

Healthcare Leaders' Dialogue Conference

**Governance Renewal &
Scorecard**

Gordon Cheesbrough
Chair, NYGH



**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**

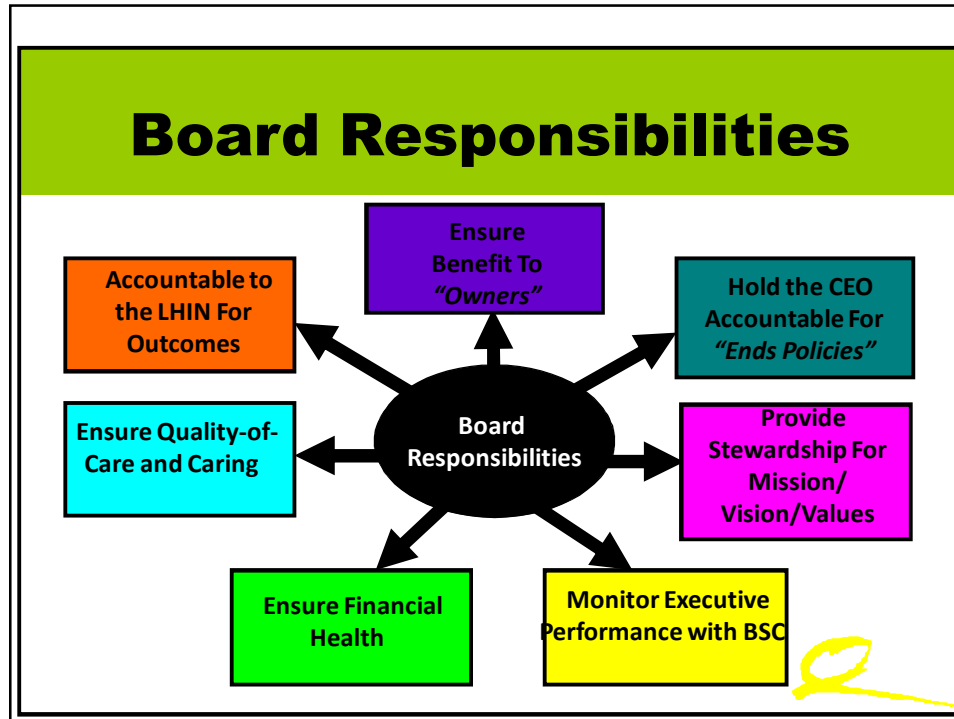
Governance Realities:

- 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.



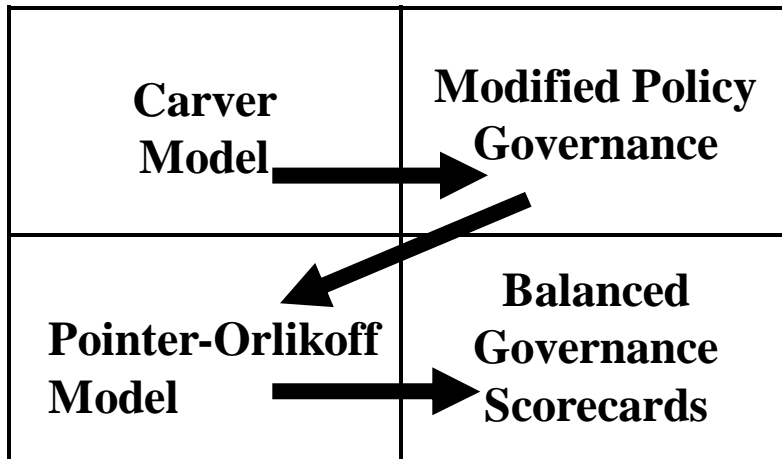


A Balcony Perspective

"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."

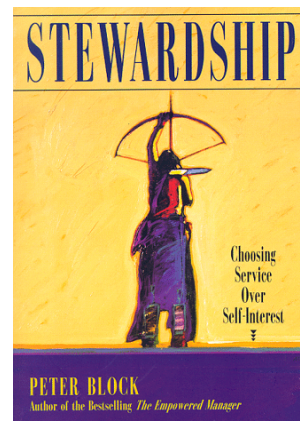
- Ronald Heifetz
Adaptive Leadership

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:

- **Phase I**: develop a Balanced Governance Scorecard and bring to Board on January 9th, 2008.
- **Phase II**: develop initiatives; set targets; align with the Board structure; with the hospital's scorecard & CEO/ CMAC's *Accountability Agreements*; 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:

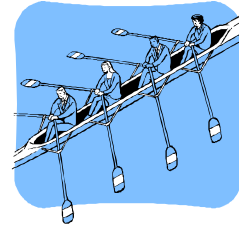
6. Continue execution of *Enterprise Risk Management*

