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HEALTHCARE & HUMAN SERVICES

# Executive Dialogue



## LEADERSHIP DIVERSITY

The Path to Value-Based Care



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# LEADERSHIP DIVERSITY: The Path to Value-Based Care

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Diversity in the C-suite and on hospital boards is critical as hospitals push forward with population health and new models of care. Increasing the racial, ethnic, gender and generational diversity of health care leadership is essential for the provision of culturally competent, value-based care. However, for many hospitals and health systems, the makeup of the leadership team doesn't often reflect that of the communities they serve. In July Health Forum convened a panel of hospital executives in San Francisco to examine the challenges and best practices in recruiting and retaining a diverse management team and board. Health Forum would like to thank all participants for their candid discussion, as well as B. E. Smith for sponsoring this event.





can bring people to the table, but if they don't trust that you are genuine in providing care that matters to them, they won't come back. Unless you are genuine in terms of diversity and inclusion — and the inclusion piece is extremely important — you will not gain their trust. Leadership has to be at the table and represent all the groups you're trying to engage.

**ANTON GUNN** (Medical University of South Carolina): Value means different things to different people. It's a personal belief. As we think about health care delivery, it's very personal. The communities that we serve are growing more diverse every day. You may not have in your community today people of Aboriginal descent from Southwest Australia, but you could tomorrow via air transportation. And their value proposition could be completely different from that of anybody else in the community. As our communities grow and become more diverse, hospitals and health systems are faced with new challenges and opportunities. Leadership has to be keenly tuned in to seeing the world from different perspectives, and having a diversity framework for your leaders is critically important. It's not just diversity in terms of physical characteristics, or what I call genetic characteristics; we need diversity in thought and experience.



As our communities grow and become more diverse, hospitals and health systems are faced with new challenges and opportunities.  
Anton Gunn

**MODERATOR** (Pam Thompson, R.N., American Hospital Association and American Organization of Nurse Executives): Why is it important that we have management, governance and clinical leadership support around the issue of diversity? How does this help hospitals and health systems to achieve high-quality, value-based care?

**LINDA BURNES BOLTON, R.N.** (Cedars-Sinai Medical Center): To achieve value, we have to truly engage the consumer as a partner. If we're not as inclusive as possible, then we're not going to be successful in engagement. Engagement

The consumerization of health care is occurring and will have a big impact on our organizations. When we talk about creating value, we need to figure out how to achieve individual value for every single person. That's a complex challenge we'll have to meet over the next decade, and it's going to take a lot of work. But, the key to doing that is having the right leadership at the table.

**JOAN REEDE, M.D.** (Harvard Medical School): To that end, it's important to have members of the community at the table to help guide the organization as you continue to assess and update policies and practices. Historically, when we talked

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about diversity, we talked about it in terms of numbers. But numbers do not accurately reflect whether the organization's diversity initiatives are having an impact on the kind of decisions that the organization makes.

**DOUG SMITH** (B. E. Smith): The very core of what hospitals and health systems do is to provide care, and we know that diversity improves the care provided to patients. Hospital executives also have to run a fiscally responsible organization, and we know that diversity can improve the fiscal responsibility of the organization. Leadership diversity is about improving patient care and improving operations in the hospital.

**CRISTY GARCIA-THOMAS** (Aurora Health Care): Valuing the differences in others is going to elevate our ability to meet the expectations of our consumers. The more we're able to embrace, accept, learn and value what difference of thought brings to the conversation, the better we will be at meeting patient satisfaction and growing our market share.

**MODERATOR:** Several of you mentioned inclusion. Why is inclusion as important as diversity?

**REEDE:** The name of my office is the Office for Diversity Inclusion and Community Partnership, not diversity comma inclusion. It's diver-

# P A N E L

**Doug Smith**  
President and CEO  
B. E. Smith  
Lenexa, Kan.



**Joan Reede, M.D.**  
Dean for Diversity and  
Community Partnership  
Harvard Medical School  
Cambridge, Mass.



**Linda Burnes Bolton, R.N.**  
Vice President of Nursing and  
Chief Nursing Officer  
Cedars-Sinai Medical Center  
Los Angeles



sity inclusion. The role of my office is to embed diversity and the benefits of diversity across the multiple segments of our institution. How is diversity embedded in our education, research and clinical care? My job is not to be a diversity champion, but to change how we do business within the organization.

