

Kristy Hubard: Positioning ERM for Strategic Value

Length: 8:49

SPEAKERS: Mark Beasley, Kristy Hubard

Mark Beasley 00:00

I'm Mark Beasley professor on the Poole College of Management and I'm thrilled to have Kristy Hubard here with me. Kristy is the vice president Strategic Initiatives at Novant Health, which is a healthcare system that's got facilities all across the southeast. So Kristy, thank you for being here.

Kristy Hubard 00:15

My pleasure. Thanks for having me. The topic of ERM and strategy is one that we all are trying to crack more and more.

Mark Beasley 00:21

Can you talk a little bit about ERM and its intersection and integration with strategy at Novant Health, what does that sort of look like?

Kristy Hubard 00:28

Yeah, happy to. So five years ago is when our ERM program really got started. And that came out of really an impetus from our board, a couple of members, I believe, who have experience with ERM through their personal professional experience, and really kind of said, you know, this is something that we need here at the system. And so we embraced that. And really, as most systems, you know, are on the journey, it is very much a journey, a learning opportunity. But we really take it seriously around making sure that we're engaging with our senior leadership about what are the strategic objectives of the system, and making sure that we're kind of creating a mindset and a culture that says, Well, what is going to impede or perhaps promote achieving those objectives. And so that's really the dialogue that we continue to have. And that's really the fundamental premise that the program is built on. So we have annual risk assessments that we do. We survey or we actually interview directly with our executive team members and conduct individual interviews, then we do surveys of our ERM committee, as well as select, basically kind of hand select some additional leaders throughout the organization just to try to get a robust perspective on what folks ideas and thoughts are of risks that we're going to be facing. They typically go one to two years, we'd like to push them on to a little, you know, kind of go beyond. But it really is what is getting in the way of executing strategy. The other key thing is, especially, you know, today's healthcare landscape, it's tumultuous, it is incredibly ambiguous, and changing rapidly and being disrupted. And in fact, we've actually, we are of the mindset, we have to disrupt ourselves, we really need to be proactive in thinking about health care fundamentally different than the sick care model that it's been for years and years. And it's been done well. But we're at a point now where we've

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got to look at health care and look more from health and wellness in a very kind of personalized, holistic way. And so with that attempt at transformation comes the need to really say, we've got to, you know, disrupt ourselves and turn it upside down and really come up with a new business model. And so that's led us to, you know, this ambition of what are we going to look like in the future? What are we going to be doing differently? What different partnerships, how we're going to leverage technology. And so that's created the opportunity for us to really have robust conversations with our executive team, with the broader organization, and really get the organization to think about what does that new model look like? And so then you get into what's the risk appetite, and the new things that we're going to have to be involved with? How are we going to adjust and so our risk appetite statement articulates, you know, the kind of the buckets of risk. So we've got patient care, safety, quality, compliance, totally adverse to that we're not touching, no negotiation there. And then we get into things that are more non clinical, operational, you know, have some moderate risks there. But now that we're looking at some of the things that are coming our way, as a result of this new ambition, we've really got to think about how do we get a little more tolerant tolerance and acceptance of risk? How do we leverage it? And so really pushing the scale on that. And what we're coming up with, as we're having these discussions with the executive team and with the committee is how do we get the organization and the decision makers at that frontline level, at that middle level, understanding this risk appetite statement and applying it in some of their decision making?

Mark Beasley 03:55

Consistently, too.

Kristy Hubard 03:56

In a consistent way, exactly.

Mark Beasley 03:58

So you've mentioned the ERM Committee, which is a management level committee. Can you talk a little bit about who is on it, and sort of how you're using that to drive this kind of transformation?

Kristy Hubard 04:07

Sure. It's a cross functional group. And really, in that group, you've got, obviously, our clinical sites are practices, you know, all the clinical representation, but also the typical support services, finance, human resources, legal, ad audit, compliance, those things, those key functions, but it's really less about the functional representation. And it's making sure that the folks on that committee have that purview across the system, they can really help us break down the risk barriers. And it's not that it's just from their function. They're looking at Enterprise Risk, really in a holistic way. So had great discussion. The committee, we evaluate the composition of that every year as new players come in. We want to really want to make sure that those folks are highly connected to the strategy of the organization so they can think about the risk. Additionally, you know, I've talked about the new cause and the ambition that we're involved with and thinking through the risk associated with that. As part of that annual risk survey, we obviously have the risk register, and risk response plans that are attached to each of those risk register items. So the committee reviews that, we do about two every meeting to just make sure that those are on track and doing as their need to. And then we've got our emerging watch list, that from recommendation from the initiative was really about how do we have the integrity of our risk register,

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but also think about other things that may be coming up and keeping an eye on those and adjusting if we need to, as you know, to put things on our risk register as we need to. And then our KRI dashboard, our key risk indicator dashboard, that's something that goes up through our audit committee of our board, every meeting, it has about four times a year, highly engaged with those metrics, what they mean, what are the trends, what are we doing about them, are the risk response plans, effectively moving the needle where they need to. So a lot of great work that the committee is involved with. And then upcoming, we are going to be conducting a scenario planning exercise, again, around this transformation effort that we're involved with and thinking, Okay, what is healthcare delivery going to look like for us at Novant Health? And how are we going to be proactive and really doing things differently around health. And so really diving deep into that, thinking about risks that are gonna come up with that with some of the partnerships with some of the capabilities that we have. Technologywise, AI is definitely an example. Learnings? I mean, it's a bit cliché, but you know, ERM is definitely a marathon, it's not a sprint, we've learned and the pandemic taught us that, you know, at certain times, you've got to even prioritize what risks you're going to go after, and really make an impact, because you've got a finite number of resources. And so using, you know, kind of the impact scale and things like that, what are those ones in that top quadrant that we really need to double down on this year and really focus on and others that we're going to be willing to accept more of a risk around. Also, you know, it is you can't boil the ocean and sort of that similar, you know, it's it's, you've got to really select our KRI metrics, you know, those are ones that we continue to evolve, we're all searching for those really informative leading indicators around risk. But oftentimes, we're still looking at lagging indicators. Growth is an example where we were keen on, you know, certainly making sure we're growing. And market share, which is a six month lag of the data that we've seen is not going to be sufficient to tell us that. So things like share of voice, when you're looking at our media and marketing and placement of that, you know, where's our share of voice to help show are we able to grow and lead. So those are things that we continue to evolve with other things in terms of, you know, the executive support, the board level support, those are critical, those are great learnings. And we've really, the dialogue around ERM is where we're seeing the value. And from the third party assessment Mark that you did with us about a year and a half ago, it really is engaging with the executive team more frequently, not just the annual assessment time, but really making sure you're touching base with them, especially in this tumultuous time that healthcare is in really getting a handle on what's on their mind, what are the risks that they think we're facing? And how do we make sure that we're mitigating or leveraging those as needed. So it is an exciting time in healthcare. It's a very disruptive time, but it is the perfect time for ERM to be at the table and in that dialogue, because it's critical.

Mark Beasley 08:29

Kristy, thank you so much for sharing your insights, because this is a nugget that everybody's trying to crack but more is just getting that connection with your image strategy and just hearing about your journey is incredibly valuable. So thank you.

Kristy Hubard 08:41

You're welcome.