# Why Governance Matters in Healthcare Capital Programs:

## Six Questions Every Owner Should Be Asking

By Kevin Haynes

Healthcare organizations are making increasingly difficult choices about where and how to invest limited capital. Aging infrastructure, workforce shortages, financial pressures, evolving models of care, and rapidly changing technology are forcing leaders to rethink how they plan, prioritize, and deliver capital programs.

Success in this environment goes well beyond delivering individual projects on time and within budget. Healthcare leaders must consider whether their capital investments collectively advance organizational priorities, support clinical operations, and deliver long-term value.

That was one of the strongest themes we heard at this year's Vanderbilt Healthcare Design and Construction Symposium in New York. Conversations reinforced the importance of looking across complex, long-term capital programs rather than managing each investment in isolation. One of the conclusions captured in the symposium report was that "megaprojects are governance systems," requiring disciplined governance, rapid decisions, explicit authority, interface management, cash-flow control, and a durable project culture.

We've seen a similar challenge in our work advising owners, including through our Program Health Assessments, which evaluate governance alongside other areas that influence capital program performance. Organizations can be very good at delivering projects yet struggle with the systems that connect investments across the larger program. As portfolios grow, inconsistencies in decision-making, reporting, accountability, and risk management can make it increasingly difficult for leadership to assess the program's overall performance.

### WHEN PROJECT MANAGEMENT ISN'T ENOUGH

Managing a portfolio with diverse stakeholders, priorities, funding requirements, schedules, operational impacts, and dependencies requires a different level of coordination than successfully managing any one project.

Leadership needs to understand where investments are competing for resources, how decisions in one area affect another, where risks are accumulating, and whether capital priorities continue to support the organization's goals.

The right governance structure will look different for every organization. Still, the objective is the same: give leadership the information, authority, and visibility needed to manage capital investments as a program. In our work with owners, six questions are particularly useful in understanding whether that structure is working.

**1. Are Your Capital Investments Clearly Connected to Organizational Strategy?**

Whether the priority is expanding access to care, modernizing aging facilities, improving operational efficiency, or supporting future clinical growth, capital investments should be clearly aligned with the organization's broader objectives.

This requires looking across the portfolio rather than evaluating investments independently. An investment in one area may affect infrastructure, staffing, operations, or capital needs elsewhere. Leaders also need a way to reassess priorities as organizational needs, resources, and market conditions change.

This was an important theme at the Vanderbilt conference, where participants discussed moving from static capital plans toward more dynamic approaches that evaluate capital across the full care network and periodically revalidate the business case, scope, timing, and affordability of major investments.

**2. Have You Defined Success Beyond Cost and Schedule?**

Cost and schedule remain important, but they don't tell the full story in healthcare. Patient experience, operational readiness, clinical workflow, flexibility, staff efficiency, resilience, and long-term financial sustainability can all determine whether a capital investment ultimately delivers value.

An investment can meet its budget and schedule and still fall short if the completed facility creates operational challenges, can't be adequately staffed, or no longer supports the organization's evolving model of care. For example, an investment intended to increase behavioral health bed capacity may take years to move from funding through design and construction. If workforce needs aren't considered in that planning, the new space could be complete yet remain unused because there aren't enough staff to operate it.

This is where governance becomes critical. Capital planning can't happen independently of the operational and workforce decisions that ultimately determine whether the investment achieves its intended purpose. Defining critical success factors across the program gives leadership and delivery teams a shared understanding of what matters most and a consistent basis for evaluating performance and making decisions.

**3. Is Decision-Making Clear, Timely, and Consistent?**

One of the clearest governance themes we heard at the Vanderbilt conference was the importance of establishing decision-making structures early. The symposium discussions emphasized defining decision authority, executive accountability, escalation paths, and expectations for when decisions need to be made before design accelerates.

This is particularly important in healthcare, where decisions often require balancing clinical, operational, financial, technical, and facilities considerations.

Leaders and teams should understand who has authority to make different types of decisions, when executive involvement is required, and how unresolved issues are escalated. Establishing that structure early helps prevent routine decisions from becoming larger delays.

**4. Can Leadership See Across the Entire Capital Program?**

More information doesn't necessarily create better visibility.

Different teams may use different performance measures, reporting methods, or approaches to risk management. At the same time, capital investments are often interconnected. A delay or decision in one area may affect infrastructure, technology, equipment, staffing, activation, funding, or operations elsewhere.

Common reporting practices, shared performance measures, and coordinated risk management give leadership a clearer view across the portfolio. More importantly, they help reveal trends, dependencies, and emerging issues that may not be apparent when investments are viewed separately.

**5. Are Roles, Responsibilities, and Accountability Clearly Defined?**

Healthcare capital programs bring together executive leadership, facilities, clinicians, finance, operations, IT, designers, contractors, and numerous other internal and external stakeholders. Governance needs to establish how those groups interact, including who represents key interests, where decision authority resides, and how competing priorities are resolved.

That doesn't require involving everyone in every decision. The goal is to ensure the appropriate perspectives are represented and to give decision-makers the authority to act.

How the team works together also matters. Structured partnering and periodic team performance assessments can surface communication or coordination issues early and reinforce accountability across organizations and disciplines.

**6. Does Your Governance Model Evolve as the Program Evolves?**

Capital programs change over time. Priorities shift, leadership changes, funding conditions evolve, and new technologies or models of care introduce needs that may not have existed when the program began.

Governance gaps rarely mean an organization has no processes in place. In our experience, the more common problem is that processes have developed independently across departments, teams, or investments, becoming fragmented over time.

Improvement doesn't necessarily require starting over. Clarifying decision authority, standardizing reporting, strengthening escalation processes, or revisiting outdated roles may significantly improve how the program functions. Periodically evaluating these practices helps ensure governance continues to support the organization's needs as the program grows and changes.

## GOVERNANCE IS ABOUT BETTER DECISIONS

The value of governance ultimately shows up in the decisions an organization can make. Healthcare leaders need a clear view of their capital program to know where resources are needed, which risks require attention, and when changing conditions call for a change in direction. Good governance gives them that view and a structure for acting on it.

Project performance will always matter. But for healthcare organizations managing significant capital portfolios, the larger measure of success is whether those investments work together to advance the mission, support patient care, and deliver the outcomes the organization set out to achieve.

---

Visit this blog on our website here.