How Health Care Boards Can Lead in Times of Disruption and Uncertainty

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Kent Bottles and Tara Satlow work with an array of private-sector and nonprofit clients at The Leadership Development Group, which helps boards of health care organizations position themselves for success through board retreats, board assessment and selection, board succession planning, board team effectiveness, and more. Here, Bottles and Satlow offer insight into what health care boards can do to weather the chaos and uncertainty currently roiling the American health care sector.

"Uncertainty is the only certainty there is, and knowing how to live with insecurity is the only security."

—John Allen Paulos

In our work with health care boards and C-suite leaders, a consistent message is being articulated at strategy planning sessions. Health care leaders today are confused and frustrated by what they perceive to be a chaotic, uncertain, and unpredictable environment that makes planning nearly impossible.

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One main source of the uncertainty is the future of the Affordable Care Act (ACA), which continues to be the law of the land while simultaneously being destabilized by the new administration. Although the Republicans were not able to repeal and replace the ACA, they are creating a parallel health insurance system featuring work requirements for Medicaid recipients, short-term health plans not subject to ACA rules, and association plans sold across state lines. These initiatives, coupled with the repeal of the individual mandate in the tax-cut legislation and the cancellation of ACA cost-reduction payments to insurance companies, leave everyone in the health care industry confused about what will happen in the future.

New business models for providing health care are also beginning to emerge. Venture capital organizations are adding to the mix by investing billions of dollars into efforts to capitalize on the flaws of the health care industry. They view the high cost, variability

NEWS

Survey data give insight into nonprofit boards

In addition to data on the financial health of charities, accounting firm BDO's annual *Nonprofit Standards* benchmark report also tracks data on nonprofit boards. This year's report offers the following insights:

- Forty-four percent of organizations report that attracting quality leadership and board members is a high- or moderate-level challenge.
- Sixty-nine percent of nonprofit boards have term limits for their board members.
- Of those with term limits, about 47 percent use a three-year term as their limit, while 38 percent of organizations have a term limit of five years or more.
- Of those with term limits, about three-quarters allow board members to serve two or three years maximum.
- Nearly half of nonprofits have more than 20 board members.
- A majority of organizations have nominating, investment, executive, and audit and finance board committees. Many organizations (43 percent) have committees in other categories, such as human resources, marketing, education, program-related investments development, public relations, real estate, community and donor relations, quality and outcomes, grants,

Uncertainty
(continued from front page)

of prices unrelated to underlying costs, increase in employer health benefit costs, and patient dissatisfaction as a prime opportunity for becoming the next Uber for health care. Furthermore, announcements of mergers such as CVS-Aetna, Walmart-Humana, Amazon-Berkshire Hathaway-JPMorgan Chase, and Optum-Davita Medical Group have alarmed traditional health care provider organizations who are concerned about how to compete with the results of such vertical integration. The newly formed organizations intend to remake health care by developing new digital tools for consumers, patients, doctors, insurers, hospitals, health plans, and medical researchers. The potential of these new organizations to shake up traditional business patterns adds to the feeling of uncertainty many leaders and boards are experiencing. Based upon our experience as organizational development practitioners and our work with boards across the country, we provide three approaches—cognitive, emotional, and behavioral—to support board members to shift from a natural negative response to uncertainty to one that is more positive and productive.[1]

Three Approaches to Dealing with Uncertainty

A Cognitive Approach
Mindset and Skillset

Negative cognitive responses to uncertainty include threat, denial, vulnerability, and doubt; positive cognitive responses include opportunity, acknowledgment, confidence, and faith.

Health care boards and leaders need to model positive cognitive, emotional, and behavioral responses to successfully navigate the uncertainty facing the industry.

Social scientists who study decision-making in times of uncertainty offer useful guidance to health care organizations' boards and C-suite executives. Educating boards to enhance their knowledge of and comfort with the unknown, as well as bringing in key advisors (e.g., physician leaders, nurse leaders, management, IT, HR) to share their direct experience and knowledge for identifying best- and worst-case scenarios, creates a powerful antidote for dealing with uncertainty while also enhancing organizational engagement and effectiveness. Consider our recent visioning and strategy work with a health care board composed of members from various professional backgrounds (e.g., finance, marketing, telecommunications). One by one, each member was asked to share their knowledge on such topics as organizational history, the community they serve, and the current state of health care. Having each member provide their unique perspective helped level the cognitive playing field as well as leverage a collective pool of information and, in turn, propelled their discussion forward on the organization's future direction and goals.

