

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**

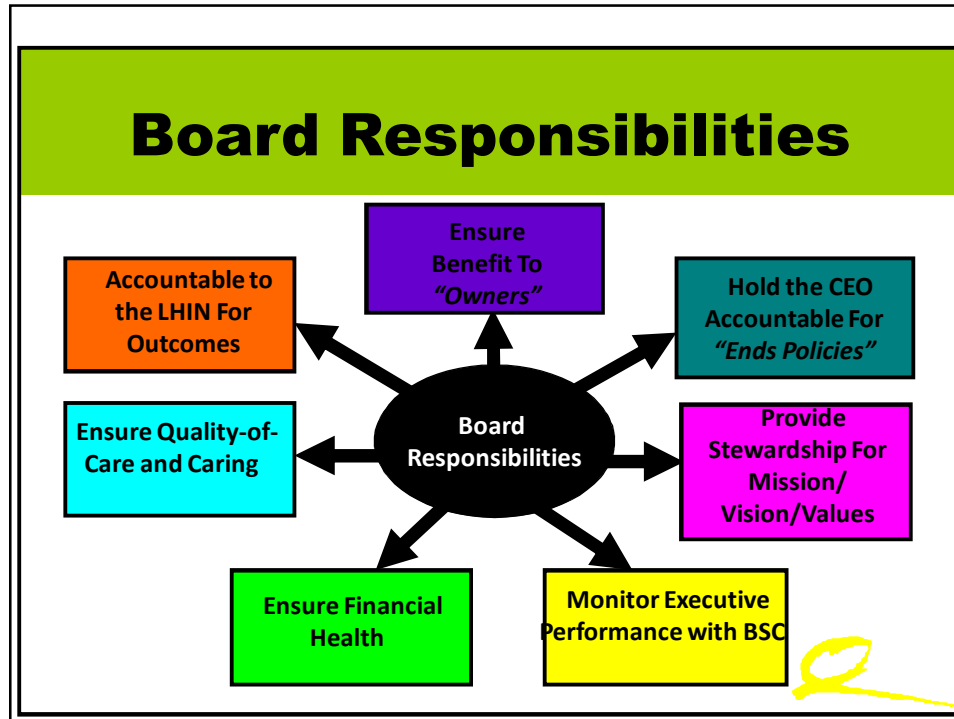
## Governance Realities:

- 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.



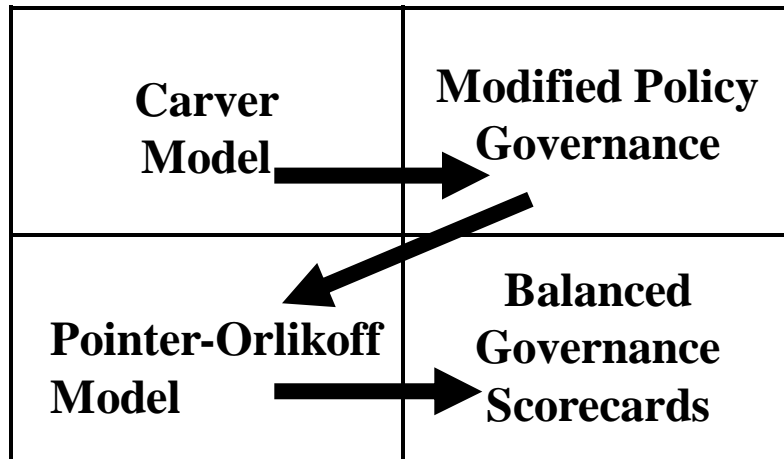


## A Balcony Perspective

*"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."*

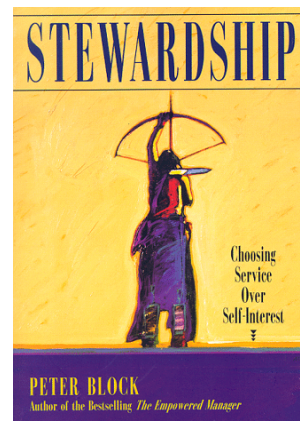
- Ronald Heifetz  
*Adaptive Leadership*

