other Providers & Integration of Services to Customers

Overall Hospital Culture:

- Ensure a Culture of High Performance
- High Employee Satisfaction
- High Collaborative
- Continuous Improvement
- Respect
- Trust

Public Awareness & Recognition:

- (includes LHIN Gov, Community, Physicians, Employees, Bankers, Donors, Peers/ Other Hospitals & Boards)
- Known by All Key Stakeholders for High Quality of Care
 - Delivered in a Fiscally Responsible Way
 - A Leading Institution/Leader & Role Model
 - Awareness/Recognition of Our Brand
 - An Innovator/ Contributor
 - Continual Learning & Leadership
 - Proactively Engaged with the HC System
 - A Collaborative Partner within & across LHIN Boundaries
 - A System Integrator
 - Net Intellectual Contributor to a Sustainable & Viable HC System
 - Contribute to Broader Community – Global Reach (e.g., Infections, Products/ Services)
 - Great Alliance Partner
 - Health Care Delivery (e.g., Lean/ Six Sigma)
 - Balanced Governance & Recard
 - Great Place to Work – A Destination of Choice for Employees & Physicians

Financial:

- Strong Financial Performance & Position – Fiscal Health – Balanced Budget
- Appropriate Resources Directed to Needed Priorities (Equipment, People, Services)
- Effective, Efficient & Judicious Allocation of Financial Resources
- Optimally Leveraged Resources
- Internal Staff Satisfied with Resources
- Increase Funding Availability
- Managed Expenses

LHIN/Governance:

- Establish Clear Accountability Agreements with the LHIN
- Build Strong Relationship with the LHIN & MOHLTC
- Hospital Leadership/Management
- A Pipeline of Highly Competent & Committed Leadership Every Level
- Ensure Strong Hospital Leadership & Management

Risk Management & Compliance:

- Top Enterprise Risk Management & Compliance (Ensure Compliance & Prevention & Management of Risks)
- Protect Reputation
- Compliance with Bank Agreements & Covenants
- Demonstrate Accountability & Transparency
- Clear & Reliable Disclosures
- Ensure Quality of Care
- Ensure Appropriate Communication with Key Stakeholders & Funders
- Physicians:
 - Experience Deep Involvement in Hospital Strategy Formulation & Execution
 - A Pipeline of highly competent Physician Leaders
 - Strong, Positive Relationship with Physicians
 - NYGH Perceived to be Physician Friendly

Process Capabilities Required

Strategy & Vision:

- Constructively Participate in the Development of, then Approve, Vision, Strategy, Targets & Key Initiatives
- Oversee Execution of Strategy
- Approve Major Financial Decisions

LHIN:

- Support the Development of Partnership & Integration Initiatives
- Support Resolution of Cross-LHIN Issues
- Support Other LHIN Key Initiatives

Information Management:

- Oversee the Design & Development of Information System Policies & Practices

Quality:

- Assure/Oversee Quality:
 - Physicians
 - Practices/Processes
 - Results
 - Key Initiatives
 - Monitor & Evaluate Patient Safety Improvements

Physicians:

- Partner with Physicians in Planning & Decision Making to Tap Collective Wisdom
- Oversee/Approve Physician Staffing/Credentiaing
- Oversee Physician Talent Management & Leadership Development
- Support Physician Friendly Practices
- Oversee Process for Selection of Medical Leadership

Communication/Community:

- Publicly Support the Hospital & Management Team
- Communicate/Market/Support the Brand
- Bean Advocate for the Hospital
- Ensure Productive, Effective Two-Way Stakeholder Communication with the Community, Patients/Families
- Work to Strengthen Community & Other Key Stakeholder Relationships
- Engage Community in Understanding Health Care Needs & Healthcare System Planning & Priority Setting

Hospital Human Resources (Overall):

- Oversee Employee Health & Safety
- Advance the Human Resource Strategy & Oversee Execution
- Oversee Overall HR Planning, Talent Management, Performance Management & Succession

Financial:

- Responsible & Thoughtful Oversight of Financial Resources
- Appropriate Policies, Controls & Practices for Financial Planning & Management – Fiscal Policies
- Approve Operating & Capital Budgets
- Assure Accuracy of Financial Information
- Oversee Management Practices & Approve Audited Financial Statements
- Monitor Financial Performance

Risk Management & Compliance:

- Oversee & Advance the Enterprise Risk Management Effort (Risk Analysis, etc.)
- Actively Manage Risk & Regulatory Compliance
- Communication with Stakeholders Consistent with the Accountabilities to Them
- Ensure Appropriate Processes in Place to Ensure Compliance with Legal Requirements
- Oversee Employee Health & Safety

Hospital Management/Leadership:

- Oversee Talent Management/Succession Planning/Leadership Development for Key Leadership Positions (CEO, COS/CMAC, Other Sr. & Physician Leaders)
- Review, Recognize Acknowledge & Reward Executive Performance
- Recruit, Select, Coach, Support, Evaluate, Compensate CEO & COS/CMAC
- Hold Management Accountable for Outcomes
- Review/Approve CEO & COS/CMAC Performance Plans (Accountability Agreements)

Foundation:

- Facilitate Hospital Foundation Efforts in Support of Hospital Strategic Objectives

Enablers

Board Information Requirements:

- Ensure Access to Strategic Information
- Accessible, Usable, Relevant Information Tools & Systems to Support Governance Objectives

Board Members/Leaders:

- Select ion, Mix, Evaluation of Board Members
- Invest in the Growth of the Board: Ongoing Board Training & Development
- Cross Section of Behavioral Strengths, Skills Knowledge & Experience Needed to Support the Hospital Vision & Strategy
 - Variety of Perspectives
 - Adaptive to Change

Governance Structure & Processes:

- Assess Board Performance: Individual Members, Committee Full Board
 - Create a Balanced Governance Scorecard Aligned with Hospital Balanced Scorecard
 - Integrate Governance Processes with Hospital Strategy Management System
- Create Board Structures & Processes Consistent with Best Practices:
 - Board Size
 - Composition (include Ex-Officio, Community Repts)
 - Committee: #, Design, Functions, Members
 - Meeting Duration & Frequency
 - Orientation

- Continual Education
- Evaluation
- Succession Planning & Recruitment

- Support Board Objectives & Provide for Engagement/Participation, Robust Discussions, Responsible Decision Making, as well as Efficiency
- Align Committee Structure to Strategic Themes/ Objectives
- Governance Focused vs. Operation

Governance Culture:

- Work in Partnership with Management to Nurture an Environment of:
 - Learning & Development
 - High Performance
 - Collaboration
 - Risk Management
 - Mutual Accountability
 - Mutual Respect and Trust
 - Recognition/Acknowledgement
 - Productive Use of Time
 - Safety & Security



Draft 5-NYGH Governance Strategy Map

12/12/07

Governance for a model community teaching hospital in a continuum of healthcare, providing compassionate and quality care to diverse communities in North Toronto and beyond -- becoming a health care destination-of-choice for patients and families, physicians, employees and volunteers.

Governance Outcomes

Customer/Stakeholder Objectives

NYGH provides consistently safe and high quality of care and service to patients & families and a safe work environment for staff, physicians and volunteers

NYGH is recognized as an innovative and collaborative leader in our LHIN, the MOHLTC & the communities we serve

NYGH has highly committed, competent and aligned staff, leaders, physicians and volunteers

NYGH fulfills its compliance and accountability commitments

Financial Objectives

NYGH exhibits a strong financial performance and position

Governance Processes

Performance Oversight

Oversee strategy development & execution

Contribute to and approve strategy, and monitor its execution

Oversee the quality of the patient/family experience

Monitor quality and safety practices, and improvement efforts, and practices to improve patient access and experience

Financial Oversight

Review and approve operating, capital and strategic budgets, and monitor financial performance

Ensure that the Foundation's development plan is aligned with hospital capital needs