**BOLTON:** The concept of being inclusive is really important. When I talked about being genuine, to me, that requires inclusion. I'm one of the products of the movement to make sure there's a representative at the table. I was the first African-American to graduate from the Arizona State University College of Nursing and Health

Innovation. But being the sole representative isn't what we're about, and it's not what we're trying to do. We're trying to make room at the table for all. And that means we're seeking their knowledge, thoughts and participation to help us achieve the mission and vision of the organization. It means allowing everyone an opportunity to contribute in a meaningful way. Inclusion, to me, means that we allow individuals to be inclusive and we provide opportunities for them to lead.

**REEDE:** If we're not inclusive, then what we're actually doing is casting aside a large part of the human capital available to us. We're not captur-

# I S T S

**Ryan Parker**  
Chief Diversity Officer and  
Assistant Vice President  
Robert Wood Johnson  
University Hospital  
New Brunswick, N.J.

**Cristy Garcia-Thomas**  
Chief Diversity and  
Inclusion Officer  
Aurora Health Care  
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**Anton Gunn**  
Chief Diversity Officer and  
Executive Director  
Community Health Innovation  
Medical University of  
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Charleston

Moderator  
**Pamela Thompson**  
AHA Senior Vice President for Nursing  
and CEO, American Organization of Nurse  
Executives  
Washington, D.C.





Leadership diversity is about improving patient care and improving operations in the hospital.  
Doug Smith

ing the full benefit of what people can contribute. From a management perspective, inclusion is just smart business.

**GARCIA-THOMAS:** We're a people business. We're not selling widgets; we're not selling soap. To meet expectations, there has to be an inclusive environment with a two-way street. Health care, my health care, is about me. Being able to have a voice at the table with my care team around what is in the best interest of my personal health care is what's important. There has to be an inclusive conversation around the best health care outcomes for me.

If health care isn't successful at getting this piece right, we will not be the leaders that we are today. This is critically important to how we continue to evolve, how we work and care for the communities that we serve. Inclusiveness is critically important because it changes the conversation. The word 'diversity' brings many different connotations. When you lead with inclusion, that changes the conversation altogether. I sometimes wonder if that's just how we need to focus going forward.

**MODERATOR:** Diversity seems to be the topic, but inclusion is the behavior, and it's really the behavior of inclusion that makes the difference.

**RYAN PARKER** (Robert Wood Johnson University Hospital): I conduct orientation every two weeks and I talk for an hour to employees about diversity and inclusion. I share with our new hires the evolution of diversity and inclusion, starting with Affirmative Action, community affairs and multicultural affairs. One day, someone said, "Oh, this is about diversity. We have all this diversity, but we don't know what to do with it." That's where inclusion comes into play. I've tried to simplify it, and this is the best way that I can: Diversity refers to the mix; inclusion refers to how you manage it. In other words, inclusion becomes the verb of what you now do with diversity for the sake of ensuring that equity ends up being what we're experiencing.

**MODERATOR:** What are the barriers to diversity and inclusion within your organization and across the continuum of care? What's worked, or holds promise, to help overcome these barriers?

**REEDE:** Too often, in our organizations, we have the diversity moment, a diversity day and/or a

diversity office. The problem is that they are not integrated and aligned with the organization's mission and vision. So, that's the work of my group, integrating diversity and inclusion policies and practices to build a successful, sustainable program.

**PARKER:** Too much is often put into the chief diversity officer position, so the moment the funding dries up, or the individual in the position leaves, all of the programming goes with it. To be successful, we need to integrate shared accountability horizontally, across all departments. We need to leverage the horizontal opportunities to work with department heads and others to embed diversity and inclusion into the organization. To establish alignment, the goals of the chief diversity officer should align with other units, so that diversity and inclusion can take hold in those areas. We've found that once it's in the goals, it sticks.

**BOLTON:** To me, it's about institutional ownership. If there's institutional ownership, it's built into the organization's values and goals. We have a dashboard that tracks our performance in everything from board-level engagement to community engagement. It's about creating ownership across all levels of the organization. A head count showing workforce diversity does not equal ownership. Inclusion means that it is embedded into everything we do. Everyone has ownership and feels as though he or she is part of an inclusive organization.

