

HEALTH MATTERS

Victorian Healthcare Association

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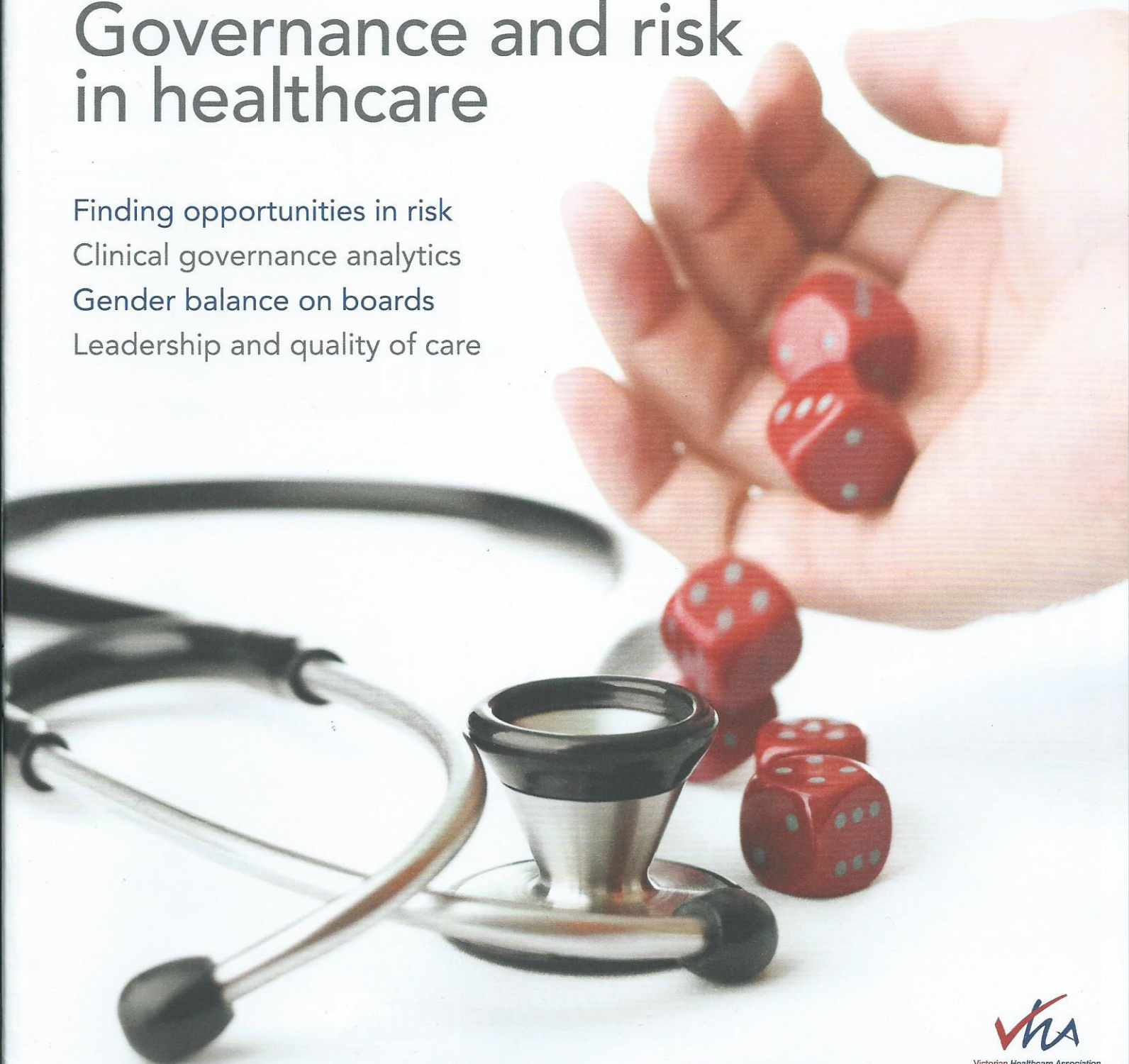
Governance and risk in healthcare

Finding opportunities in risk

Clinical governance analytics

Gender balance on boards

Leadership and quality of care



Finding the hidden opportunities in risk

Boards should view risk as an opportunity instead of a problem, according to Conscious Governance Managing Director Steven Bowman.

"In the end, risks are all hidden opportunities if only you're willing to see them," Mr Bowman says.

"One of the challenges in today's financial climate is that boards view risk as something to be avoided, rather than saying 'OK, what are the risks we face and how can we actually turn them to our strategic advantage?'

For example, a board that identifies a risk like over-reliance on one funding source might decide to manage that source more effectively while seeking opportunities to diversify into other sources.

Mr Bowman believes that viewing risk as an opportunity focuses organisations on growth and innovation, while viewing risk as a hazard focuses them on protection and compliance.

"The whole notion of governance has been hijacked over the past 20 years. It has been focused on compliance, fiduciary responsibility and risk.

"The board is not there just to make sure the organisation complies. The board is there to add value to the organisation – to make the choices that create the future for the communities they serve. Boards can provide huge insight. They are not simply there because the law says so."

Mr Bowman views the vision statement as the board's single biggest strategic tool and says it should appear on board agendas to remind directors of why they are sitting around the table.

"The vision statement encapsulates the true spirit of the organisation – what it should always stand for, no matter what," he explains.

"The chair of the board should truly understand the vision, and know the top four or five key intents of the statement, while the CEO can use the vision statement to help shape the organisation's culture."

The vision statement should:

- be used to focus the directors on their purpose
- be reflected in reports and recommendations to the board
- be used to map against the organisation's programs and activities
- be linked to the organisation's outcomes

"Reports to the board should not be about how busy everyone has been. They should be about how the organisation is actually striving towards achieving the vision," Mr Bowman says.



Steven Bowman will hold a masterclass in strategic planning on May 16 at the ACHG conference.

"Recommendations going to the board should demonstrate how certain actions will meet core elements of the vision.

"The key document that assists us to ascertain whether we're actually making a difference is the strategic plan. The board should be interested in what has been achieved against the strategic plan."

Mr Bowman describes the annual report as the organisation's key accountability document, which should be aligned to the vision.

"Unfortunately, it is often a public relations document about how busy the organisation has been. But it *should* be about showing how your organisation is living the vision and outlining your achievements against key strategies."

For further information visit
www.conscious-governance.com

TIPS ON MANAGING RISK

- ✓ **Do** – ask stakeholders what risks they see the organisation facing – obtain views from all board members, key staff, external auditors, risk managers, organisation members or clients, and funding bodies.
- ✓ **Do** – use that information to agree on the organisation's top four risks (those with a high potential to occur, a high impact if they do, and poor controls).
- ✓ **Do** – set up a risk management committee to rank those risks according to their potential to occur and the likely impact they would have.
- ✓ **Do** – ask similar overseas organisations if they'd be willing to share their risk register.
- ✗ **Don't** – view risk only as financial risk (also consider things like reputation risk, strategic risk, uncertainty risk).
- ✗ **Don't** – make risk management a staff operational function. Many organisations fall into the trap of asking staff to identify risks, when it is a strategic function of the board.

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