NYGH Human, Organization & Information Capital

Oversee human resource strategy, including talent management & succession planning

Approve physician credentialing

Approve the CEO & CMAC Accountability Agreements, and review, compensate and support their performance

Oversee the information technology policies & plans

Provider and Stakeholder Accountability & Relationships

Approve and monitor the hospital Service Accountability Agreement

Monitor open communication and relationships with key internal & external stakeholders

Oversee & support collaboration & integration with other providers

Risk Management & Compliance

Oversee and advance Enterprise Risk Management

Oversee compliance with regulatory and legal requirements

Governance Enablers

Human Capital

Acquire/develop competencies and experiences among governors needed to support hospital vision & strategy

Establish a clear and transparent process for board membership & leadership succession

Organization Capital

Partner with management to build a 'just' governance culture of collaboration, respect, openness, learning, 'trust & accountability... consistent with the established code of conduct

Create board structures & processes consistent with best practices and aligned with the hospital strategy & Strategic Management System

Information Capital

Ensure timely access to relevant information needed to support governance objectives

Perspective	Objectives	Measures
Customer/ Stakeholders Outcomes	<ul style="list-style-type: none"> • NYGH provides consistently safe and high quality of care & service to patients & families & a safe work environment for staff. 	<ul style="list-style-type: none"> • HSMR (preventable deaths). • Nosocomial MRSA. • Key wait-times. <ul style="list-style-type: none"> ◦ TBD • Patient satisfaction. <ul style="list-style-type: none"> ◦ Willing to recommend? • Lost time injuries. <ul style="list-style-type: none"> ◦ TBD
	<ul style="list-style-type: none"> • NYGH is recognized as an innovative & collaborative leader in our LHIN, the MOHLTC & the communities we serve. 	<ul style="list-style-type: none"> • Citations from LHIN, MOHLTC & the communities. • New dollars from innovative funding projects.
	<ul style="list-style-type: none"> • NYGH has highly committed, competent & aligned staff, leaders, physicians & volunteers. 	<ul style="list-style-type: none"> • % vacancy in targeted areas. • Turnover rate. • Engagement survey. <ul style="list-style-type: none"> ◦ Employee, volunteer, physicians.
	<ul style="list-style-type: none"> • NYGH fulfills its compliance & accountability commitments. 	<ul style="list-style-type: none"> • % of <i>Service Accountability Agreement</i> targets met. • Approved financial audit report. • Approved quality compliance reports. <ul style="list-style-type: none"> ◦ TBD
Financial Outcomes	<ul style="list-style-type: none"> • NYGH exhibits a strong financial performance & position. 	<ul style="list-style-type: none"> • Actual vs. budget financial performance. • % ALC days. • Funding for key strategic initiatives & capital projects.

Governance Processes

Performance Oversight

Strategy Development & Execution:

- | | |
|---|--|
| <ul style="list-style-type: none">• Contribute to and approve strategy, and monitors its execution. | <ul style="list-style-type: none">• Board satisfaction with involvement in strategy development and with performance reports & review process. |
|---|--|

Quality of the Patient/ Family Experience:

- | | |
|---|---|
| <ul style="list-style-type: none">• Monitor quality & safety practices and improvement efforts, and practices to improve patient access & experience. | <ul style="list-style-type: none">• Board satisfaction with quality, safety, access & experience reviews. |
|---|---|

Financial:

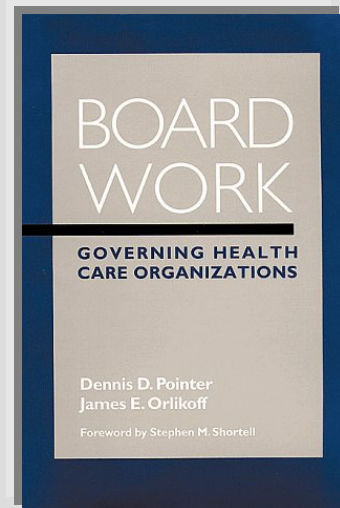
- | | |
|---|---|
| <ul style="list-style-type: none">• Review & approve operating, capital & strategic budgets, and monitor financial performance. | <ul style="list-style-type: none">• Board satisfaction with budget processes and with the reviews of financial performance. |
| <ul style="list-style-type: none">• Ensure that the Foundation's development plan is aligned with hospital capital needs. | <ul style="list-style-type: none">• Board approved "Memorandum of Understanding" with Foundation. |