## 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:

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

## Phases:

- **Phase I**: develop a Balanced Governance Scorecard and bring to Board on January 9<sup>th</sup>, 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:

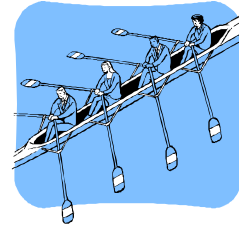
### 6. Continue execution of *Enterprise Risk Management*

- *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



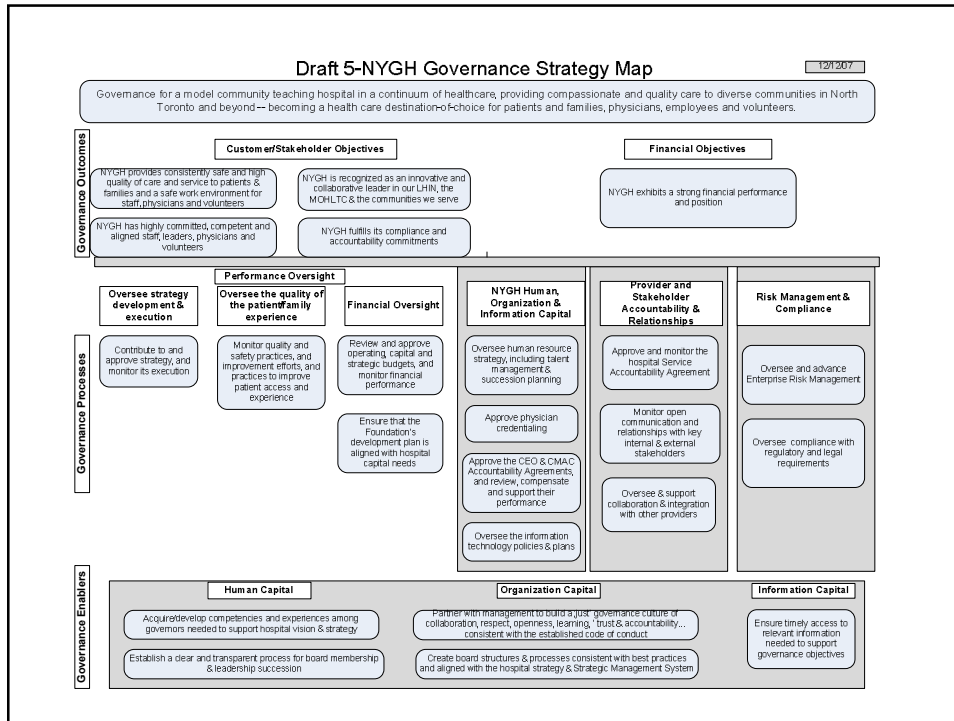
## GOVERNANCE DESTINATION IN TWO TO FIVE YEARS

