

Trustee Workbook 2

APRIL

Supporting High-Performing Boards: Is It Time for Dedicated Governance Leadership?

Some 66 percent of U.S. hospitals are now part of health systems, according to 2016 survey data from the American Hospital Association. As systems continue to grow in scope and complexity, their governance often follows suit. System growth typically results in more boards, at least in its early stages, and reallocation of governance roles and responsibilities among boards at different levels and functional areas in the system.

For example, roles and responsibilities for the board of a clinical enterprise are likely to look different from those of a system board or a subsidiary hospital board. A centralized or highly streamlined governance structure may work well for some systems, while others function better with more boards — although their roles, responsibilities and authority need to be clearly defined and thoughtfully integrated.

As system maturity creates the need for governance to evolve, more-sophisticated, nuanced governance creates the need for more and better board support. We believe an opportunity now exists to examine how boards can best be supported to help their maturing systems reach their full potential.

DEDICATED STAFF

Growing up is rarely a one-size-fits-all process, so it's not surprising that the current state of health care governance staffing might be described as all over the map.

In some organizations, executive

assistants who also have other responsibilities provide board support. The organization's legal counsel, chief financial officer or top human resources or compliance executives also may be assigned to be the primary staff to the board. Yet, as governance complexity grows and external legal and regulatory bodies remain vigilant, is a part-time or piecemeal approach to board support adequate for effective governance?

To address these issues, a growing

number of health systems — especially those with subsidiary boards — are making the commitment to dedicated governance support staff in positions such as manager, director and vice-president/chief governance officer. This workbook can help hospitals and health systems better evaluate their governance staffing needs as they continue to grow and evolve.

The workbook also suggests a pathway to greater competence that can help governance staff better understand the components of an effective governance support program and the hard and soft skills they will need to become effective governance leaders. While no recognized educational degree or training program now exists for governance support personnel, those interested in gaining greater expertise can educate and prepare themselves to take on increasing responsibility.

TRUSTEE TALKING POINTS

- As hospitals and health systems grow increasingly complex, they are increasingly creating dedicated support staff for their boards.
- Full-time governance leaders can devote themselves to serving and advancing board work and a governance program.
- There is no one-size-fits-all approach to the numbers, responsibilities and titles of governance support staff and leaders.
- A governance leader's qualifications should include interpersonal skills, the appropriate education and a desire to stay on top of the health care field.

BY LUANNE R. STOUT, JOANN M. MCNUTT AND MARY K. TOTTEN

GOVERNANCE LEADER ROLES

The roles of full-time governance leaders should be focused on the fundamental components of a governance program that systematically provides for the needs, education, processes, development, growth and advancement of all boards at all organizational levels. These components include:

- **Orientation:** Every new board member deserves a customized, organizationally specific and strategically focused orientation. This should include a concise orientation manual supplemented by personally presented or videotaped information that prepares the new trustee for service on day one. Initial orientation would ideally be followed by a structured, monthslong ongoing educational program that covers the health care sector and environment, the strategic focus of and challenges facing the hospital or health system, introductions to senior leaders and fellow board members, and individual mentoring.

- **Ongoing education plan:** To provide true value, board education cannot be periodic or infrequent. Ongoing education in a systematic, well-planned manner is crucial to effective board decision-making. Education should be customized to advance the organization's strategies and use modalities to reach all generations and personality types (through board portals, newsletters, board meeting discussion topics, and trustee-focused articles and journals).

- **Board job description:** Defined roles, responsibilities and expectations are critical to effective board functioning. Directors should have clarity about the board's authority, key roles and responsibilities, and what is expected of its members as individuals. The board job description should be based on sound governance principles and customized to the individual board, organization and culture.

- **Board authority and reserved powers:** For an organization that has more than one board or governance level, it is imperative that each board has a clear understanding of its roles

and responsibilities relative to those of other boards and management. This may be accomplished through a decision authority matrix or grid.