**SMITH:** Diversity is always something that comes up when talking with my clients about executive placement. Rarely do we talk about inclusion. Inclusion takes diversity to a deeper level. However, it also brings additional challenges. One of the challenges that I see is the fact that hospitals and health systems are being pulled in so many different directions. The focus today is the shift toward value-based care and remaining solvent during the transition. Those challenges make it easy to lose sight of diversity and inclusion efforts. I've seen diversity come and go as an organizational priority. With the rise of population health management, leadership diversity is gaining greater importance across the board.

**GARCIA-THOMAS:** The way to improve margins is by developing an inclusive environment where people can bring their unique characteristics to

the table. We need to change the conversation to get people to think about diversity and inclusion in different ways.

**PARKER:** When we started this journey, one of the first things we set out to do was to expand the discussion beyond what we traditionally think about in terms of diversity. It's about tapping into every dimension of difference that every employee brings to the organization and creating an inclusive culture where all of it can be put on the table. It's a much broader definition. As chief diversity and chief inclusion officers, we should spend more time educating everyone about what diversity really is and discussing the broader definition.

**REEDE:** There are still segments of the population that, historically, have been systematically excluded. We cannot lose sight of that fact. But we do need to build an understanding that everyone represents diversity.

One of the barriers that I see is a lack of metrics. Yes, we collect patient demographic and ethnicity data. But we have been somewhat lax in developing metrics, ways of understanding the workforce. What does inclusion look like? Is inclusion a feel-good term, or can we develop metrics to understand how people are included or excluded? We need to build an evidence base.

**MODERATOR:** Let's narrow the focus. How do we build diversity in leadership and governance? Are there different barriers to attaining diversity in leadership and governance?

**GUNN:** We get strong resistance from potential clinical leaders, because time is always an issue. Asking them to sit down and have a conversation around diversity may not seem like the best use of their time. That's a big challenge.

Time is also a significant barrier for senior leadership. But it's also more of an internal issue. Senior leaders need to recognize their shortcomings and put together a team of leaders with the skills and attributes to run a successful organization. Senior leaders also should ask how they can continue to build self-awareness and self-actualization of the need to have people on their team to solve problems they can't see. That's not unique to health care. But, in health care, I see a huge deficiency around how diversity plays into the whole conversation. Of course, you want the smartest CFO, or the best person

for the position. You want skilled individuals working for you. But there's a huge blind spot on how diversity and inclusion augments those things. For me, it's a leadership competency that often is lacking.

As a leader, I've always prided myself in recognizing that I may not be the smartest person in the room. I'm only as smart as the information I'm given. So, I continue to evaluate, fact-check and verify until I'm sure I have the best information. That's what all health care leaders need to do if they are to overcome the blind spot that often exists around diversity and inclusion. Leaders need to continue to be critical and recognize what they know and what they don't know.

**MODERATOR:** How will we change that? What are some of the practices that can help us move in that direction?

**BOLTON:** One way is by attracting people to your board who already get it. They get it because they're running businesses and understand and have dealt with the same issues. Once they are on your board, ask them to apply the same practices that made them successful in the Hispanic community or the African-American community, to your organization. You want them to bring that same knowledge and skill to the governance of your organization.

Pipeline development is another important piece. All hospitals and health systems should have a process in place to identify and grow potential leaders. We can tap our board members to help get an effective process in place, because there are successful models from outside health care. It has to be part of the fabric of the organization. If an organization lacks diversity and does not have diversity as part of its values, it's a reflection of the governance of the organization.

It's not just the nice thing to do; it's good business. If you can make a business case for doing this, then you're going to be more successful in getting buy-in from the entire organization.

**REEDE:** Developing the pipeline is also important. Training the next generation of leaders, preparing that queue to move on to the next stage is an essential business function. If you look at the leadership pipeline within your organization, and you don't see diversity, then you have a problem.



It's not just the nice thing to do; it's good business.  
Linda Burnes Bolton, R.N.



If you look at the leadership pipeline within your organization, and you don't see diversity, then you have a problem.  
Joan Reede, M.D.