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

<b>Ends to Be Achieved</b>	<p><b>Public Family:</b></p> <ul style="list-style-type: none"> <li>• Top Decile Quality Care &amp; Patient Safety</li> <li>– As Safe as the Airline Industry</li> <li>– High Quality Healthcare</li> <li>– Highest Standard of Patient Safety</li> <li>• Top Decile Patient Experience</li> <li>– Best Experience in Peer Group/Industry (or Best “Possible”?)</li> <li>• Provider Satisfaction of Choice</li> <li>• Timely Access to Care</li> <li>• Information Exchange &amp; Involvement in Decision Making</li> <li>• Patient Family Driven: Responsive to Needs, Values, Priorities, Wishes</li> <li>• Community Teaching Hospital</li> </ul> <p><b>Hospital Staff:</b></p> <ul style="list-style-type: none"> <li>• Ensure an Environment of Safety, Security, Recognition, Learning &amp; Development</li> <li>• Strong, Positive Relationships with All HC Professionals</li> <li>• Well Designed Safe Workplace</li> </ul>	<p><b>Citizenry/Community:</b></p> <ul style="list-style-type: none"> <li>• Confidence in Health Care Provided</li> <li>• Health Care Services Perceived as Effective &amp; Efficient to Meet Needs</li> <li>• Seamless Customer Experience Across the HC System Continuum – Navigation &amp; Coordination – Easier Movement</li> <li>• Manages with the Community to Focus on Illness Prevention</li> <li>• Strengthen the Continuum</li> <li>• Provide Patients/Families with Right Service, at Right Time, with Right Provider, in Right Place, at the Right Cost</li> <li>• Secure Collaboration with Other Providers &amp; Integration of Services to Customers</li> </ul> <p><b>Overall Hospital Culture:</b></p> <ul style="list-style-type: none"> <li>• Ensure a Culture of High Performance</li> <li>– High Employee Satisfaction</li> <li>– High Collaborative</li> <li>– Continuous Improvement</li> <li>– Respect</li> <li>– Trust</li> </ul>	<p><b>Public Awareness &amp; Recognition:</b></p> <ul style="list-style-type: none"> <li>• Includes LHN, Gov., Community, Physicians, Employees, Bankers, Donors, Press/ Other Hospitals &amp; Boards</li> <li>• Known by All Key Stakeholders for High Quality of Care</li> <li>• Delivered in a Fiscally Responsible Way</li> <li>• Leading Institution Leader &amp; Role Model</li> <li>• Awareness/Recognized Our Brand</li> <li>• An Innovative Contributor</li> <li>– Continual Learning &amp; Leadership</li> <li>– Proactively Engaged with the HC System</li> <li>– A Collaborative Partner within &amp; across LHN Boundaries</li> <li>– A System Integrator</li> <li>– Not Intellectual Contributor to A Sustainable &amp; Viable HC System</li> <li>– Contribute to Broader Community – Global Reach (e.g. – Infections, Product/Services)</li> <li>– Great Alliance Partner</li> <li>– Health Care Delivery (e.g., Lean/Six Sigma)</li> <li>– Balanced Governance Scorecard</li> <li>• Great Place to Work – A Destination of Choice for Employees &amp; Physicians</li> </ul>	<p><b>Financial:</b></p> <ul style="list-style-type: none"> <li>• Strong Financial Performance &amp; Position – Fiscal Health – Balanced Budget</li> <li>• Appropriate Resources Directed to Needs, Priorities (Equipment, People, Services)</li> <li>• Effective, Efficient &amp; Judicious Allocation of Financial Resources</li> <li>• Optimally Leveraged Resources</li> <li>• Internal Staff Satisfied with Resources</li> <li>• Increase Funding Availability</li> <li>• Managed Expenses</li> </ul> <p><b>LHN Governance:</b></p> <ul style="list-style-type: none"> <li>• Establish Clear Accountability Agreements with the LHN</li> <li>• Build Strong Relationships with the LHN &amp; MOH/TC</li> </ul> <p><b>Hospital Leadership/Management:</b></p> <ul style="list-style-type: none"> <li>• A Pipeline of Highly Competent &amp; Committed Leaders at Every Level</li> <li>• Ensure Strong Hospital Leadership &amp; Management</li> </ul>	<p><b>Risk Management &amp; Compliance:</b></p> <ul style="list-style-type: none"> <li>• Top in Enterprise Risk Management &amp; Compliance (Ensure Compliance &amp; Prevention/Management of Risks)</li> <li>• Protect Reputation</li> <li>• Compliance with Bank Agreements &amp; Covenants</li> <li>• Demonstrate Accountability &amp; Transparency</li> <li>• Clear &amp; Reliable Disclosures</li> <li>• Ensure Quality of Care</li> <li>• Ensure Appropriate Communication with Key Stakeholders &amp; Funders</li> </ul> <p><b>Physicians:</b></p> <ul style="list-style-type: none"> <li>• Experience Deep Involvement in Hospital Strategy Formulation &amp; Execution</li> <li>• A Pipeline of highly competent Physician Leaders</li> <li>• Strong, Positive Relationships with Physicians</li> <li>• NYGH Perceived to be Physician Friendly</li> </ul>