- **Board processes and infrastructure:** Boards function best when they have well-designed and consistently deployed meeting processes, procedures, agendas, reporting standards and templates that are continually improved based on changing strategies, environment and board feedback. It is important that these standards are based on sound governance principles and are designed to provide increased time for discussion and reduced time for routine reports.

- **Board competencies and succession planning:** Leading boards select their members based on competencies and perspectives that are carefully identified and balanced to foster effective governance and provide the foundation for formal board leadership continuity, growth and succession planning processes. The effective governance leader develops a database to track board competencies and other critical statistics (e.g., attendance, demographics, diversity, etc.) for succession and other purposes.

- **Board committee support:** Governance leaders maintain comprehensive competency information on all current directors and board prospects in order to make recommendations for board committee membership based on competencies identified for each committee. Standard committee meeting processes and agendas that include dedicated time for deep-dive discussions, as well as training or support for meeting material preparation, are critical.

- **Board chair training/support:** A successful board meeting hinges on the manner in which the board chair conducts and manages the agenda and time. Tools that prepare and support the board chair's success include annotated agendas in which all board items are summarized in a concise fashion that enables a board chair to properly introduce them; a one-page guide with tips on how to engage all board members in discussion rather

than allowing the same individuals to dominate at each meeting; and a guide on how to handle consent agendas, motions, discussions that get off track and other common meeting challenges.

- **Self-assessments:** Governance leaders utilize assessment tools that afford benchmark comparisons with other hospital or system boards across the country, supplemented with customized questions to gain insights relevant to the organization. Self-assessment results are used to systematically advance board function and effectiveness as well as to plan governance education.

- **Communications plan:** All organizations should have a communications plan for transmitting critical, time-sensitive news, announcements and leadership messages to boards via multiple, time-appropriate methods. The plan should include a formal process for who can send such messages, the level of approvals required and the appropriate technology for each type of communication (e.g., blast email, newsletter, portal, etc.).

- **Board database/information support:** A governance database that tracks and maintains in one secure location all of the required information about an organization's governing boards can be a valuable asset that saves time for individuals and departments across an organization and builds confidence in the accuracy of data provided to government, regulatory, accreditation and licensing bodies.

The best governance programs are highly customized, and organizationally and culturally adapted through cycles of learning by governance leaders who focus their full attention, time and talents on the program, in coordination with the organization's and board's leadership.

THE GOVERNANCE LEADERSHIP CONTINUUM

The chart on the next page suggests a continuum of governance roles that health care organizations and their

What Level of Governance Support Does Your Organization Need?

	Governance support roles	Governance leader roles with increasing responsibilities and requirements		
Position	Executive assistant or paralegal who also supports the board*	Board liaison or manager dedicated only to supporting governance+	Director	Vice president/senior vice president, chief governance officer, corporate secretary
Typically found in	Freestanding hospitals or small systems with one governing board and internal management boards	Small- to medium-size systems with two to four governing boards and internal management boards	Larger systems with multiple boards at multiple organizational levels	Large systems with multiple boards at multiple organizational levels
Reports to	CEO or general counsel	CEO or general counsel	CEO and/or general counsel	CEO; may have dotted line to general counsel
Key responsibilities++	Assembles, distributes meeting materials and calendars; facilitates communication among CEO and board members; maintains board documentation; provides logistical support.	Identifies sound governance practices and templates to implement them; coordinates materials for board meetings and retreats from multiple sources; supports board leaders, board development and evaluation; takes meeting minutes.	Begins to lead governance function and staff organizationwide, explore broader health care sector/ governance connections, design and execute all governance plans and components, and ensure coordinated, standardized board activities systemwide.	Plans and oversees comprehensive, multiyear governance program and staff organizationwide; ensures compliance with relevant laws/regulations; manages system authority matrix; works with C-suite on governance matters; may execute corporate secretary functions.
Required knowledge and skills++	Understands board structure, composition, meeting requirements; good communication skills; eager to learn.	Creative, flexible; independently motivated; provides first-class service; develops strong working relationships; inspires trust and confidence; bachelor's degree preferred.	Awareness of health care field and how governance fits in; current with issues and trends; strategic thinker/planner; master's degree preferred.	Master's degree in health care administration preferred; background in legal/paralegal/ health care leadership; interacts effectively with executives and board members.
Observations	Pros: Leverages existing staff, so cost is minimal. Cons: Typically narrow focus due to other responsibilities; governance leadership divided among CEO and other executives.	Pros: Dedicated board support; expanded governance competence. Cons: Cost of dedicated staff; lacks experience and officer-level connection to advance a comprehensive governance program.	Pros: Centralizes and standardizes governance support; capacity to enhance board competence and effectiveness. Cons: Cost of dedicated staff and management in larger organizations; lacks experience and officer-level connection to advance a comprehensive governance program.	Pros: Creates standardized, comprehensive governance program organizationwide; capacity to enhance board competence and effectiveness. Cons: Cost of dedicated staff and management.