**SMITH:** One of the challenges is that it's hard to find great board members. It requires a great deal of work and commitment. It's hard getting gender balance, let alone diversity. And, as Linda mentioned, if you can get people who have been successful in building a diverse, inclusive workforce, they can help make that a priority within your organization. But it's a big challenge.

As for the C-suite, it's equally hard to find a great group of diverse candidates. It's a real challenge. There's a supply issue for one. But there's also an unwillingness to look beyond candidates who have the top résumés, to those who have the best skills and knowledge for the organization and who can bring diversity to the table.

**PARKER:** I recently spoke with someone about the challenges of achieving board diversity. I asked what they look for when searching for board members and the answer was that they look for CEOs or other board chairs. I explained that that approach perpetuates the problem, because of the existing lack of diversity on boards and in leadership positions. If you don't have a pool of diverse candidates, how are you going to increase diversity?

Again, it's not about looking at résumés and who is best on paper. We need to look beyond that to cultural fit and what he or she can bring to the organization. Medical schools already have made the shift. They've moved from looking for the top grade point average to the total candidate's profile.

To be honest, if people say they cannot find a diverse candidate for a position, they simply aren't looking hard enough. The talent is there, but organizations have just not committed to getting the talent. I'm not talking about affirmative action, or achieving certain numbers, but rather about making diversity and inclusion a core value of the organization. Building a diverse board — one that understands the value of diversity — will go a long way toward building accountability and elevating the importance of diversity within the organization.

**GARCIA-THOMAS:** We have to be purposeful to make change. I report directly to the CEO. I'm a part of the executive team that works with the board, and when we do board recruitment, we are purposeful about how we recruit. We are purposeful in defining the skill sets that we need. We need someone who has a retail back-

ground, someone who understands the technology. And as we're doing that, we also define the makeup of our board. Our board is extremely diverse today versus the type of health care board we had 10 years ago, but it took a great deal of effort. It won't happen unless we're intentional and have focus.

**SMITH:** Senior leadership has to demand it. It's easy to say there are no diverse candidates for the job, and it's not just about the candidate pool. It's about who gets the job. We can have a diverse pool of candidates for a position, but if they never get a job offer, the organization isn't there yet. In my many years of executive search work, the organizations that I've seen most successful at building diversity demand it and push harder to get it.

**MODERATOR:** How can hospitals and health systems begin the shift from searching for job titles to focusing on competencies?

**BOLTON:** Organizations need to start with the board. If you're saying you are an inclusive organization, then analyze what each board member brings to the table — what competencies they have. One of the phrases we've used in nursing is that diversity is a pathway to wholeness. The whole journey to become an inclusive organization is about getting to wholeness, and that allows the organization to be much more effective. And I'll come back to the fact that it's good for business. You want someone at the table who has a good relationship with the community. They may not be a physician or nurse, a banker or an educator, but he or she has a great relationship with the community. You want the person at the table who has a great relationship with vendors, and has a track record of being inclusive in managing those relationships. Looking for those competencies will help get the job done, and it will help the organization to accomplish its mission.

**SMITH:** About 30 percent of the boards test the competencies of their members, so this is not something that's deeply embedded in the hospital field. There's a great deal of room for improvement in that regard.

**GARCIA-THOMAS:** The industry is changing dramatically, too. The type of business we were 20 years ago had a very different board. We look at

# KEY FINDINGS

1

**Health care organizations need to do a better job of sharing success stories about workforce diversity and inclusion, so other organizations can replicate best practices.**

2

**A diverse, engaged workforce is paramount to having an engaged patient population and community. Leadership diversity can enhance employee satisfaction and operational performance.**

3

**The hospital field needs to strengthen community partnerships to establish a sufficient pipeline of diverse candidates — including senior leaders and board members — for the future.**

it this way: If we can hire someone who has the skills we need, we'll bring him or her into the organization. If we can't hire the person, but we could benefit from his or her skills and expertise, then we appoint him or her to the board. We want people on the board who can help to move the organization into the future.

**GUNN:** The board is important. We have a unique situation: Our board members are appointed by the state legislature. We have absolutely no control over who gets on our board, or how long they stay, or how many times they get reappointed. It's stipulated that half of the board members have to be medical leaders and the other half lay leaders. So, that's why I can't dismiss the belief that accountability has to be on the CEO to make sure the C-suite is just as complementary and diverse as the board. And, again, it comes back to the competency of the CEO and how intentional and deliberate he or she is in building a team that has it all.