<b>Process Capabilities Required</b>	<p><b>Strategies &amp; Vision:</b></p> <ul style="list-style-type: none"> <li>• Consistently Participate in the Development of, then Approve, Vision, Strategy, Targets &amp; Key Initiatives</li> <li>• Oversee Execution of Strategy</li> <li>• Approve Major Financial Decisions</li> </ul> <p><b>LHNs:</b></p> <ul style="list-style-type: none"> <li>• Support the Development of Partnership &amp; Integration Initiatives</li> <li>• Support Resolution of Cross-LHN Issues</li> <li>• Support Other LHN Key Initiatives</li> </ul> <p><b>Physicians:</b></p> <ul style="list-style-type: none"> <li>• Partner with Physicians in Planning &amp; Decision Making to Tap Collective Wisdom</li> <li>• Oversee/Approve Physician Staffing/Credentialing</li> <li>• Oversee Physician Talent Management &amp; Leadership Development</li> <li>• Support Physician Friendly Practices</li> <li>• Oversee Process for Selection of Medical Leadership</li> </ul>	<p><b>Quality:</b></p> <ul style="list-style-type: none"> <li>• Assume Oversight Quality:                     <ul style="list-style-type: none"> <li>– Physicians</li> <li>– Practices/Innovate</li> <li>– Results</li> <li>– Key Initiatives</li> <li>– Monitor &amp; Evaluate Patient Safety Improvements</li> </ul> </li> </ul>	<p><b>Communication/Community:</b></p> <ul style="list-style-type: none"> <li>• Publicly Support the Hospital &amp; Management Team</li> <li>• Communicate Market Support the Brand</li> <li>• Be an Advocate for the Hospital</li> <li>• Invest Productive, Effective Two-Way Stakeholder Communication with the Community, Patients/ Families</li> <li>• Work to Strengthen Community &amp; Other Key Stakeholder Relationships</li> <li>• Engage Community in Understanding Health Care Needs &amp; Healthcare System/Planning &amp; Priority Setting</li> </ul> <p><b>Hospital Human Resources (Overall):</b></p> <ul style="list-style-type: none"> <li>• Oversee Employee Health &amp; Safety</li> <li>• Advance Human Resources Strategy &amp; Oversee Execution</li> <li>• Oversee Overall HR Planning, Talent Management, Performance, Management, Development &amp; Succession</li> </ul>	<p><b>Financial:</b></p> <ul style="list-style-type: none"> <li>• Responsible &amp; Thoughtful Oversight of Financial Resources</li> <li>• Appropriate Policies, Controls &amp; Practices for Financial Planning &amp; Management – Fiscal Policies</li> <li>• Approve Operating &amp; Capital Budgets</li> <li>• Assume Accuracy of Financial Information</li> <li>• Approve Audited Financial Statements</li> <li>• Monitor Financial Performance</li> </ul> <p><b>Risk Management &amp; Compliance (Overall):</b></p> <ul style="list-style-type: none"> <li>• Oversee &amp; Advise the Enterprise Risk Management Effort (Risk Analysis, etc.)</li> <li>• Actively Manage Risk &amp; Regulatory Compliance</li> <li>• Communication with Stakeholders Consistent with the Accountability to Them</li> <li>• Ensure Appropriate Processes in Place to Ensure Compliance with Legal Requirements</li> <li>• Oversee Employee Health &amp; Safety</li> </ul>	<p><b>Hospital Management/Leadership:</b></p> <ul style="list-style-type: none"> <li>• Oversee Talent Management</li> <li>• Succession Planning/Leadership Development for Key Leadership Positions (CEO, COS, CMAA, Other Sr. &amp; Physician Leaders)</li> <li>• Review, Recognize, Acknowledge &amp; Reward Executive Performance</li> <li>• Recruit, Select, Coach, Support, Evaluate, Compensate CEO &amp; COS/ CMAA</li> <li>• HRM Management Accountable for Outcomes</li> <li>• Review/Approve CEO &amp; COS/ CMAA Performance Plans (Accountability Agreements)</li> </ul> <p><b>Foundations:</b></p> <ul style="list-style-type: none"> <li>• Facilitate Hospital Foundation Efforts in Support of Hospital Strategic Objectives</li> </ul>
<b>Enablers</b>	<p><b>Board Information Requirements:</b></p> <ul style="list-style-type: none"> <li>• Timely Access to Strategic Information</li> <li>• Accessible, Usable, Relevant Information Tools &amp; Systems to Support Governance Objectives</li> </ul> <p><b>Board Members/Leaders:</b></p> <ul style="list-style-type: none"> <li>• Selection, Mix, Evaluation of Board Members</li> <li>• Invest in the Growth of the Board Ongoing Board Training &amp; Development</li> <li>• Cross Sectional of Behavioral/Strengths, Skills, Knowledge &amp; Experience Needed to Support the Hospital Vision &amp; Strategy</li> <li>• Variety of Perspectives</li> <li>• Adaptive Change</li> </ul>	<p><b>Governance Structure &amp; Process:</b></p> <ul style="list-style-type: none"> <li>• Continuing Education</li> <li>– Evaluation</li> <li>– Succession Planning &amp; Recruitment</li> <li>• Support Board Objectives &amp; Provide for Engagement/Participation, Robust Discussions, Responsible Decision Making, as well as Efficiency</li> <li>• Align Committee Structure to Strategic Themes/ Objectives</li> <li>• Governance Focus on v.s. Operation</li> </ul>	<p><b>Governance Culture:</b></p> <ul style="list-style-type: none"> <li>• Work in Partnership with Management to Nurture an Environment of:                     <ul style="list-style-type: none"> <li>– Learning &amp; Development</li> <li>– High Performance</li> <li>– Collaboration</li> <li>– Risk Management</li> <li>– Mutual Accountability</li> <li>– Mutual Respect/Trust</li> <li>– Recognition/Acknowledgment</li> <li>– Productive Use of Time</li> <li>– Safety &amp; Security</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Live the Values of Listening, Learning, Leading, Serving</li> <li>• Align with Hospital Culture: Ethics, Principles, Values, Collaboration, Stewardship, Open Safe Place for the Dialogue: Probing, Questions</li> <li>• Accountability &amp; Trust</li> </ul>	



