



# **Scenario Thinking for Hospital System Foundation Leaders**

*Navigating Change as You “Rehearse the Future”*

by

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## Introduction

Many hospital system foundation executives are growing keenly aware that the operating environment of their parent hospital system is changing rapidly and in some pretty dramatic ways. There's significant bottom line pressure. Project implementation time frames are shrinking and stakes are higher. These conditions are not altogether beneficial to most hospital philanthropy programs. Additionally, we're seeing a developing trend toward hospital systems becoming more explicitly responsible for *upstream impact that contributes to whole population health*.

If your development program was designed to perform during a much more stable period, you've probably created or inherited a staff-wide primary focus on achieving greater efficiency and achieving your most highly visible short term metrics. Continuing that path without a pause for deeper reflection could result in much of your effort becoming ineffective or worse—the foundation (and its executive) could be seen as increasingly irrelevant to the changing strategic needs of the hospital system.

In this light, foundation executives are asking, “What decisions should I be making now amidst all these sweeping changes in order to position our hospital/system foundation for optimal operating success in the future? What are the essential elements of this adaptive challenge? What could help me reframe my thinking about what's possible? Are we optimally prepared for, and our programs aligned for success in, the future that seems to be emerging?”

There are many approaches to innovation and decision-making tools that can help you reach elegant and sustainable answers to these questions. One valuable tool is a form of scenario development. It helps you understand the key dynamics of your internal operating environment—the internal variables and conditions that influence your hospital system philanthropy focus, program alignment, and trajectory in this emerging context. Exploring the dynamics and seeing how they might interact is one way of “rehearsing the future” and, through it, building the foundation's adaptability and resilience.

**The essence of this tool is to create and rehearse four plausible, alternative operating futures and identify the strategic challenges and leadership questions within each.**

## ASK YOURSELF

*“What decisions should I be making now amidst all these sweeping changes in order to position our hospital/system foundation for optimal operating success in the future?”*

*What are the essential elements of this adaptive challenge?*

*What could help me reframe my thinking about what's possible?*

*Are we optimally prepared for, and our programs aligned for success in, the future that seems to be emerging?”*

## Building Your Own Scenario Thinking Matrix

Here's the basic steps to creating a scenario thinking matrix to help you explore alternative operating futures during sweeping change.

**Step 1:** List the characteristics and conditions that must be present for your foundation's success in the external environment of the next 10 years.

- Your list should focus on those identifiable characteristics and conditions within the hospital/system and your foundation, not those beyond your operating control.
- Don't bother listing "the economy" as a success condition, as that is always uncertain, well beyond your control, and it cuts across all/any scenario you might develop.
- Example:
  - a. Health system CEO focus
  - b. Prevailing philanthropy culture or mindset
  - c. Foundation board attention & influence
  - d. Bylaws latitude
  - e. Funding urgency expressed by hospital system
  - f. Health system reach and credibility
  - g. Time horizon of your most dominant programs (annual v long term)
  - h. Heritage of philanthropy's role within the system
  - i. Hospital's participation and commitment in upstream work as an anchor institution as an Accountable Care Organization
  - j. Hospital system's cross-sector collaborative posture
  - k. Existing precedents for collaborative fundraising
  - l. Foundation executive's strengths & the degree to which hospital system senior leader team accepts, values, and integrates those strengths

**Step 2:** Cluster similar dynamics (optional)

- While this step is not crucial, it helps you reexamine your initial list of operating dynamics to see if you've missed something.
- Look for any discernible patterns or clusters among the dynamics. Assign each cluster a title that seems to provide an umbrella for the dynamics that fit that cluster.
- Example (using the list I created in the example in Step 1):

Span of Operating Impact:

- Bylaws latitude
- Funding urgency expressed by hospital system
- Time horizon of dominant programs

Philanthropy History and Culture:

- Heritage of philanthropy's role within the system
- Health system reach and credibility
- Prevailing philanthropy culture or mindset

Hospital System Engagement in Community:

- Hospital's participation and commitment in upstream work as an anchor institution as an Accountable Care Organization