*Individuals interested in a governance leadership career and willing to pursue growth and development could begin in one of these roles. But even smaller organizations with a strong governance program need a governance leader.

+A greater number of boards and broader scope of governance responsibilities typically require support staff. ++Higher-level positions also encompass responsibilities, knowledge and skills of lower-level positions.

boards might consider in determining what level and sophistication of governance leadership best meets their needs. It also provides guidance for individuals interested in pursuing a career in governance.

The chart begins with governance support provided by an executive assistant or paralegal who typically also has other responsibilities unrelated to governance. Individuals in these positions largely provide administrative and logistical support and do not

play a governance leadership role. We include these positions because they provide an introduction to board work and an opportunity for individuals in these roles to consider a career in governance, especially if they work in an organization that is growing or is part of a larger health system.

The continuum is not meant to be prescriptive and can be adapted to suit the needs of individual organizations and their boards. For example, a large public hospital that is affili-

ated with an academic medical center with only one board may require a director of governance because of the political sensitivities and number of organizations involved. A large, regional health system with many boards is likely to need a chief governance officer. (For more on the need for flexibility, see Luanne R. Stout's "Governance Staffing: How Much Do We Need?" in the Spring 2016 *Great Boards* newsletter.)

Also, the chart is not meant to be

exhaustive. For example, only some key responsibilities and skills are included for each governance role. Additional perspectives on needed skills and attributes are provided by three governance leaders in the sidebar on this page.

PREPARATION

Unlike preparing for other professions, something that often involves pursuing a specific degree or other formal training, emerging governance leaders most likely will need to craft their own development path. That said, ascending the governance leader ladder generally requires having or obtaining education such as a bachelor's degree or even a master's degree in health care administration or business.

Developing into a governance leadership role requires a good deal of personal initiative. Attending conferences that offer governance programming not only builds knowledge about corporate governance but also provides opportunities to network with other governance professionals. The American Hospital Association, The Governance Institute, the National Association of Corporate Directors and the Society for Corporate Governance are some of the organizations that provide governance education.

Resources on governance issues, trends and best practices are ever-expanding, and the would-be governance leader stays on top of them. Webinars, publications, videos, podcasts and other media available from organizations like those above provide a range of flexible approaches to meet a developing leader's preferred learning style and needs.

Governance leaders-in-training also stay on top of the health care field and their own organization's strategic direction and priorities. Reading publications such as *AHA News Now*, *Hospitals & Health Networks*, *Trustee*, *Health Affairs* and others and serving on multidisciplinary task forces focused on hospital or health system priorities are some ways to acquire a broader perspective. Becoming a task force member also helps developing

GOVERNANCE LEADER SKILLS AND ATTRIBUTES

PROFESSIONAL KNOWLEDGE AND SKILLS

- Strong interpersonal skills and ability to build solid rapport with others.
- Effective communication skills: listening and responding.
- Visionary, big-picture thinking.
- Strong project management skills.
- Able to write clearly and succinctly.
- Able to synthesize information in real time.
- Able to work within the organization's politics and with all departments.
- Analytical skills.
- Critical thinking skills.
- Willingness/ability to learn and stay informed about the health care industry and environment.
- Strong customer-service orientation.

