

The Evolution of Board Committees: What Works and What Doesn't

ELAINE ZABLOCKI, EDITOR, *GREAT BOARDS*



Currently we observe great diversity in hospital and health system governing board committee structures. Some committees are responsible for compliance along with quality, or quality paired with credentialing. Audit may be a separate committee, or combined with finance, or combined with compliance. The community benefit committee may be on its own, or it may be a sub-committee of the finance or strategic planning committee.

AT THE SAME TIME, OVER THE past 10 years, the traditional board committee structure has changed substantially, and we can discern a pattern. Previously, governing boards had standing committees for issues such as construction or personnel. “Today the board committee structure is more likely to reflect major governance responsibilities,” says Pamela R. Knecht, president of **ACCORD LIMITED**. “For instance, in most organizations, construction committees have disappeared, and strategic-level, construction-related issues are now handled by the finance or strategic planning committee—a construction committee could have the negative effect of encouraging board members to get involved in what is really management, and not stay at an appropriate governance level.”

Similarly, the modern executive compensation committee focuses on policies and processes related to compensation and oversight of top executives, where formerly the personnel committee might be drawn into the minutiae of human resources management. The nominating committee evolved in many cases into a board leadership and development



committee, and then finally into the governance committee.

Recent changes in committee organization, and the growing number of board committees, are due in part to evolving legal requirements and increasing political and regulatory pressures towards transparency. This special section examines the relationship of the board and its committees in today's context of non-profit healthcare governance, and provides clarity on the purpose and role of board committees in furthering and enhancing the work of the full board.

Regulation and Reform Affects Committee Structure

The IRS now requires that independent board members oversee executive compensation. Thus it is common to allocate that function to a separate committee composed entirely of independent members as defined by the IRS. According to the IRS, the audit committee should now also be composed of independent members, so it similarly is advisable to create

an audit committee that is separate from the finance committee. This structure allows the audit committee to be independent, while the finance committee can derive valuable expertise from members who are not independent according to the latest IRS definitions.

In addition to specific IRS-related requirements, there is a strong atmosphere of political concern about potentially inappropriate executive compensation, inadequate audits, and demonstrated justification for tax-exempt status. The Sarbanes-Oxley Act requires publicly traded corporations to adopt policies that promote accountability and transparency in accounting and governance practices. While not-for-profit hospitals and health systems are usually not subject to Sarbanes-Oxley requirements, nevertheless about 60 percent of them have adopted these requirements in some form.

Ten years ago, religiously sponsored hospitals and health systems often had mission or ministry committees, while secular organizations generally did not. Now we see increasing

pressure on not-for-profit organizations to demonstrate they deserve their tax-exempt status by providing a measurable community benefit. About half the states have adopted some type of community benefit requirement, and Schedule H of the new IRS Form 990 requires extensive information on charity care and other forms of community benefit.

In response, mission committees have often morphed into community benefit committees. Some boards have newly created community benefit committees, responsible for recommendations on how much and what forms of community benefit the organization should provide. The Patient Protection and Affordable Care Act (PPACA) requires not-for-profit hospitals to conduct a community health needs assessment at least every three years, so this too becomes part of the community benefit committee's area of responsibility.

Healthcare reform is likely to influence board committee structure significantly in other ways over the coming years. Its emphasis on increased payments for improved quality of care (and no payments for sentinel events and high readmission rates for certain conditions) naturally tends towards increased emphasis on quality measurement and oversight, and thus to an increased need for a board committee on quality. The new emphasis on bundled and global payments is an incentive for alliances in various forms between hospitals and physicians. In response, more boards are setting up physician relations or physician alignment committees.

How Many Committees Are Needed?

Typical questions when determining proper board structure include: What does an appropriate board structure look like? Are there any general principles to guide the number and types of board committees? What are the unique needs of my organization that might make our board structure look different from others?