- Hospital system's cross-sector collaborative posture
- Existing precedents for collaborative fundraising

Leadership Capacity and Tendency:

- Foundation board attention & influence
- Foundation executive's strengths & the degree to which hospital system senior leader team accepts, values, and integrates those strengths
- Health system CEO focus

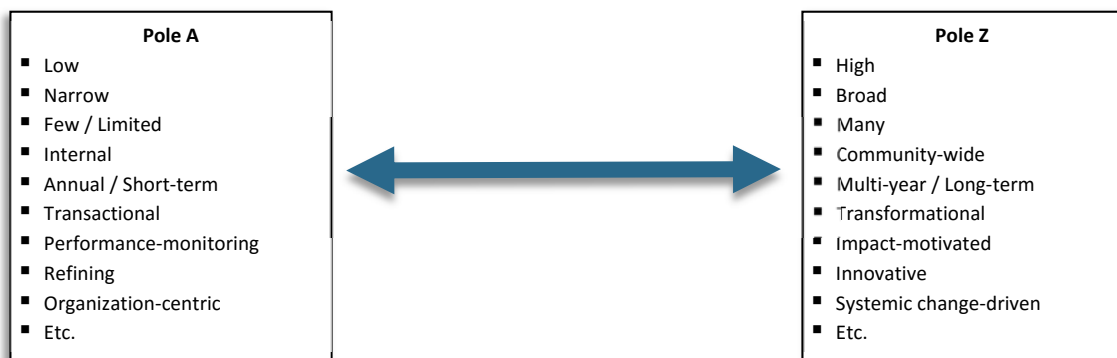
*Step 3: Identify the dynamic drivers and your selection rationale.*

- Here's where you select from your above list the two variables which you think are simultaneously the most important to framing your resource development strategic options amidst significant operating uncertainty and, at the same time, the most difficult to change. You may find it wise and helpful to have this discussion with others on your staff and/or board. Call it the wisdom of crowds. The key to having this whole decision-making exercise have real value is in selecting the scenario drivers.
- Look at your list of drivers. Be sure that your final selection meets both criteria.
- Example (using the list I created in the example in Step 1-2):
  - a. **Dynamic Driver #1:** The Foundation leader's personal and professional strengths and, therefore, the degree to which senior hospital system leaders' accept and value those strengths and integrate them into the hospital system leadership team.
    - *Interpretation:* Each of us has a "true nature," which is not easily changed. We tend to play to our strengths and are hard wired for some things more than for others. Central among those desired strengths at the executive level is the capacity to play a generative role; innovating, creating, and designing new opportunities and solutions. Coupled with this dimension, the leadership context in which the foundation executive is placed within the hospital system determines whether that is a perfunctory, siloed role or a substantive leadership role, treated as a leadership peer with others on that team, and fully integrated into the power dynamics of the hospital system leadership team. I find that despite what titles are awarded and what the org chart calls for, you know full well as a foundation executive whether you're professionally embraced and integrated or whether your gut is telling you that something is missing when you sit "at the C-suite table."
    - *Selection Rationale:* Despite other dynamics on this list being important and weighty, nothing competes with the combination of these factors in being able to see and seize opportunity, to grow and shift program focus, to identify and engage partners and prospects, and to make a compelling case for investment. Even when the philanthropy history and culture is strong, when the prospect and donor pool is deep, and all other supports are in place, nothing is more important than the degree of alignment, trust, and reciprocal engagement of the foundation executive and the hospital system leadership team—especially the CEO.

- b. **Dynamic Driver #2:** Your hospital system’s participation and commitment in upstream work as an anchor institution<sup>1</sup> in community as an Accountable Care Organization.
- **Interpretation:** Hospitals (and hospital systems) that see themselves as a legacy institution in their community [aka, an anchor] and who have accepted the risk and responsibility that comes with carrying the ACO designation are far more likely to be open to the leverage and collective impact that’s possible by moving more of their energies “upstream” to effect better health care conditions for everyone—especially those managed lives.
  - **Selection Rationale:** Where a hospital or hospital system is located on this continuum will directly influence the fundraising project selection, case for support, and opportunities for natural partnerships in the service area. The more upstream the focus, the more leverage is possible, and the more collaboration is essential. While two other variables are often quickly identified as important—the CEO’s focus and the board’s attention and influence—I see them as subsumed under this larger variable. The hospital system’s participation and commitment could be modest or huge even if the CEO’s focus and the board’s attention and influence is elsewhere.

