A NEW PARADIGM FOR INVESTMENT SCREENING

*Four Principles Can Help Make
The Screening Process Less Painful*

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Ethical screening of companies' suit-ability for an organization's invest-ment portfolio is one of the most arduous tasks an organization can undertake. The first article in this *Health Progress* series stated that "80 percent of the respondents [to CHA's 1998 mission-based investing survey] use investment screens as their primary MBI/SRI technique."* I can only imag-ine the stories those organizations have about the roads they traveled to get to their choices, but I hope this article will provide some ideas on how to make the process of choosing screens less painful.

In this realm there are no absolutes. What I propose is not the only approach, but a roadmap that may serve as a guide. My goal is to provoke more thinking about investment screens and how they fit into a mission-based investing strategy.

CHANGE THE SCREENING MINDSET

An organization should keep several basic princi-ples in mind when approaching the screening process. The first is to change the usual negative connotations of screening. I prefer to use the term "principled purchasing," to encourage a change of mindset.

Generally when we talk about screening it is in the context of excluding activities about which we have some concern. The conundrum is that we have concerns about lots of issues, and, as a result, many groups tend to have too many screens or too few. That's why it is absolutely essential to have a strong sense of your organization's core values. When you use principled purchasing, your organi-zation is choosing not to profit from activities that would contradict those core values.

So how many issues are too few or too many? An organization has too many screens when its core issues embrace all colors of the rainbow. It is not possible to be true to every imaginable issue. Just as an organization works to define its core competencies, so too it must work to define its core values.

You have too few screens if you cannot connect your screens to your mission and your core values as a Catholic institution.

SCREENING IS A STRATEGY

Screening is one of many strategies that mission-based investors can use. It represents your core concerns, those which are absolutely central to the organization and for which another strategy is not appropriate.

But there are other strategies, And the ques-tion that is at the core of deciding what to screen is whether you can accept an alternative strategy. Turn back to our Catholic tradition and place this issue in that context. Our faith calls us to speak and to act on our values. Our tradition tells us that the Word possesses power and that to speak the Word in our daily lives is to live the Word.

Within this context, then, action is a preferred strategy for Catholic institutions. The question is, What are those issues which are so strong in our charism that they would call us to *avoid* action?

I have found two questions to be helpful:

• Do you want to change behavior on this issue?

• Is the behavior so aberrant that you wish to give up your opportunity to change the behavior?

PRIORITIZE ORGANIZATIONAL CONCERNS

No ethical institution wants to think about priori-tizing serious issues, lest it be read as a lack of concern for those which end up further down the list. But prioritizing is not about lack of concern;

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*Brian F. Camey, "Putting Our Money Where Our Mission Is," *Health Progress*, September-October 1999, pp. 26-28, p. 27.

it is recognizing that limited time and money require decisions about where resources are best used.

Think about prioritizing as clarifying, not as limiting. It will clarify issues for which a principled purchasing strategy is the only one you can accept, and it will also help you define situations in which another strategy might be more effective. A good question to help focus discussion is, If I only have the time and resources to focus on a specific number of core issues, and I have to make choices, what would those choices be?

The *process* of prioritizing may also be a worthwhile endeavor. In many organizations that are working to develop their priorities, it is helpful to have these discussions take place among various levels of the organization: among board members, among senior and middle management, and among staff.

FACTORS IN POLICY DEVELOPMENT
What informs the development of core values? Four basic factors can serve as starting points:

• **Sponsorship and membership**. The charism of the organization's sponsor is a critical starting point for policy development. Membership is also a rich source of information for the development of mission-based investing policy and the choice of screens.

• **Catholic tradition**. Our faith and church teachings provide clear signals.

• **Peers**. Ask your peers what they are doing; it will help inform your choices. It may also help to initiate a more thoughtful dialogue in the healthcare community about screening.

• **Financial impact**. As stewards and fiduciaries, you must be cognizant of the impact that your choices may have on your ability to achieve the desired returns. Financial impact is not a determinant in screen selection, but responsible stewards must be aware of any potential impact. Look closely at assertions by any investment manager who says that any screens will affect performance. Challenge the manager to present a credible case to support this assertion. □

Employ user feedback in testing and modifying online services.

future, SPHS plans to integrate online preregistration with its internal computer registration system, thereby making the process even more efficient.

ONLINE CLASS REGISTRATION
SPHS is also using the Web to promote community health classes provided by its Portland-area hospitals.

The system formerly printed catalogs of such courses and mailed them out. Interested persons would then either mail back a completed registration form or sign up over the telephone. Since calls could be taken only during office hours, many people found this method slow and frustrating.

SPHS continues to print course catalogs and register prospective students over the phone and in person. But in 1999 it put both class listings and registration online. As a result, interested persons can now peruse course offerings, check class sites and dates, register for classes—and even pay tuition—over the Web. And they can do so 24 hours a day. "Twenty percent of all participants now use our Web site to choose classes and register for them," Skinner says.

LESSONS LEARNED
SPHS's experience shows that hospitals can use the Web to change the way they work. In doing so, the system has learned some important lessons.

Think about Consumer Convenience "We've learned something about what consumers find valuable," Skinner says. "They respond to online services that make access easier and more convenient. We look for ways to reuse existing information and make routine processes better." By putting health class information online, SPHS has also saved money on printing and mailing catalogs; so online services can cut

costs as well as please consumers.

Look to Other Organizations for Ideas "Web truths and principles discovered by other industries can provide valuable lessons to healthcare," Skinner says. "We're using the Web to critically evaluate how we can improve our processes for communicating and sharing information."

Consider the Impact on Staff "Allowing access to personal medical information has turned out to be a hit with patients," notes Gibson, "but it has also increased the staff's workload. Increased patient satisfaction will eventually result in more efficient communications, but in the meantime we must take care not to give staff more work than they can handle."

Treat Initial Efforts as Opportunities for Learning Continuous quality improvement is an important part of Web services. For example, when SPHS put its preregistration form online, it discovered that the form was too long and cumbersome; it's now looking at ways to streamline the form. In general, SPHS has learned to employ user feedback in testing and modifying its online services.

THE WEB ADVANTAGE
Organizations such as SPHS understand that an investment in sophisticated Web services will, by increasing consumer satisfaction, pay large dividends in the future. Mere informational services are already becoming outdated. Organizations that provide interactive and transactional services will have a clear advantage over competitors. □