

Trustee Insights

TRANSFORMING GOVERNANCE



Assessing Overall Board Effectiveness

Identify unique strengths and opportunities to fulfill strategic goals

BY LAURA S. ORR

Beyond the mere execution of core fiduciary obligations, a high-functioning governing body will be a key strategic asset in moving an organization forward. In assessing the overall effectiveness of your board, consider these seven key elements to identify the strengths and opportunities unique to your hospital or health system and governing body.

1. Board structure and composition

A streamlined board and committee structure, with clear delegations of authority, provides the foundation for effective and efficient governance. An overly complex core structure can lead to confusion and duplication of efforts for trustees and management teams. Well-crafted committee charters not only outline the key roles of the committees but also specify authorities delegated to them by the board of trustees.

With an efficient structure in place, the composition of the board

can then be optimized. As an organization evolves, so do the needs of the governing body. Engaging in ongoing cultivation planning is critical as the CEO and board leadership look to the future. A multiyear cultivation plan begins with identifying competencies and attributes needed to best position the organization moving forward. With those needs identified, a gap analysis will highlight clear cultivation priorities. A cultivation plan aligned to strategy will optimize the makeup of the governing body, including key competencies, diversity and community representation.

QUESTIONS TO CONSIDER:

- Is the governance structure for your board and committees as streamlined and nimble as possible? Where might there be unnecessary duplication?
- Does your board have a clear charter for each committee, outlining responsibilities?
- Does your board have a multi-year trustee cultivation plan aligned with organizational strategy?

2. Leadership

One of the most critical decisions a board and CEO makes is the selection of a board chair. The COVID-19 pandemic showed the importance of a strong board leader who can provide guidance and direction in times of calm and crisis. As most chair positions have term limits, board leadership succession plan-

ning is critical. Identifying potential board leaders should include three key components.

First, there should be a clear understanding of the most important competencies for the next board chair. These are shaped by the organization's strategic direction and the board's culture.

Second, candidates should have demonstrated the ability to lead effectively, perhaps through formal committee leadership or as an informal leader and influencer among trustees.

Finally, candidates must have passion for the hospital's or health system's mission and vision, deep knowledge of the organization and a willingness to commit significant time and attention to the role.

Board leadership in health care has never been more important than it is today. A strong board leader will partner with the CEO to move the board and the organization forward, continuously improving and adapting to the changing environment.

QUESTIONS TO CONSIDER:

- What is the culture and process related to board leader succession in your organization?
- Has your board identified the required competencies of your next board leader?
- Do you have a board leadership succession plan in place at the board and committee levels?

3. Roles and responsibilities

Distinguishing between the roles of management and the governing body is imperative for high-functioning boards and leadership teams. Well-defined role clarity balances

fiduciary and strategic oversight with operational management.

Trustees have a fiduciary obligation to ensure hospitals and health systems are financially solvent, remain compliant with regulatory requirements, deliver quality care and service, manage risk and support organizational strategy. Trustees should be well versed in process and key monitoring measures. Members of the management team serve as subject matter experts for how to ensure these requirements are met.

For example, while a trustee should be knowledgeable about the key organizational risks and mitigation plans, it is management's responsibility to identify those risks, develop monitoring tools and create and implement mitigation plans. Likewise, trustees should understand key quality metrics and know how the organization is performing against key measures at any given time, and management teams can design and implement improvement plans as needed.

The roles of management and trustees will sometimes blur, especially in high-risk circumstances or times of crisis. Board leadership plays a key role in maintaining the right balance between management and governance, clarifying and redirecting the board if needed.

QUESTIONS TO CONSIDER:

- Does your board have a document that clearly outlines roles and responsibilities or the job description for trustees?
- How do the CEO and board chair work together when roles begin to blur at a given time or on a given topic?

4. Transparent relationships

A trusting and transparent relationship between the board and senior management team fosters high-performing governance. Building this relationship requires time, intentionality and vulnerability. Management teams must be willing to engage in dialogue with trustees, using the expertise in the boardroom, to shape strategic initiatives. In this type of transparent and collaborative board culture, trustees build knowledge along the way, clearly see their value and further engage with the organization.

In contrast, when this relationship lacks transparency, it can breed distrust and disengagement. The importance of human connection and building relationships outside of the boardroom also cannot be forgotten. While the COVID-19 pandemic significantly disrupted how we interact, it is critical to find ways to connect individually and as a full board outside of formal agenda items. Learning about your fellow board member's new grandchild or connecting with a member of the senior management team about your shared interest in a sports team or pastime like traveling are important means of building community and building trust.

QUESTIONS TO CONSIDER:

- What is the culture of your board? How does the current makeup of the board influence trust and transparency?
- Does your entire senior management team have a relationship with the board, or is that relationship mostly limited to the CEO?
- What specific actions is your

board taking to foster trust, collaboration and camaraderie across all members of your organization's board and management team?

5. Board development

Most hospital and health system trustees begin their board service without a deep knowledge of the health care field or the individual organization. Management teams must ensure the board has the information and resources needed to effectively carry out its fiduciary duties.

In turn, trustees have an obligation to engage in board development offerings and ask for information or clarification as needed. Having a clear understanding of your board's needs is essential to creating meaningful development plans. Use periodic board self-assessments as an opportunity to gather information regarding education needs. Provide a menu of development offerings, including general governance education as well as organization-specific content, to ensure a comprehensive approach for new and experienced trustees.

To best meet the needs of busy trustees, board education can be delivered in many ways and across various platforms, including structured time within board meetings, in-person or virtual live information sessions, on-demand webinars, industry conferences or curated articles and books.

QUESTIONS TO CONSIDER:

- Does your board have a formal development plan, incorporating onboarding and continuing education?

- Does your board perform periodic assessments of individual and collective effectiveness, to shape education plans?

6. Meeting optimization

Time is a precious commodity for volunteer board members and must be used wisely. This calls for commitment and effort by the management team and trustees alike to maximize board and committee meetings. Well-planned agendas are fundamental to ensuring the most important topics are brought forward for awareness, discussion and action. Streamlined materials, provided in advance with ample time for review, allows trustees to come prepared for discussion. Strong meeting facilitation skills enable a chair to redirect the group as needed to accomplish the meeting objectives. Because much of a trustee's time commitment is allocated to formal meetings, it is imperative to maximize this time in a way that is most meaningful for the management team and trustees alike.

QUESTIONS TO CONSIDER:

- Do your board meeting agendas allow time for core business and strategic discussion?
 - Are preread materials streamlined and provided within an ample time frame for review?
 - Could board meetings be better facilitated to ensure time is allocated to the most important topics?

7. Robust support

Investing in "behind the scenes" support is essential in delivering on

the other six elements of board effectiveness. High-functioning boards are backed by strong administrative support and well-defined processes. A robust governance support infrastructure will enhance the work of the management team and accelerate the efforts of the board.

QUESTIONS TO CONSIDER:

- What support, systems and processes does your board have in place for meeting planning, materials development, portal management, logistics and communications?
 - Do your board's systems and processes enable trustees to easily access information, ask questions and provide feedback?

Now is the perfect time to assess the effectiveness of your organization's governing body and governance practices. While employing the lessons learned and operational pivots resulting from the COVID-19 pandemic, health care leaders and trustees also can continue boldly executing strategy. Investing time and attention now in evaluating and enhancing board effectiveness can accelerate organizational results for years to come.

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