**Step 4:** Now that you’ve identified the two dynamic continuum, label their “poles,” thereby creating the “structure” of your scenario matrix.

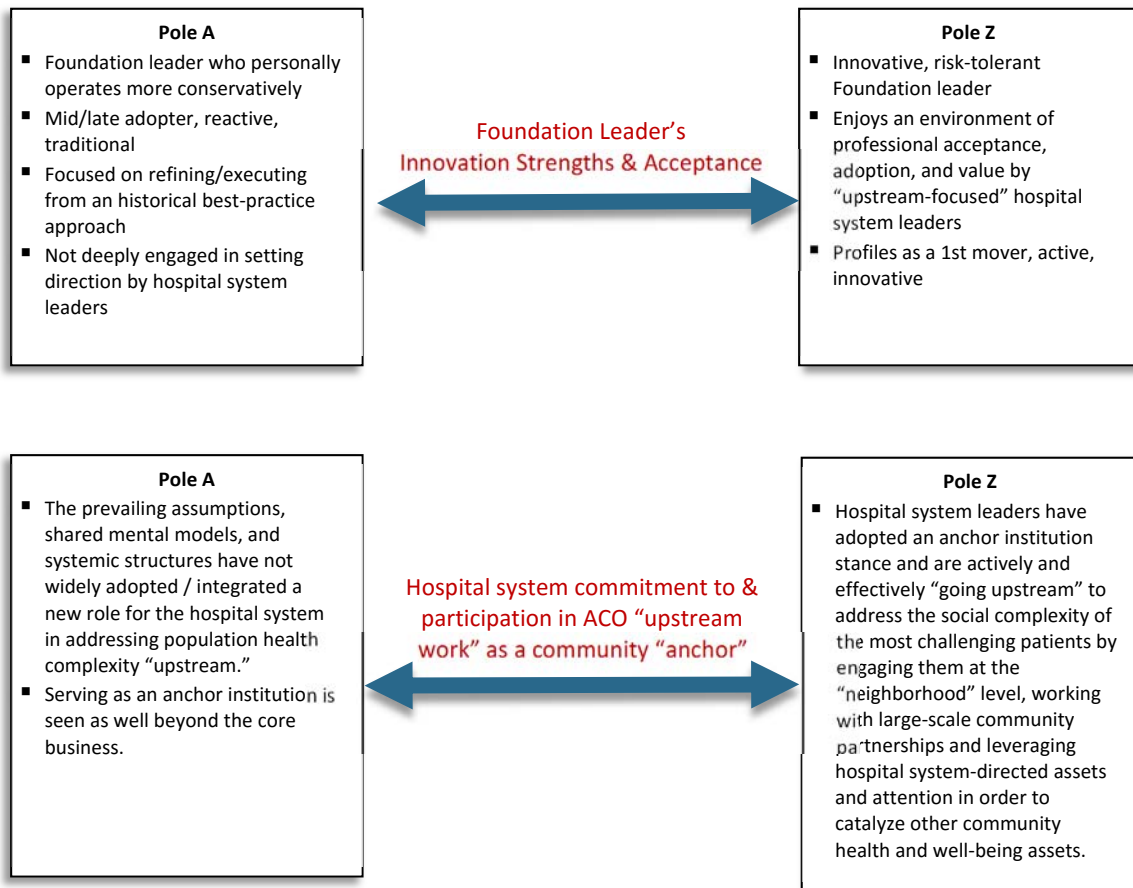
- Central to scenario thinking is recognizing that none of your operating variables is static or absolute. Rather, each exists on a continuum. Characterize the polar opposites for each continuum.
- Generic example:



<sup>1</sup> Common seven elements of an [Anchor Institution](#):

1. Directing a greater percentage of their purchasing power toward local vendors based in the community.
2. Hiring a greater percentage of their workforce locally.
3. Providing workforce training for people needing assistance in the community.
4. Incubating the development of new businesses, including social enterprise among nonprofits.
5. Serving as an advisor or network builder.
6. Leveraging real estate development to promote local retail, employer-assisted housing, and community land trusts.
7. Using pension and endowment funds to invest in local job creation strategies and to provide community venture capital for nonprofits, entrepreneurs, and employee-owned firms.