To ensure the best mix of perspectives, best-in-class health systems are utilizing rigorous interview and selection protocols for board members. Selection to ensure diversity of mindset and skillset ensures their boards possess members who offer diverse perspectives and exhibit the competencies and expertise required to take action in today's turbulent health care environment. To attract prospective board members with differing views and an action-oriented mindset, it can be useful to ask such questions as:

- How have you dealt with change and uncertainty in prior executive and/or board roles?
- In your previous board roles, in which areas did you have the greatest impact?
- In a group setting, when have you taken a stance against the prevailing majority view, what was the outcome?
- What skills, connections, resources, and expertise can you offer to complement those of existing board members?

An Emotional Approach
Assessment and Coaching to Develop Self-Awareness

Negative emotional responses to uncertainty include worry, fear, disinterest, aversion, and despair; positive emotional responses include calm, courage, curiosity, attraction, and hope.

Likewise, emotional intelligence expert Dr. Travis Bradberry advises decision-makers to quiet the limbic system by recognizing that the fear one encounters in times of uncertainty impairs good decision-making. Recognizing that fear, doubt, aversion, and inaction are natural human responses to uncertainty allows decision-makers to shift their attention away from negativity and concentrate on possible rational solutions to the problem. Dr.

Bradberry also suggests that seeking perfect solutions in such situations will make it harder to come up with workable proposals that can be successful in the real world.

Facilitated board retreats and team development exercises can help boards strengthen their self- and other-awareness as well as their ability to identify group negativity and shift course to a more productive track. Providing awareness of self through emotional intelligence assessment, feedback, and coaching can be highly effective in enhancing self-awareness, self- and relationship management, constructive conflict, and team psychological safety. Developing such insight and behaviors sets the foundation for board members to engage in disruptive, innovative, and productive conversations.

A Behavioral Approach

Taking Action

Negative behavioral responses to uncertainty include avoidance, inaction, decision deferral, and inattention; positive behavioral responses include approach, action, decision-making, and information seeking.

Nassim Nicholas Taleb, the derivatives trader turned philosophy professor, recommends the best ways to deal with uncertainty are to embrace stoicism and utilize tacit knowledge to create trial-and-error experiments. Health care boards benefit from discussing and identifying where they can take small risks (e.g., investing in new technology) and where they need to exercise caution (e.g., quality and safety). Another useful approach for health care organizations to deal with uncertainty is psychologist Dr. Gary Klein's premortem exercise that he employs before any major decision. After coming up with a major decision but before implementation, he gathers all his advisors for an hourlong meeting with the purpose of finding key vulnerabilities in the plan. Together, they create a master list of all the ways the proposal could fail and identify actions that would make each possibility less likely to occur. If the group still decides to implement the plan, the master list of failure causes is periodically reviewed to mitigate problems encountered during the implementation phase.

These approaches lend credence to the process of bringing together board members and diverse key stakeholders to share tacit knowledge through hands-on exercises in co-creating of solutions. One way to do this is to engage board members in a facilitated action learning process in which an actual problem is the means for learning. Utilizing a needs assessment, the board identifies an organizational problem and then works together to devise a solution with actionable steps. This process is facilitated by an action learning coach, who helps them evaluate whether they're solving the "right" problem and challenges them to think about the problem from different points of view. Board members take action to solve the problem and learn how to learn from the real-time, trial-and-error process. The process further ties learning to organizational change and helps develop an innovative, learning culture.

Conclusion

Health care boards and leaders need to model positive cognitive, emotional, and behavioral responses to successfully navigate the uncertainty facing the industry. This is undoubtedly difficult because leaders are human and therefore not immune to the doubt, fear, and worry that often accompany ignorance, ambiguity, and uncertainty. However, a number of principles and practices such as board retreats and ongoing education, assessment and coaching, and action learning problem-solving can help boards respond in a positive manner to the chaotic and disruptive uncertainty of the health care environment we all encounter every day. ❑

Notes

1. Hillen, M. A., Gutheil, C. M., Strout, T. D., Smets, E. M. A., & Han, P. K. J. (2017, May). Tolerance of uncertainty: Conceptual analysis, integrative model, and implications for healthcare. *Social Science & Medicine*, 180, 62–75.