It's incumbent upon C-suite leaders, particularly CEOs, to recognize that and take deliberate, affirmative steps toward those goals. And I don't see enough of their being deliberate. It's important for C-suite executives to take advantage of continuing education to help them learn how to be intentional in building the right team for the organization.

**REDE:** Historically, our conversations in medicine have been numbers-based. We need more African-American doctors because we have

African-American patients. The belief was that we needed to match it up in some way. No thought was given to diversity in leadership, or whether these individuals could actually help the organization function better. Take me, for example. I'm an African-American pediatrician. My role is not to improve the health of the pediatric population in our community; it's to help the people of the organization deliver better care to improve the health of the community. It's a shift to think about what that person brings and what that person does. This thinking helps the organization to meet its goals. It's not my sole responsibility, or that of other diverse clinicians. It's a collective responsibility.

**PARKER:** We talk about the purpose of diversity, and it has many angles. Diversity helps to drive how we care for our patient population. It builds understanding of our unique populations and helps us to develop innovative ways to reach out and care for them. At Robert Wood Johnson University Hospital, we've made significant gains over the last three to four years. We've increased minorities in executive positions by 34 percent over a three-year period. That's why I say it can be done.

Our system is at one of the peaks of its performance in our history. Several mergers are going on, there's a great deal of significant growth and our margins are good. One of the things that's different today is that our executive leadership team is more diverse than it's ever been. I can't say definitively that this is the reason for our



**Building a diverse board — one that understands the value of diversity — will go a long way toward building accountability and elevating the importance of diversity within the organization.**  
**Ryan Parker**



For me, the importance of diversity and inclusion is clear, but we need to talk about it in ways the C-suite will understand.  
Cristy Garcia-Thomas

success, but I can say that diversity drives the performance that we are experiencing. One barrier I see is that those of us who are doing the work, who are benefiting from the work and see the impact and the return on investment, could probably tell our stories better to build a broader understanding of the benefits of diversity.

**BOLTON:** You are absolutely right about that; we need to do a better job. The AHA's Equity of Care Award is an example of lifting up organizations that have been successful. It enables organizations to share their journeys. Christy talked about intention and purpose, and we do more nay-saying than we do celebrating our successes.

I'm currently serving as president of AONE's board of trustees and AONE celebrates the fact that we put a strategy in place to make sure we were inclusive on our board. And then other organizations came to us asking how we accomplished that. We gladly share our experience. We need to lift up where there's been success and say, 'How might we scale it and do more of that when we are successful?'

**REEDE:** There's got to be accountability in it, too, because we don't have good accountability across our organizations. And I want to go back to the issue of metrics. What does it mean? What are you accounting for?

If you were to pick up your organization and place it in a different community with a different population mix, how would your organization proceed? Would your organization be adept at making the changes necessary to deliver high-quality, patient-centered care to the population effectively?

**SMITH:** At its basic level, we know that diversity drives employee engagement, and we know that a highly engaged workforce is a prosperous workforce. So, employee engagement is one metric that we can look at to support the call for greater diversity.

**PARKER:** That's correct. And we are doing that. We stratify employee and patient engagement and we're going against all national trends — minorities and female employees are the most engaged, even before we started our journey. It's more challenging to make a business case for the need for greater diversity and inclusion, when our patient and employee satisfaction

numbers are so good. Everyone seems to be happy and satisfied.

That's why I believe the qualitative stories are extremely important. When an employee says, 'I feel more valued,' that, to me, goes much further than what we glean from the employee engagement survey. And when an employee says, 'When I walk into the organization, I see people who look like me wearing a suit,' it gives them a sense of pride and it also helps us with building the pipeline because they see the possibilities.

**REEDE:** It's more than just bringing people in; it's making them feel valued. If you are bringing people in solely for the color of their skin, they will figure it out quickly and most likely will move to another organization. People want to contribute and they want to feel valued. The cost of recruitment and retention is significant. In an academic environment, the cost of recruitment and hiring of faculty is in the hundreds of thousands, if not more. It's important to build an inclusive environment where everyone feels that they can contribute.