PERSONAL ATTRIBUTES

- Strong, independently motivated work ethic.
- Flexibility.
- Good judgment, discernment.
- Highly discriminating and able to keep matters confidential.
- Capacity to embrace change.
- Detail-oriented.
- Professional appearance and style.

Sources: Christine A. O'Neill, director of governance, and Judy C. Sisson, retired chief governance officer, Mercy Health; and Anna-Marie Forrest, director of governance, Premier Inc., and corporate secretary to the Premier board and related entities.

governance professionals build relationships with executives they are likely to work with in a governance leadership role.

Finally, all developing governance leaders can learn much from those already in the position. Seeking perspectives from and mentoring relationships with other governance leaders can help developing professionals focus on critical knowledge and skills and provide insight into navigating the politics and personalities that come with the territory.

APPROPRIATE STAFFING LEVELS

No single governance staffing model suits all organizations. Several key

factors should help guide selection of the right governance leader and support structure:

• **Number of boards and committees:** The more boards and board committees, the greater the need for a governance leader who can handle increasing levels of complexity and interaction as well as the varied governance plan components needed to support them.

• **Complexity/scope of organization:** In today's environment, complexity goes beyond the number of boards and committees. It is increasingly common for health systems to have hospitals, physician organizations, insurance products, payment bundles, accountable care organi-

zations, rehabilitation and behavioral health centers, disease-specific care centers, foundations, and post-acute care facilities. In addition to wholly controlled corporations, the organization may have an increasing number of strategic partnerships with physicians and other community providers. Governing boards for these different business units, while functioning under common governance principles, have unique infrastructure, educational and operational needs. The greater the organization's complexity and scope, the greater the level of experience and ability needed to manage governance effectively.

- **Breadth of governance and other functions:** In some organizations, supporting board and committee operations may be the entire scope of the governance leader's role. If the scope includes corporate secretary functions (minutes, board resolutions, and maintenance and filing of corporate documents), compliance functions or other related activities, however, the governance leader will likely require additional support staff such as minute-taking specialists. The governance leader typically is responsible for coordinating logistical support to board members, so an administrative assistant or an event coordinator also may be an important member of the governance leader's team.

- **Stage of governance maturity and sophistication:** Boards that have been the beneficiaries of a robust governance program will likely expect more and evolving board education and increasingly refined board processes. Likewise, boards that have been exposed to conferences or governance trade journals that discuss best governance practices will likely want to adopt them. More-sophisticated, mature boards may require a higher level or type of governance support.

- **Organizational health:** Boards of relatively healthy and financially sound organizations tend to believe they govern effectively. But boards of organizations that face financial,

quality, performance, integration or other challenges may begin to question whether they have sufficient education and preparation to guide their organizations and help leadership improve organizational standing. In this case, more intensive or expert governance support may be required.

- **Commitment to exceptional governance:** Without both the leadership support and necessary funding to support an effective governance program, it would be difficult for even the most talented governance leader to excel. Because effective decision-making is central to the success of any organization, a robust governance program should be viewed and supported in the same ways as other essential functions such as strategic planning or accounting.

PROVIDING SUPPORT

As health systems mature, they seek to optimize their structure and function to achieve high performance and results. The same should be true of governing bodies.

Boards and their work at each stage of organizational maturity should focus on how to best support the organization to achieve its full potential. High-functioning boards also require the support necessary to ensure they sustain and improve their performance — both collectively and as individual board members.

Now is the time for health systems and their boards to view the governance leader role as essential to board and organizational success. **T**

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