Each committee should bear a balanced share of the workload. It is not ideal to have one committee doing all the work, while the

others do very little. "In the spirit of fully engaging your board members, you want to distribute board work evenly," says Samuel A. Friede, director of the Governance Initiative at the University of Pittsburgh's Health Policy Institute. "Hence the committee structure that evolves should be balanced, so each committee has a set of responsibilities that isn't overwhelming or underwhelming."

According to The Governance Institute's 2009 Biennial Survey of Hospitals and Healthcare Systems,¹ the average number of board committees increased slightly from 4.86 in 2007 to 5.09 in 2009. The median number of board committees is five. Health systems had more board committees (median: 6.5), while

the median for independent hospitals is five, and for subsidiary and government-sponsored hospitals the median number of committees is four. The table below shows the percentage of respondents to the 2009 and 2007 surveys that have the committees listed, in order of prevalence.

Friede generally thinks in terms of five major board responsibilities: financial oversight, executive evaluation and compensation, strategic planning, quality oversight, and internal governance (i.e., board self-assessment and development). "Those are the basic committees, with one exception," he says. "In the fiscal arena, in addition to the finance committee, which focuses on budgets

Committee	2009	2007
Executive	75%	74%
Finance	73%	75%
Governance/Nominating	72%	67%
Quality and/or Safety	70%	62%
Executive Compensation	54%	48%
Strategic Planning	54%	55%
Joint Conference	40%	38%
Audit/Finance	32%	23%
Investment	31%	25%
Audit/Compliance	28%	24%
Audit	26%	29%
Compliance	25%	19%
Human Resources	24%	22%
Facilities/Infrastructure/Maintenance	22%	19%
Physician Relations	16%	N/A
Community Benefit	15%	14%
Construction	14%	17%
Government Relations/Advocacy	10%	10%

Source: *Governance Structure and Practices: Results, Analysis, and Evaluation, 2009 Biennial Survey of Hospitals and Healthcare Systems*, The Governance Institute.

1 *Governance Structure and Practices: Results, Analysis, and Evaluation, 2009 Biennial Survey of Hospitals and Healthcare Systems*, The Governance Institute.

and capital allocation, it's also essential to have an audit committee, which will be committee number six." He believes a governing board should have at least those six basic committees, and perhaps others depending upon particular circumstances, but the number of committees should stay within reasonable limits. The Governance Institute has seen organizations effectively combine the finance and audit functions into one committee, but as mentioned above, with IRS limitations on independent directors for the audit function, if this committee is combined, all members must fit the definition of independent according to the IRS.

The Governance Institute's survey found that the most frequent committees were finance, executive, governance/nominating, quality, executive compensation, and strategic planning.

Certain committees are growing in popularity. According to the survey, a number of committee types increased by at least six percentage points in 2009 compared to 2007:

- Governance/nominating
- Quality/safety
- Executive compensation
- Audit/finance
- Investment
- Compliance

While the average number of board committees is just over five, some boards have a significantly larger number, going up to a dozen committees or more. "The larger the organization, the more committees it tends to have," Friede says. A board with too many committees can become unwieldy. Either the board itself expands dramatically, or the members find themselves spread too thin.

Why do so many committees proliferate? First, there is a tendency to create new board committees to deal with current problems. It's

easy to think, "We have a nursing shortage; let's institute a personnel committee."

In addition, a committee can take on a life of its own. If it has existed for 10 years, or if a respected board member has chaired it for five years, it may tend to continue through inertia, even though it only adds marginal value relative to the amount of time and effort it requires.

One way to deal with the tendency of board committees to continually proliferate is to set up *ad hoc* task forces to meet specific needs. Friede would like to see boards use a "zero-based task force" approach. This means the board may set up many task forces, each to deal with a specific issue, but *each one is time-limited*. Each task force has a specific responsibility and a deadline; once it has achieved its goal, it gracefully goes out of existence.

How Board Committees Function Most Effectively

Once committee structure is addressed, it is important to focus on the functioning of individual committees. What problems arise most often? What are the tools and methods that enable committees to function well? First we'll consider general principles that apply to all committees, and then look at unique issues related to specific committees.