- Specific example (using the list I created in the example in Steps 1-2):



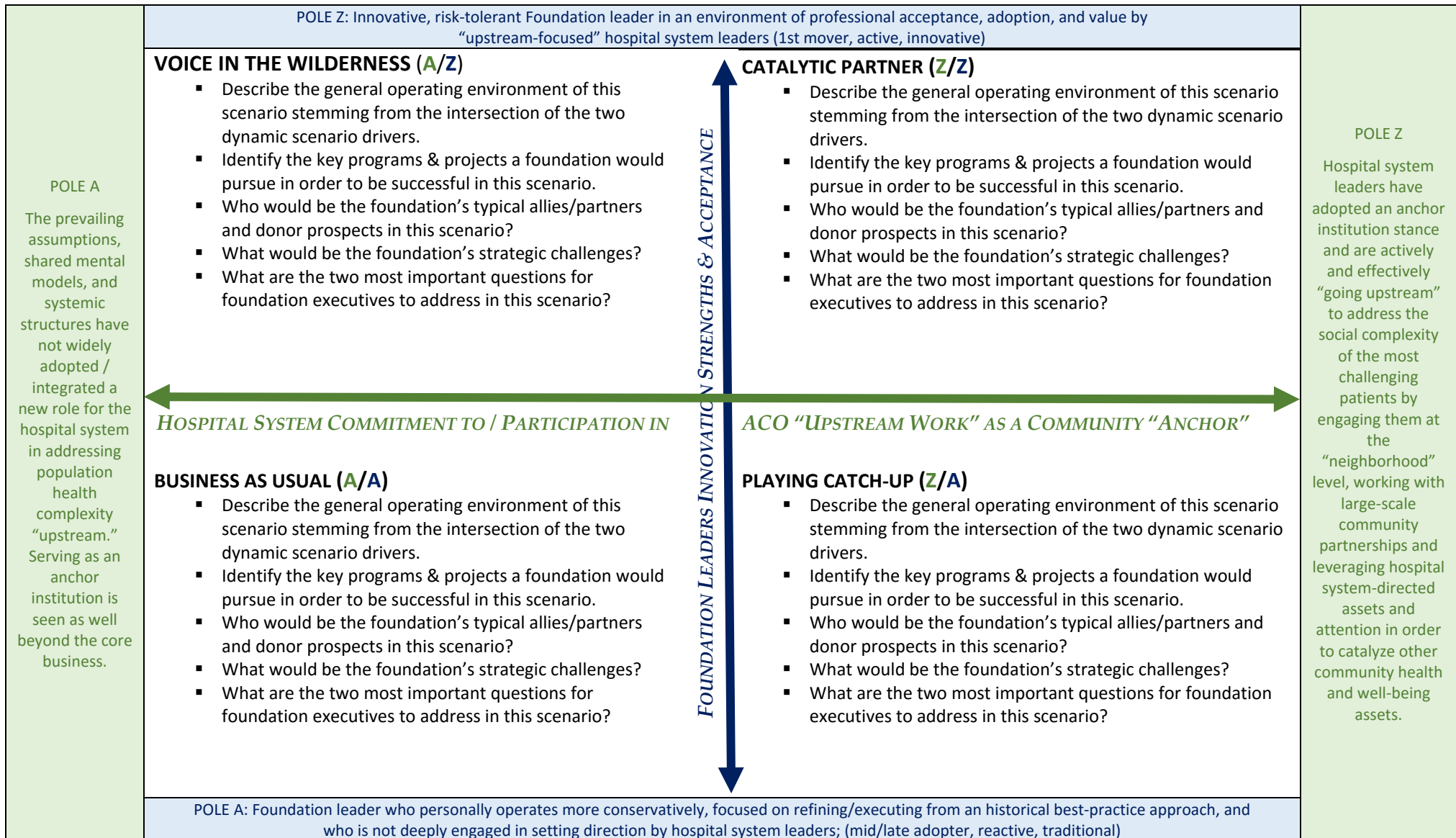
### Step 5: Describe the interaction of the dynamics drivers