NYGH Human, Organization, & Information Capital	<ul style="list-style-type: none"> Oversee human resource strategy, including talent management & succession planning. 	<ul style="list-style-type: none"> Board assessment of human resource strategy & plan. Board approved of CEO succession plan.
	<ul style="list-style-type: none"> Approve physician credentialing. 	<ul style="list-style-type: none"> Board satisfaction with the physician credentialing process.
	<ul style="list-style-type: none"> Approve the <i>CEO & CMAC Accountability Agreements</i>, and review, compensate & support their performance. 	<ul style="list-style-type: none"> Approved <i>CEO & CMAC Accountability Agreements</i>. Annual performance reviews for CEO & CMAC completed and documented.
	<ul style="list-style-type: none"> Oversee the information technology policies & plan. 	<ul style="list-style-type: none"> Board approval of the information technology policies and plan.
Provider & Stakeholder Accountability & Relationships	<ul style="list-style-type: none"> Approve & monitor the hospital <i>Service Accountability Agreement</i>. 	<ul style="list-style-type: none"> Approved SAA. Board satisfaction with Board SAA monitoring process.
	<ul style="list-style-type: none"> Monitor open communication & relationships with key internal & external stakeholders. 	<ul style="list-style-type: none"> Board satisfaction with the communication and relationships with key internal and external stakeholders.
	<ul style="list-style-type: none"> Oversee & support collaboration & integration with other providers. 	<ul style="list-style-type: none"> No. of aligned system integration projects.
Risk Management & Compliance	<ul style="list-style-type: none"> Oversee & advance Enterprise Risk Management. 	<ul style="list-style-type: none"> Board approval of risk management plans and practices.
	<ul style="list-style-type: none"> Oversee compliance with regulatory & legal requirements. 	<ul style="list-style-type: none"> Board assessment of management reports on the status of compliance & improvement efforts.

Governance Enablers

Human Capital	<ul style="list-style-type: none"> Acquire/ develop competencies and experience among governors needed to support the hospital vision & strategy. 	<ul style="list-style-type: none"> Governance “human capital readiness” (based on self/ other assessments). Implementation of Board competency enhancement plan (plan vs. actual).
	<ul style="list-style-type: none"> Establish a clear & transparent process for Board membership & leadership succession. 	<ul style="list-style-type: none"> Implementation of approved governance, recruitment, nomination, & election processes applied in appointing new members & chair positions. % of Board & Committee Chair positions with succession plans in place.
Organization Capital	<ul style="list-style-type: none"> Partner with management to build a governance culture of collaboration, respect, openness, learning, trust & accountability, consistent with the established <i>Code of Conduct</i>. 	<ul style="list-style-type: none"> Board & Management assess overall governance culture.
	<ul style="list-style-type: none"> Create Board structures & processes, consistent with best practices & aligned with the hospital strategy & Strategic Management System. 	<ul style="list-style-type: none"> Board members (& Strategy Team?) assess: <ul style="list-style-type: none"> ❖ Board meetings ❖ Clarity of Board roles & responsibilities (& objectives, metrics, targets & initiatives) ❖ Performance of Board against objectives ❖ Board size, composition, quality ❖ Board committees & strategy ❖ Efficiency & effectiveness of overall Board & Board Committees (e.g. utilization of time & competencies discussions, decision protocols, etc) ❖ Level of engagement of members (by theme/ task, etc)
Information Capital	<ul style="list-style-type: none"> Ensure timely access to relevant information needed to support governance objectives. 	<ul style="list-style-type: none"> Board assessment of Board briefings, accessibility of information, etc.

