

September 4<sup>th</sup>, 2012

## A BALCONY PERSPECTIVE FOR HEALTHCARE GOVERNANCE BOARDS

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Those organizations that are exhausted by the blame and acrimony of the past several years – and are ready to move on – need to start with some honest, open conversations between the leaders of the organization: Boards, CEOs and senior staff.

This exploration is for those who, as Robert Greenleaf stated in his essay, *Trustees As Servants*: “are dissatisfied with their present roles, and have a strong urge to do the best they can, so that they will venture to make a wholly new role for themselves with only the vision of the possibility of greatness to guide them.”

Whether an organization is faced with the chaos associated with balancing their budget, or if they have an expectation of significant improvements in their revenue, in either case, they must think through the best strategic options before taking action.

Using a systems perspective, leaders need to focus on approaches that examine structures, roles, and the way the organization is designed, rather than falling into blaming and finger-pointing -- whether it is direct, or subtle.

By encouraging ongoing open, honest conversations about the distinct contributions of both the CEO and the Board, we can create strong, accountable organizations that move strategically toward the achievement of their missions and visions.

CEOs and their Boards need to ask themselves: *Do we have a safe environment in which the Board and CEO can speak the whole truth?*

Our reality is that in today’s chaotic and ever-changing environment, Boards and CEOs do not spend much time thinking about, planning for, and engaging in effective governance processes. We are so busy attending to business and reacting to today’s crisis that most organizations fail to engage in direct conversations about the respective leadership roles that the Board and CEO need to play in order to achieve the intended purpose of the organization. Most of our efforts, talents and creative energies are devoted to the “crisis du jour” – which continue to unfold at ever increasing rates.

Organizations that have successfully transformed themselves were able to undergo profound change because they redefined themselves as *learning organizations*, and were able to develop new approaches to leadership: *servant leadership*, *stewardship*, *adaptive leadership*.

They are organizations that were able to discover how to align their structures, systems, and processes in ways that enabled them to move towards their vision for what they wanted to become. They are organizations that were able to find the right balance of empowerment and accountability that supports people to successfully achieve their outcomes.

Organizations that have successfully transformed their governance and management processes are those that have rooted their thinking in a systems perspective, tapped into the collective intelligence of their people, and designed a better organization – or systems of organizations.

Rather than falling into finger-pointing and blame – which too often characterizes Board/CEO relations – Board members and senior staff need to dialogue openly and honestly about how the design of their systems, structures, incentives and processes are producing the results that are being achieved.

When an organization has decided to redesign their systems and structures, the skill and discipline of systems thinking is an essential tool.

Peter Senge, author of *The Fifth Discipline*, calls systems thinking “the cornerstone of the learning organization”. Systems thinking is a practical and useful tool in our discussion of Board/CEO/Staff relations. From the “lessons learned” from organizations that have succeeded in transforming themselves, we can develop some basic assumptions to hold while determining what the organization’s vision and strategy should be.

Some high level core assumptions about governance and managerial leadership include:

- ☑ It is impossible for Boards to oversee all the detail involved in the running of the organization. It is more effective to hold the CEO accountable for what is to be achieved – ends/outcomes/results that flow from the Board’s vision.
- ☑ Boards need to assume their role and take responsibility for their functioning as an interdependent body capable of tapping into their collective wisdom – not simply a collection of individuals.
- ☑ Boards and CEOs need to develop a partnership – based upon mutual respect, honesty and a meaningful understanding of their distinct roles and functions.
- ☑ A commitment must be made by Boards, CEOs and senior management teams to take the time to build relationships and skills for working cooperatively together in their respective leadership capacities.
- ☑ The approach to Board and CEO relations must go beyond a pre-occupation with problem-solving. The focus needs to be on building capacity within our organizations to continuously change, adapt and improve.

- ☑ Structures, systems and processes drive behaviour and thinking within organizations – not personalities. The right organizational design and appropriate accountability structures and processes will produce the right outcomes.

If Boards and staff are to move beyond the limitations of their existing structures and roles, they need to surface and test their own assumptions. Having a common understanding of the “whole truth” about your current circumstances is essential to forging effective and productive relationships.

The frantic pace of change experienced by public sector organizations over the past several years in combination with the series of scandals has produced organizational cultures that are characterized by fear, anxiety, politics, and the defensive routines of blame and blame-avoidance. While such dynamics are common throughout many public service organizations, they often start right at the top – between the MOHLTC and LHINs, between LHINs and HSPs, and between Boards and senior staff.

It’s called the “abuse syndrome” where: the husband clobbers his wife, the wife hits the kids, the kids kick the dog, and the dog bites the cat. How do we stop this behavior? The practice of dialogue and the spirit of collaboration would help.

*Dialogue* is a reflective learning process in which group members seek to understand one another’s point-of-view and deeply held assumptions. With its roots from the Greek dialogos (dia means through and logos means the word), dialogue is therefore a process of “meaning making through words.” Through dialogue, people learn how to think together, thereby developing collective meaning and shared understanding.

An exploration of Board and CEO relations needs to find its roots in the mission, vision and strategy of our organizations. Asking the proper question – and living with the question, and the inherent tension which it creates – is the key to transforming Board/CEO and senior management relationships. The questions we ask must also be linked to action. They need to spark attention, perception, energy and effort.

