

Conflict of Interest

Because of the liability protection provided, the board should have a strong conflict-of-interest policy to provide clear expectations for board member conduct and require immediate and full disclosure of any potential conflict of interest. If a board member potentially could benefit personally from a decision, he should acknowledge the conflict to the board and refrain from participating in the discussion and decision-making process. Some boards require members to sign statements that document the board's policy on conflict-of-interest and privacy.

Strategic Planning

The governing board of a hospital or health system is responsible for that hospital's or system's planning process. A strategic planning process must be established to position the hospital/health system in a rapidly changing environment.

Strategic planning is the process of determining what an organization wants to be in the future and how it will get there. Hospitals that develop and implement strategic plans tend to be more successful.

Strategic planning is different from short-term or operational planning. Operational planning usually focuses on an annual cycle and requires the development of yearly objectives and plans. This becomes part of the annual budgeting process. Operational plans lay out how the hospital will move toward its future during that year. The future is described in the hospital's strategic plan.

Strategic planning requires that choices be made and pursued. These may address what services will be offered and to whom, the resources that will be needed (people, facilities, technology, money and knowledge) and how they will be acquired.

A hospital/health system should plan for its future to:

- Improve the hospital's performance;
- Determine the hospital's future direction, including identification of collaboration opportunities;
- Improve the quality of health care services;
- Optimize resource allocation;
- Plan for capital needs – such as investing in new technology and the physical plant – and financing;

- Ensure an adequate, appropriate medical staff and guide recruiting efforts;
- Meet accreditation and regulatory requirements;
- Meet the hospital's vision and mission statements; and
- Maximize the chances for success.

Planning takes time and money. Both must be allotted to the process. It is important to make sure that the necessary resources, including board and staff time, are available to plan for the future and keep operating in the present.

Responsibilities and Roles

Planning for the future of a hospital or health system is a major endeavor and involves a large number of people. Its success depends on the buy-in, interaction and consensus of all the stakeholders.

Governing Board

The governing board has the principal responsibility for strategic planning. The board guides the development of the plan consistent with the hospital's vision, mission, philosophy and values. The board's role is to set direction for the organization with the CEO. The role of the governing board in the strategic planning process includes:

- Approval of the hospital's vision and mission statements, goals and metrics;
- Suggestion and considerations of strategies;
- Approval of the strategic plan and its implementation; and
- Monitoring the implementation of the plan, assessing effectiveness and updating the plan and its implementation.

Chief Executive Officer

The hospital's CEO is involved in the planning process as a strategist, organizer, tactician and often visionary. The CEO should coordinate the participation of needed stakeholders. Individual tasks may be delegated to staff with specific expertise, but the CEO should ensure that planning proceeds as expected. The



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