“One of Quantum’s great strengths is that they get people to see the ‘whole system’ and the ‘big picture’ so we can better integrate the component parts of governance, management, and our service delivery systems. They have raised the bar on both the science and art of systems thinking.”



**-Dennis D. Pointer
Co-author of *Board Work***

THE BALANCED GOVERNANCE SCORECARD: LEVERAGING YOUR BOARD TO ACHIEVE SUCCESSFUL TRANSFORMATION

**By
Ted Ball**

Is your hospital really ready for the emerging future? Does your organization want to learn about “best practices” for Board/Management collaboration? Would you be interested in learning about proven methodologies that would enable your Board to “add value” to your hospital’s operational efforts on improving quality, safety & patient satisfaction?

At a recent *OHA/IPAC Webinar*, North York General Hospital’s Board Chair outlined how the aligned scorecards for governance and management has enabled their hospital to make meaningful improvements in quality, safety and patient satisfaction rates – as well as a leveraged use of the Board’s time, and improved relationships with management and physicians. Attached for those interested in a more indepth exploration of *The Balance Governance Scorecard Methodology*, is a slide-deck presentation by NYGH’s past Board Chair, the late Gordon Cheesbrough. This presentation outlines their Board’s learning journey from *Destination Statement* to *Governance Strategy Map*, to the perspectives, objectives and measures for their hospital’s *Balanced Governance Scorecard*.

Would you be interested in exploring how the “lessons learned” from NYGH’s **Balanced Governance Scorecard Alignment Process** might be adapted to your organization’s unique circumstances? Would you be prepared to invest the time and money required to build synergy, adaptability and resilience at your organization?

If you believe – as I do – that the healthcare system will undergo a significant transformation over the next few years, then this 1.5-Day *Partnership-Building Leadership Retreat* will enable your organization to develop collaboration among your governance and managerial leadership -- just as you are about to face the challenges of addressing the significant quality and cost issues ahead.

“This *Partnership-Building Leadership Workshop* will help build synergy, adaptability and resilience at your hospital.”

The strategic direction of the *Excellent Care for All Act* and the economic realities that a new (or renewed) provincial government must address in the Spring Budget of 2012, can be expected to combine to drive deep change in Ontario's healthcare system over the next three or four years. Is your hospital ready for these changes? Do you have the Board leadership capacity and capability to drive these changes?

Does your organization have the leadership capacity to survive, adapt and thrive in the emerging environment? Perhaps we can support your hospital's governance & managerial leadership team prepare for the unfolding future.

My colleague Ken Moore of *Quantum Innovations* of Austin, Texas and I are offering a customized **Governance Leadership Retreat** that will provoke thinking, build relationships and enable your hospital to better understand how *Governance/Management Alignment* can contribute to significant improvements in your hospital's performance in the years ahead.

At this workshop, your organization will have an opportunity to assess the *Balanced Governance Scorecard framework* that we developed with North York General Hospital. This will enable your hospital to determine what adjustments or modifications you need to make to reflect emerging best practices as you determine your own path ahead.

Hopefully you will select the 1.5 Day Workshop option to create a powerful learning experience that enables governance & managerial leaders to think about how your organization might adapt to the emerging environment. The 1.5 Day option will in fact provide the highest return-on-investment for your hospital.

We deeply understand that no two organizations are alike. If you think that this type of education/organizational development initiative has a "good" to "excellent" *Return-On-Investment* – in terms of the potential benefits to your hospital's performance – we suggest that the CEO call me for an initial consultation/exploration about how a 1.5 day **Leadership Retreat** could "add value" to your organization, and how it could be designed to address your unique circumstances.

LEADERSHIP **RETREAT**

Return-on-Investment

A customized *Leadership Capacity-Building Workshop* co-designed with the CEO & Board Chair – for \$15,000 with facilitators Ted Ball and Ken Moore.

We are the only "suppliers" who have created a *Balanced Governance Scorecard Learning Journey* and offer a custom-designed leadership retreat.

CONSULTATION

Ted Ball
(416)-581-8814