In order to understand the unique relationship between Boards and CEOs, the dialogue needs to identify and recognize the differing frames of reference of each:

- CEOs are paid and Board members are volunteers.
- CEOs are full-time and Board members are part-time.
- CEOs are focused solely on the organization – while Board members juggle a variety of commitments (e.g. other Boards, a full-time profession, etc.)
- CEOs can make decisions alone while Board members make decisions only as a group – often with a diversity of stakeholders represented.

- CEOs have professional expertise and knowledge of the organization while Board members typically know relatively little about the organization's business, at least compared to staff professionals.
- CEOs' accountabilities are defined by the Board, with the Board holding ultimate accountability for the organization.

These distinctions present us with many challenges in building strong Board and CEO relationships. CEOs will sometimes complain that Boards are not committing enough time and attention to the organization while Board members may feel the CEO doesn't keep them well enough informed.

Ronald Heifetz, who teaches at the JFK School of Government at Harvard University, uses the image of the balcony and the dance floor to illustrate the importance of the different vantage points for leaders. He notes: "Because Board members are more emotionally distant from the day-to-day action of the organization, they often are in a better position to see things from a balcony perspective. They can observe the whole of the dance floor without getting caught up in the dance. In the knowledge economy organizations must develop the capacity to change quickly to adapt to constantly changing environments."

Heifetz says "trustee wisdom comes from its broad focus. While staff must pay attention to the trees, trustees can look at the whole forest." In *Generative Governance* Boards ponder what the CEO suggests, and suggests what the CEO should ponder.

Given the temptations which the Board has to leave the balcony ("we just want to have one dance"), they are challenged to dialogue about how they can stay on the balcony and feel secure there. They schedule KCAAN dialogues – what Keeps the CEO Awake At Night. They ask "wicked" and "probing" questions, and they are comfortable allowing the answers to emerge over time.

The problem emerged when government officials reeling from a variety of scandals began screaming about "accountability" – when they really did mean a process to find the right people to blame.

Today, the very concept of *accountability* needs to be redefined within the public sector. Accountability is very different than blaming, which means "to find fault with, to censure, revile, reproach." Blaming is an emotional process that seeks to discredit the blamed.

Marilyn Paul – a leading scholar on the concept of accountability – explains that "blaming is more than just a process of allocating fault. It is often a process of shaming others and searching for something wrong with them. Blaming provides an early and artificial solution to a complex problem. Blame makes inquiry difficult and reduces the chances of getting to the real root of a problem.

Blaming also generates fear and destroys trust. When we blame, we often believe that other people have bad intentions or lack ability. We tend to excuse our own actions, however, because we know firsthand the challenges we face. The qualities of blame are judgment, anger, fear, punishment and self-righteousness”.

According to Paul, a blaming culture causes further dysfunction in an organization because “where there is blame, open minds close, inquiry tends to cease, and the desire to understand the whole system diminishes.”

When people work in an atmosphere of blame, they naturally engage in defensive routines – covering up their errors and hiding their real concerns.

When energy goes into finger-pointing, scapegoating and denying responsibility, the effectiveness of the organization and its people suffers. The organization lacks the truth about its circumstances, and people and teams lack truthful feedback about their actions – both of which harm the capacity for transformative learning.

In contrast, accountability emphasizes keeping agreements and performing jobs in a respectful atmosphere. It is all about learning, truth, change and growth.

Paul explains that “a focus on accountability recognizes that everyone may make mistakes or fall short of commitments. Becoming aware of our own errors or shortfalls, and viewing them as opportunities for learning and growth, enables us to be more successful in the future.

Accountability therefore creates conditions for ongoing constructive conversations in which our awareness of current reality is sharpened; and, in which we work to seek root causes, understand the system better, and identify new actions. The qualities of accountability are respect, trust, inquiry, moderation, curiosity and mutuality”.

Best practices suggest that holding people accountable should only be done in the context of clearly defined outcomes. Outcomes must be understood, and adjusted regularly to reflect new realities. Not only must everyone understand what is expected of them and why, they must also have the necessary resources, conditions and skills to achieve the outcomes for which they are accountable.

The shift from blame to accountability can be achieved with best practice approaches to *Accountability Agreements* that are designed to achieve the appropriate balance of accountability and empowerment to meet each circumstance.

In their book, *A Balcony Perspective*, Richard Broholm and Douglas Johnson sought to build on the wisdom of Greenleaf. They describe the trustee role in the following way: “Board Members have a critical role in the development of trustworthy institutions. They build trust by understanding their role and using their power wisely; by setting boundaries for staff which are creative, not oppressive; by serving as mentors to the organization, and creating hospitable space for in-depth reflection. Trustees help create

trustworthy organizations by holding, fulfilling and building public trust in the institution. Finally, and perhaps most importantly, trustees build trust by becoming valid symbols of trust themselves.”

Broholm and Johnson note that all these are ways of helping to create trustworthy organizations, which in turn can serve the common good. Obviously, there are no instant solutions or magic blueprints for success – this is a journey in which trust is built slowly, sometimes without noticeable or significant gains. It is an ongoing process in which Board members join for a time, serve and then move on to let others lead.

While the Carver, Greenleaf, Pointer and Orlikoff governance models all contribute to our understanding of what could be, the truth is that each organization is different, and that you must adapt, invent or customize a model that enables you to fulfill your mission and achieve your vision.

You have resources and talented people. Organizations need to stop waiting around for leadership to arrive on your doorstep. Be the leaders! Start leading!