



Preparing for the Next Unknown: Three Questions Every Board Should Ask

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The COVID-19 pandemic is far from over, yet there are signs of hope and optimism with increasing vaccine rates, decreasing case rates, and declining deaths. As pediatric institutions enter into a new phase of the pandemic response, including stabilizing operations and reevaluating strategy, it is also the time to start planning for the next unknown. As daunting as it may sound, boards should leverage the lessons learned and innovations born from this pandemic to begin preparing for the next crisis. Whether the next unknown is another global health event, significant cuts to Medicaid or other funding sources, a local or widespread natural disaster, or a disruptive cyber-attack, the board has a key role to ensure it and the organization are prepared.

Pediatric hospitals and health systems are indispensable community assets and directors have an obligation to ensure the mission is carried out despite any challenge or crisis the institution may face. Looking forward, through a renewed lens of preparedness, governing bodies should be asking and continually answering three questions.

What Are the Risks and How Will We Mitigate Them?

Boards must understand key enterprise risks and the associated mitigation strategies. Hospital and health system leadership teams should identify and communicate strategic and operational threats on an ongoing basis. Educating directors on these risk points enables the board to carry out its fiduciary role.

The board should review and endorse key organizational plans on a regular basis, including enterprise risk assessments, business continuity plans, disaster management plans, and financial crisis plans. Board committees, such as quality,

finance, and audit, should be well versed in the elements of those plans related to their charter. There is also opportunity for directors to be involved in crisis planning by sharing ideas and insights from other industries and participating in disaster planning exercises. When board members are knowledgeable about potential risks and are aligned with the leadership team on mitigation plans, there are fewer surprises when a crisis occurs. Continuous readiness allows the leadership team to focus on executing mitigation plans and allows the board to support and engage as needed.

Who Will Lead Us?

Strong leadership, at every level, has been essential in navigating the COVID-19 crisis—within every patient unit, throughout the C-suite, and in the boardroom. As boards prepare for the future, succession planning and crisis leadership planning are more critical than ever before.

While boards have the core responsibility of hiring the CEO and monitoring performance, formal succession planning is often lacking in rigor and limited to the

→ Key Board Takeaways

Children’s hospital and health system boards should leverage the lessons learned and innovations born from the COVID-19 pandemic to prepare for the next unknown. Going forward, it is imperative for boards to:

- Understand significant organizational risks and associated mitigation strategies.
- Review key plans on a regular basis, including enterprise risk assessments, business continuity plans, disaster management plans, and financial crisis plans.
- Engage in ongoing succession planning for key executives and board leadership.
- Have visibility into crisis leadership plans for executive and board leadership.
- Continually engage with the institution inside and outside of the boardroom and learn how to best advocate on behalf of kids and families.
- Maintain a heightened focus on resiliency, understand where the stress points are, and support the leadership team’s efforts to enhance well-being across the organization.

CEO position. Boards tend to be prepared when a CEO is approaching a planned retirement, yet leadership succession needs can arise unexpectedly, creating an unplanned gap. Boards should thoughtfully review succession plans for the CEO and other key executive roles at least annually, through a broadened lens of the skills and attributes needed to lead through a crisis.

Succession planning is not only important for the executive team, but also for board leadership. The selection of the hospital or health system board chair is one of the most critical decisions a CEO and board makes. For planning purposes, boards must assume there will be a crisis at some point during the board chair's term. Identifying a board leader who has deep knowledge of the organization, a commitment of time and attention, and the ability to make challenging decisions quickly will require intentional board leadership succession planning. In doing so, boards should maximize a chair-elect position to enable mentoring and a smooth transition of leadership.

Boards should have visibility into crisis leadership plans, including an outlined chain of command to ensure continuity and critical decision making when key roles may be unavailable during a crisis. For example, if the CEO is personally impacted and unable to make decisions, who will serve in that capacity? This planning is equally important for the board. If the board chair becomes unable to lead during a crisis for any reason, a clear and pre-determined plan should be in place to carry out those duties.

Where Can I Lend My Voice and Hands?

The COVID-19 crisis highlighted the power of board engagement and advocacy throughout pediatric hospitals. During this time, directors led philanthropic relief efforts, coordinated community partnerships to bolster critical supply shortages, and advocated at the state and federal level for pediatric hospital funding. Board members should intentionally seek ways to engage with the organization and to advocate on behalf of kids and pediatric institutions on an ongoing basis. As there is never a shortage of opportunities, directors can simply ask the leadership team "how can I help?" Help comes in many forms. For instance, directors can facilitate knowledge sharing opportunities between their own organization and the hospital. Connecting the cyber security leader from another industry with the IT leader at the hospital, for example, leads to shared learning and deeper organizational relationships. In addition, board members should share their personal story of commitment to the institution and the importance of specialized pediatric care in the region at every opportunity. Awareness and support grow one story at a time. When board members consistently

engage with the institution beyond the boardroom and use their voices to advocate for kids, they are more prepared to support when a crisis arises.

The board's role in supporting organizational resilience cannot be overstated. Throughout the pandemic, boards have witnessed weary management teams along with exhausted providers and staff carrying out heroic efforts. As simple as it may seem, a "thank you" and acknowledgement of the hard work of the leadership team and staff coming directly from a board member can boost morale during times of crisis and calm. Boards must maintain a focus on resiliency moving forward, understand where the stress points are, and support the leadership team's efforts to enhance well-being across the organization.

The incredible innovations born out of the COVID-19 crisis must be celebrated. Countless aspects of patient care delivery, organizational culture, and community connection have been forever improved. Boards have an opportunity to harness the lessons learned from COVID-19 and the energy of innovation to prepare for the next unknown. Preparing for the next unknown is an ongoing process. Boards and leadership teams can use these three questions to facilitate an ongoing dialogue so that when a crisis presents, board members are knowledgeable and ready to support.

The Governance Institute thanks Laura Orr, Owner, Forward Governance Consulting, for contributing this article. She can be reached at laura@forwardgovernance.com.