**SMITH:** The cost of hiring and recruiting is three times the cost of the salary. That is quite a significant number.

**GUNN:** Recruiting and hiring an operating room nurse costs about one and a half times the salary. It's important to have everyone within the organization who is involved in hiring to be focused on building the right team and keeping them engaged in the organization. Having a turnover rate of greater than 10 percent will be a big drag on the organization. Building a high-performing workforce takes a leadership framework around diversity, inclusion and engagement.

**GARCIA-THOMAS:** A big piece is leadership development. It's nice to recognize great nurses by moving them up to management positions. But that position requires a different skill set, and we need to set them up for success. We need to build leadership competencies across the organization. It's a big part of the retention piece, and that has to be factored into the equation for long-term success.

**BOLTON:** We need to be developing the individual who might move into the C-suite in 15 years, because that's a possibility. It's happening more

and more in organizations, especially community organizations, more so than academic medical centers. It's important for us to have a diverse governing board and a diverse C-suite; it's just as important to have a diverse employee population.

The community will catch on if you have an engaged, inclusive environment; it will know if your organization has respect for the lesbian, gay, bisexual and transgender community, for example; and it will know if your organization has respect for racial and ethnic minorities. And that's going to be good for business. No matter what the turnover, staff and patient satisfaction metrics are, it's good for business. But there has to be ownership between the chairman of the board and CEO.

**REEDE:** We've talked about the pipeline and leadership development. We need better processes to identify and grow potential leaders. There are many people who would love the opportunity, but it hasn't yet presented itself. We need leaders who can see the potential that exists within others and who are willing and able to nurture that potential. There are people who are hungry to move into leadership and make a contribution, but the organizations are not recognizing those individuals. It's a real struggle, and one we must overcome.

**MODERATOR:** If organizations are going to be a part of the community, diversity and inclusion must be part of the strategic plan. A key question is: How does an organization assess its workforce for gender, racial and ethnic diversity, and what is done with the results?

**GARCIA-THOMAS:** I'd like to add one more thing about the business case. We have to do a better job of building a stronger business case. The business case is all around us as we shift toward population health management and as we see a growth in health care consumerism. For me, the importance of diversity and inclusion is clear, but we need to talk about it in ways the C-suite will understand.

**REEDE:** Getting back to metrics, we are trying to move an agenda using terminology and tools that are 20, even 30 years old. And that's inhibiting us from moving forward. We need to establish better, relevant metrics if we are to make true progress.

On another note, I keep focusing on the pipeline, but it's critically important. At Harvard, I've been looking at our efforts around building a pipeline, and one thing I've discovered is that we focus a great deal on bringing people into the organization. But we aren't looking closely enough at what makes people leave. We need a true understanding of what's happening to people in the organization so we can achieve the results we want to achieve.

**SMITH:** When we talk about the pipeline, one contributing factor that we haven't discussed is the aging of the workforce. The pipeline is not good, diversity aside. We are not doing well as an industry in building a viable pipeline across disciplines. As an example, today, if an organization is looking to hire a perioperative director or a new women's health director, it may get one viable candidate. When I first came into the business in 1985, we would get six or eight good candidates. It's a growing problem.

**MODERATOR:** We have to start upstream. We need to work with our communities to make sure that nursing and other disciplines, including health care management, are attractive, viable professions. It takes a long time to start upstream. It takes urgency.

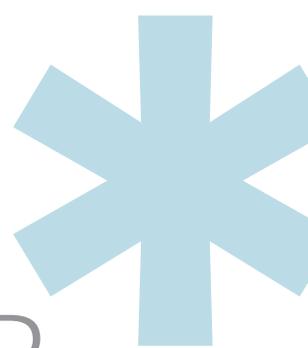
**BOLTON:** We can't just say that this is important as an organization. We need to be the change that we want to see in others. It begins at the top. And it's not just about getting the C-suite and the board to be more diverse. It's about being inclusive, and how we relate to our communities as partners and how we value our employees.

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# THANKS

Health Forum would like to thank the panelists for taking part in “Leadership Diversity: The Path to Value-Based Care,” with special thanks to our sponsor B. E. Smith.