**North York General Hospital**  
Including the IODE Children's Centre  
Embracing Health



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

<u>Governance Processes</u>		
<b>Performance Oversight</b>	<b>Strategy Development &amp; Execution:</b>	
	<ul style="list-style-type: none"> <li>Contribute to and approve strategy, and monitors its execution.</li> </ul>	<ul style="list-style-type: none"> <li>Board satisfaction with involvement in strategy development and with performance reports &amp; review process.</li> </ul>
	<b>Quality of the Patient/ Family Experience:</b>	
	<ul style="list-style-type: none"> <li>Monitor quality &amp; safety practices and improvement efforts, and practices to improve patient access &amp; experience.</li> </ul>	<ul style="list-style-type: none"> <li>Board satisfaction with quality, safety, access &amp; experience reviews.</li> </ul>
	<b>Financial:</b>	
	<ul style="list-style-type: none"> <li>Review &amp; approve operating, capital &amp; strategic budgets, and monitor financial performance.</li> </ul>	<ul style="list-style-type: none"> <li>Board satisfaction with budget processes and with the reviews of financial performance.</li> </ul>
	<ul style="list-style-type: none"> <li>Ensure that the Foundation's development plan is aligned with hospital capital needs.</li> </ul>	<ul style="list-style-type: none"> <li>Board approved "Memorandum of Understanding" with Foundation.</li> </ul>

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

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