



Don Shilton



Joseph Sluka



John S. Toussaint,  
MD

## Improving Governance Through Principles

*The value imperative is challenging boards to apply Lean principles to governance processes.*

Many boards are composed of community leaders who are accomplished executives from other industries. Often, these well-meaning board members want to apply their business acumen to the operations of the hospital or health system. Instead, they should be encouraged to focus most of their attention on overseeing processes and outcomes and making changes at the C-suite level if performance goals are not achieved over time.

Healthcare boards should be focused first and foremost on good governance. This means putting systems in place to ensure effective CEO performance, succession planning, compensation review, board succession, financial and quality oversight and strategic direction.

Now that safety and quality improvement have become the No. 1 charges in healthcare, leaders increasingly are applying enterprise excellence principles to operations to create more value for the patients they serve. This shift toward Lean thinking is in turn challenging boards to apply similar principles to governance.

These principles have been developed in many industries but were originally codified by the Shingo

Institute at Utah State University, based on the teachings of Shigeo Shingo, a sensei, or teacher, of improvement using the Lean production system.

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### Enterprise Excellence Principles

Many boards work with management to develop the mission, vision and values for their organization, but few have defined operations principles: universal truths that are the bedrock for establishing systems and observable behaviors that dictate how the work is to be accomplished. For example, using the scientific method for problem solving is a principle, a fundamental basis of how we do work.

The Institute for Enterprise Excellence, an educational arm of the Shingo

Institute, has divided these principles into three categories: align, enable and improve.

**The Align Principles.** The align principles include creating value for the customer, creating constancy of purpose and thinking systemically. When applying these principles to governance, the board should first define customer value when determining its role in ensuring customer value. For example, if the board defines customer value in the classic way of quality divided by cost equals value, then the board constantly should be determining if the organization is delivering better quality at a lower cost to patients by measuring that value at each meeting.

If the board is thinking systemically, it should be interested in more than the organization's finances. As community members who can advocate for the patient experience, the board should be asking, "How is the hospital or health system integrating healthcare delivery functions in the community?" and "How do community leaders on a healthcare board advocate for health?" One idea is to facilitate important connections between other community leaders and the health system.

***The Enable Principles.*** The enable principles include respect for every individual, leading with humility and continuous learning, which establish the cultural foundation for the board with the principle “respect every individual” at the core. This means that one board member can’t dominate the board meeting and that personal agendas must be left at the door. A spirit of consensus should be present, and confidential material never should be shared outside the boardroom.

To lead with humility, one must acknowledge he or she does not have all the answers. Asking questions to stimulate thinking is a powerful way to engage with other board members and management, as long as the questions are open-ended.

Board members can demonstrate the principle of continuous learning by taking a sincere interest in the strategy or situation at hand. By showing curiosity and a willingness to learn, board members can help management to see the bigger picture strategically.

***The Improvement Principles.*** The improvement principles are focusing on process, embracing scientific thinking, understanding and managing vision and seeking perfection.

For example, the board of St. Mary’s General Hospital in Kitchener, Ontario, improved its governance practices using the plan-do-study-act cycle—a common improvement tool.

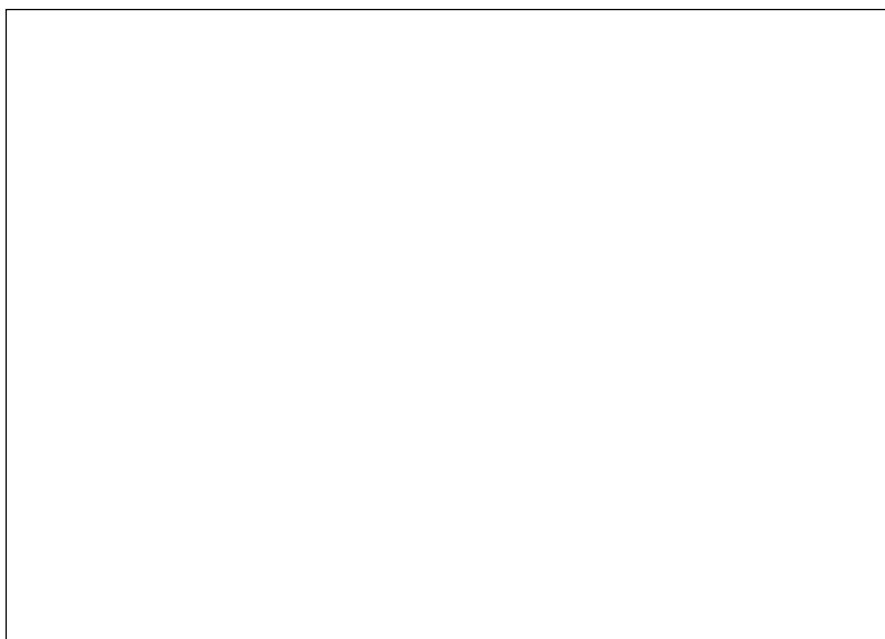
The board began its Lean journey by aligning the organization under a clear and aspirational vision: “To be

the safest and most effective hospital in Canada, characterized by innovation, compassion and respect.” The vision was then supported by the operational goals of eliminating preventable harm; improving the patient experience; developing, supporting and sustaining a culture of problem solvers; and reducing the cost of quality healthcare.