First, every committee should have a written charter that describes clearly its purpose and authority (whether it has delegated authority from the full board, or makes recommendations to the board). This charter should outline the committee's responsibilities, desired competencies of people who serve on it, and reporting requirements.²

Some committees are delegated authority to act on behalf of the board in specific situations. The executive committee is one example, as it is empowered to act on urgent matters between board meetings.



In recent years, there has been a trend towards giving specific committees more independence in certain areas. For example, if the board follows Sarbanes-Oxley requirements, the audit committee typically would select the external auditors, while the board may or may not do a *pro forma* approval of that selection. The audit committee could, in some situations, engage legal counsel or initiate an audit to ensure the organization is in full compliance.

In another example, the executive compensation committee is supposed to be made up of independent directors, as its primary responsibility is setting compensation and performance expectations for the CEO and other top executives. However, even though it has that power, the full board needs to ratify its actions, and also needs to be aware of the decision-making process that underlies those actions. The IRS now asks questions regarding executive compensation on the new Form 990, including whether or not all board members fully understand the reasoning behind the executive compensation decisions.

Other important board committees develop significant plans for the organization, but do not have an independent power of action. For example, the finance committee typically presents an annual budget and capital plan, and makes recommendations to the board about significant investments. The quality

2 Barry S. Bader and Elaine Zablocki, "Evaluating and Improving Board Committees," *Great Boards*, Summer 2008. Available at www.greatboards.org/newsletter/2008/GreatBoards-2008-Summer-Committee-Evaluation.pdf.



committee will present recommendations on which quality metrics the board should routinely monitor on its quality dashboard, and what targets to set for current quality improvement efforts. The community benefit committee will present proposals on the annual amount or percentage of revenues that should be devoted to community benefit. It will report on when the community health needs assessment was conducted, its results, and strategic initiatives that should be undertaken to meet community needs.

Performance Evaluation

Once the committee has a charter, it should assess its performance against that charter. To do so, the committee should address each component part of the charter, and members rate their effectiveness on each item: “This is what we’re supposed to do—are we actually doing it? And how well are we doing it?”³

“This notion of committees assessing themselves is just beginning to gain traction in the industry now,” says Sean Murphy, general counsel of Solaris Health System in New Jersey. The Joint Commission requires governing boards to conduct self-assessments of the board’s performance as a whole annually as part of the hospital accreditation. Board committees that do regular self-assessments can enjoy similar benefits—understanding areas of strength and weakness, developing an action plan for performance improvement, tracking those improvement goals, and

therefore enhancing committee and board performance.

Based on its charter, each committee develops a work plan and schedule to ensure it meets all of its responsibilities on a timely basis and reports to the full board at an appropriate time. For example, the finance committee will develop an interim and final budget according to an annual schedule. The audit committee schedule includes its interactions with external auditors and its report to the full board.

In addition to an annual work plan and schedule, the committee ideally should set long-term priorities, Murphy points out. “Instead of just being the repository of plans, and evaluating whether they’re being met, a high-functioning committee will ask, ‘what are our vision and our goals collectively as a committee?’”

Since no committee can focus on everything at once, a sensible approach is to list major topics that deserve attention, and select one as the focus for the coming year, with a different focus for the following year. “This is a way for the committee to be more engaged in the practice of governance,” Murphy says. “If the committee truly is discharging its responsibilities, it should be engaged enough to question what it does, how it spends its time, and how it could be more effective. This is a way of engaging governance and keeping it fresh, as opposed to becoming routine.”

Maintaining the Balance

There is a delicate balance between the role of each committee and the full board. An effective committee understands that it is doing work on behalf of the board. It needs to report sufficient information so the board understands its process and how it reached its recommendations. At the same time, it’s essential for the committee to present key information in a way that’s easy to grasp.