- Take the two dynamics drivers and explore what is produced by the interaction of these dynamics at each "pole" of their respective continuums.<sup>2</sup> Use the questions presented in the scenario matrix below. For each quadrant, tell the "story" of how you and your foundation might choose to operate if the conditions of this quadrant were your perceived reality.
- For each of the plausible alternative futures evoked by the interaction of the driving dynamics, attempt to articulate the general operating description; key programs and projects; typical allies, partners, and donor prospects; the foundation's strategic challenges; and questions for the foundation executive to address.
- Again, this is often best done as a result of group thinking. Be patient; it's an iterative process.
- Based on the "stories" each quadrant is telling you, assign each a title, thereby allowing you to refer to it simply and to internalize the core elements of this imagined operating environment.
- Specific example follows (using the drivers I used in the example in Step 4):

<sup>2</sup> Exploring the interaction of highly important and very uncertain variables is a basic exercise in any scenario thinking work. While I have applied this thinking to only two variables, it is possible to select a third (or more) variables but the level of complexity grows geometrically.

# Adaptive Leadership Matrix for Hospital System Foundations

## Exploring Plausible, Alternative Operating Futures During Sweeping Change



### Step 6: Explore the operating implications

- What is this whole picture telling you about how your foundation should adapt in order to be successful, nimble, and increasingly relevant and productive in the future? Are there any postures you could develop/reinforce that position you well regardless of what future unfolds?
- Where would you identify your present location on each of the dynamic driver continuum? Near one of the poles? More in the middle? Once you've located your current position you've got an opportunity to explore the implications of this scenario in a different way.

## Conclusion

A common pitfall of leadership is sometimes being unable to see the forest for the trees. There are so many moving parts to the operating environment of any successful hospital system foundation that it's easy to get lost in minutiae and not be able to identify the right questions to be asking of the strategic challenge ahead. If you have been asking yourself, "What decisions should I be making now amidst all these sweeping changes in order to position us for optimal operating success in the future?" then you'll undoubtedly be hoping to see with new eyes how the central question could be answered.

This operating scenario development tool is, of course, no panacea. It is one tool that provides numerous benefits in contributing to your work. Part of its value is in helping you get to shared clarity and ownership of the work ahead. Additionally, it helps you marry your collective attention to your stated intention. Take a look at the four operating scenarios that I've developed above as an illustration of how to build the tool. Recognize, of course, that you may choose to reconstruct this exercise using different dynamics. See what story unfolds and explore what transitions may be required.

I hope this brief tool description can provide you some value. Completing the exercise with your leadership team can provide you great insights and enable you to gauge the strategic thinking skills and adaptability of your team. Sometimes, a trusted advisor who has significant experience with this tool and with hospital system philanthropy can help guide you through an exercise to "rehearse your future." Having done so in a proactive way, the operating transformations become more direct and the rationale for doing so becomes abundantly clear. In that way, you'll avoid the drag of the skeptics and give the early adopters a clearer path on which to lead.

Enjoy the journey.

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Gary Hubbell Consulting works with organizations on the cusp of doing great things – retooling business income and philanthropy strategies; engaging board members and community in unprecedented ways; generating more resources than ever before. Clients contact us seeking help to develop strategies that strengthen adaptive organizations for inevitable change and greater impact by fostering organizational agility, setting a plan in place around which commitment runs deep, and determining how to generate resources to fuel the resource engine of the future.



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***In order to strengthen adaptive organizations for inevitable change and greater impact***

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