To enable the journey toward this vision and its supporting goals, the board endorsed the implementation of Lean thinking as the method the organization would use to continuously improve. It sought out new knowledge about Lean through board education sessions, recruited new members with expertise in Lean and sent more than half of the board to external site visits to observe a high-performing Lean healthcare organization. Members returning from these visits shared with the rest of the board ways it could better support the organization’s Lean journey.

After extensive reflection, the board decided because it was asking the organization to apply Lean thinking to improve its operations, Lean thinking also should be used to improve its governance. To assist with this, the board introduced huddles as a standing agenda item. As with huddles in the hospital, board huddles are divided between examining organizationwide performance priorities and reviewing board member-generated ideas to improve board work. Some examples of board improvements implemented are including photos and biographies of new members in the meeting materials given out at the start of a new board year, assigning new board members to a mentor and checking in with the board chair after the first three meetings.

The board also has introduced regular “gemba” walks to locations in the hospital where value is created for the customer such as the ICU and the ED. Gemba describes a personal



observation of work where it is taking place. These walks, unlike rounding, are highly structured activities meant to seek a deep understanding of processes, current performance and/or provide opportunities for coaching by asking open-ended questions. During gemba walks, board members talk to front-line staff, ask questions and assess the alignment of front-line work with the organization's strategic priorities. These walks have been helpful for staff members, too, as they provide them with an opportunity to ask board members about their governance role.

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The board of St. Charles Health System in Bend, Ore., is taking a similarly comprehensive approach to using the align, enable and improve principles to guide its governance processes.

Sustainability, safety and engagement were top of mind in 2015 when St. Charles' leadership suggested a renewed effort on continuous improvement with systemwide,

top-to-bottom adoption of Lean thinking. The board wanted to be supportive, but its members were cognizant that hardwiring organizational Lean thinking takes at least five to 10 years, longer than the average tenure of most trustees and executives. To that end, the board conducted a three-day visioning session, using an "A3" problem-solving approach to understand what management meant by Lean transformation. This approach is a scientific method for problem solving that entails exploring gaps between a problem or an opportunity, what a favorable outcome might look like and experiments that might close those gaps.

One outcome was to initiate a rapid improvement event—a process similar to the A3 approach—on the selection of new board members. During this event, the St. Charles board realized that the longevity of board members ranged from three to 10 years, whereas almost every management executive participating had been with the organization less than three years. This presented an obvious challenge for any sustainable transformation. Whereas the organization had spent considerable time developing a selection process for hiring executives who exhibit the values and attributes of a Lean leader, the board had no such process. Given the charge and longevity of board members, the board determined that a new, more rigorous selection process similar to the executive selection process was needed. Prospective trustees are now vetted systematically for Lean leadership attributes in addition to community representation, competencies in

specific long-term strategic thinking and technical or clinical acumen.

In addition, a new board orientation process has been established that includes A3 education and participation in a rapid improvement event, and the board challenged itself to explore other actions likely to accelerate adoption and promote sustainability.

No organizational level should be more long-term focused than the board. Adopting these improvement principles and applying them to governance processes will allow health-care boards to develop systems to select and develop new trustees who are more capable of supporting the organization. Using these principles also will allow boards to hardwire and sustain a culture of improvement, even as individual trustees cycle on and off the board, avoiding disruption but reaping the benefit of fresh perspectives. ▲

*Don Shilton is president, St. Mary's General Hospital, Kitchener, Ontario (dshilton@smgh.ca); Joseph Sluka is president/CEO, St. Charles Health System, Bend, Ore. (jcsluca@stcharleshealthcare.org); and John S. Toussaint, MD, is executive chairman, Catalysis, Appleton, Wis., and an ACHE Member (jtoussaint@createvalue.org). Sluka and Shilton would like to thank Steve Gordon, MD, MPP, FACP, board governance chair, St. Charles Health System; Daniel F. Schuette, board chair, St. Charles Health System; Christine Henhoeffler, former board chair, St. Mary's General Hospital; and Scott Smith, board vice chair, St. Mary's General Hospital, for their contributions to this article.*