- *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*



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



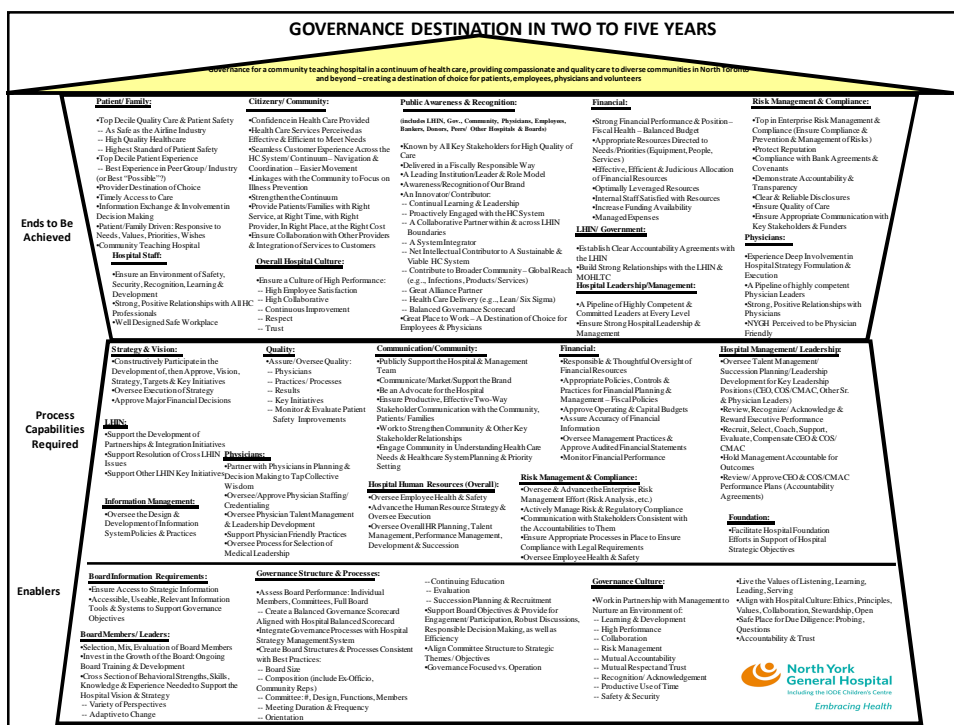
Governance Destination Statement:

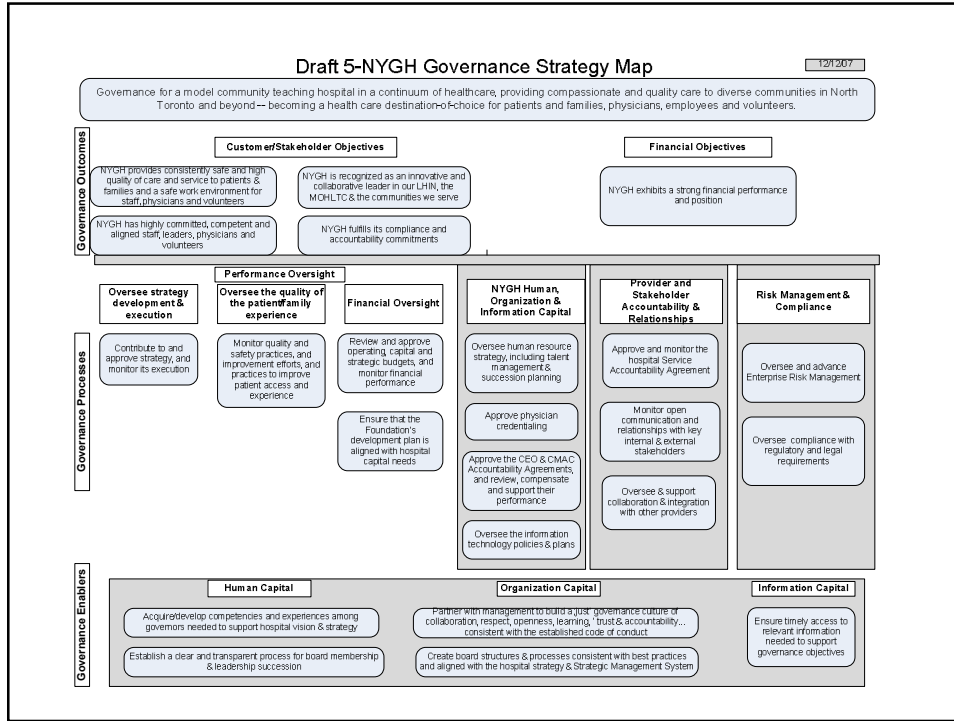
Focus on:

- * 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





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 Service Accountability Agreement 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.

<u>Governance Processes</u>		
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.