One method, recommended by Knecht, is to create an executive summary sheet on

top of the committee’s recommendation to the board, clearly articulating the committee’s intentions. Is this report informational only, or a request for board input, or a request for board approval? Whenever a committee requests board approval, then the executive summary sheet should include some discussion of options that were considered, the pros and cons of each option, and why the committee recommends a particular option.

Eric D. Lister, M.D., managing director of Ki Associates, agrees that managing information flow is key. “Boards and board committees often find themselves drowning in information,” he says. “There should be a vigorous ongoing dialogue between committee leaders and top managers in a given area, aimed constantly at perfecting the data flow. This is a critical piece of work.”

The goal: the board and its committees should not be surprised by anything, but they also should not be overwhelmed with information. “Remember when you were back in college writing a 100-page term paper?” Lister asks. “There’s a risk that management will produce thick documents to demonstrate its diligence. You don’t want thick, you want comprehensive.”

Management should identify the areas that are most germane to the board’s work of leadership and oversight, and develop two- to five-page reports that provide a solid overview of an issue, an analysis of key trends, plus notes on particular points of concern. Staff should be ready with thick notebooks of additional information, in case it’s needed in response to questions. “This concise, comprehensive information flow is a completely reasonable expectation, but it may require ongoing coaching to reinforce this expectation,” Lister says. “There’s a sweet spot in data presentation that allows the board and its committees to be rigorous and robust without micromanaging.”

The board should not and cannot attempt to repeat the committee’s work. For one thing, it doesn’t have enough time. On the other hand,

3 Bader and Zablocki, 2008; refer to this article for sample self-assessment questionnaires for eight board committees.

it should be actively engaged and evaluate the committee's work, placing it in the context of all the issues the hospital is facing.

Each organization and each board needs to find its own balance in this area. "We're in a changing environment," says Friede. "To take just one example, as accountable care organizations are emerging, they could be so important that the full board chooses to become more involved. Certainly every board has its own culture, and will decide when it wants to fully engage on a particular issue. However, my recommendation is to make sure that committees function effectively and do the best possible job of bringing issues forward." When committees work well, the full board can fulfill its role as an additional source of sound judgment. Committees should expect that the full board can and should challenge their recommendations, thereby shedding new light and improving the final decision.

In addition to these general principles, each committee has its unique responsibilities and culture, and must respond to specific needs in order to function most effectively.

The Finance Committee

The finance committee is responsible for recommending financial policies, goals, and budgets to support the organization's mission, values, and strategic goals. Specific responsibilities may include reviewing and recommending the annual operating budget, the annual capital budget, a long-range financial plan including long-term rating targets and targets for key finance performance indicators, and the financial aspects of major proposed transactions and new programs.

Because the finance committee is responsible for reviewing and approving the annual budget, its work follows a natural schedule each year. During the first quarter of the year, it's appropriate for the finance committee to review the previous year's financial performance to compare and possibly update the assumptions used in the long-term financial plan.



Marian C. Jennings, M.B.A., president of M. Jennings Consulting, Inc., suggests that one of the most valuable services the finance committee can offer is drafting guiding financial principles for the board to use when evaluating various financial options and the long-term financial plan. Typical guiding principles might include:

- Achieve targeted bond rating. For instance, an A-rated system recently established the following goals associated with maintaining an A rating in the upcoming turbulent environment:
 - » Maintain at least 200 days cash on hand
 - » Achieve capitalization ratio of less than 35 percent
 - » Achieve annual operating margin of at least 4 percent
 - » Prepare for bundled and global payments
- Management will inform the board about capital projects that were rejected during the planning process.
- When capital is allocated to mission-related projects with no or an inadequate return, other investments must generate a greater return to compensate.

"For example, if the organization has a targeted bond rating as one of its guiding principles,

that leads immediately to targets related to operating performance, balance sheet structure, and how much debt to take on," Jennings says. "There's tremendous value when the finance committee and board grapple with essential principles to ensure that the hospital accomplishes its community-based mission in a financially viable fashion."

Her comments are informed by the view that hospitals will face difficult and limited capital availability, now and in the near future. "In the past, the industry focused on separating good projects from bad projects, but there was a sense that financially solid organizations could generate the funds/financing resources to invest in worthwhile projects. Those projects, in turn, would generate returns, generate future cash flows, and improve the hospital's long-term financial position. However, in coming years, hospitals and health systems may find they actually can't afford to fund all worthwhile projects. In these uncertain times, the board needs principles and evaluation criteria to guide its capital allocation decisions."

There is necessarily a close relationship between an organization's financial and strategic plans. Jennings advocates an integrated strategic and financial plan, which identifies

the resources required to implement goals, strategies, and tactics, in concert with a five-year financial plan that includes the income statement, balance sheet, and sources and uses of funds.

A worthwhile long-term project may cost more money than it brings in during the first five years. “It’s all too easy to have exciting projects listed in your strategic plan, without sufficient clarity about the related expenditures,” Jennings says. “It’s essential to compare planned projects to expected cash flows, and to set realistic priorities. If, in fact you won’t be able to fund a project within the next five years, I think you’re better off being clear about those limits, and taking that project off your list.”⁴

The Strategic Planning Committee

When it comes to the strategic planning committee, we find a diversity of opinion. Some governance experts consider it essential. Others argue that strategic planning is so critical that the full board should be engaged in all strategic planning discussions.

In recent years, there has been a shift. Previously, when hospitals and health systems were financially stronger, with cash reserves as well as ready access to external funding sources, they carefully analyzed the best ways to deploy their capital. Strategic planning meant making choices among alternative responses to market pressures. Hospitals might consider geographic expansion, more sophisticated equipment, partnerships in ambulatory surgery centers, or potential new services in response to community needs.

Today, hospital margins are much tighter and access to external capital is limited. Even in hospitals that have a strategic planning committee, a strong board tends to put strategic planning front and center on its own agenda. “Hospitals are still doing strategic

Consider a Strategic Planning Task Force

Jennings argues that instead of a standing strategic planning committee, boards should rely on an *ad hoc* committee or task force. “You actually need a committee to do the detailed, ‘roll up your shirt sleeves’ work of formulating strategy,” she says. The planning process has its own natural rhythm. “An organization needs to do intense strategic planning every three to five years,” she says. “Real strategy takes time to implement and see through to fruition. If an organization draws up a new plan every year, typically that means nothing long-term ever gets implemented.”

To be successful, an *ad hoc* strategic planning task force or committee requires:

- Structured process with specific time limit (six to nine months)
- Members committed to active participation (preparation, regular attendance, involvement)
- Sending regular updates to the board during the process
- Formulating recommendations for the board, including an environmental assessment and key findings, and assumptions about the future environment and what will be required for future success

Jennings lays great stress on selecting appropriate members for the *ad hoc* strategic planning committee. While it is a committee of the board, it should include members who are not board members. She recommends about one-third board members, one-third senior management, and one-third physicians. In addition, management often uses its own senior leadership group to develop strategic options for the strategic planning committee, so it doesn’t start out with a blank piece of paper, but has something to respond to.

Which physicians should be on the *ad hoc* planning committee? While the committee should include elected medical staff leaders, make sure that it includes both specialists and primary care physicians, and it should definitely include younger physicians, because they bring a particular viewpoint to the committee’s work—the ability to care deeply about the organization’s strength, 10, 15, or 20 years into the future.

In addition, Jennings offers a specific view of the sort of people who will be most effective in strategic planning. “You’re looking for people who are good problem solvers and have the ability to think conceptually,” she says. “Members need to be able to assimilate a wide range of data into a broad framework, and then test that framework against reality as future events develop. It means people who can perceive the big picture, and then translate that understanding into specific proposals for the coming years. Strategic thinkers must be able to formulate plans and evaluate and adjust their plans, in a situation of continuing uncertainty.”

planning but now the focus is so tied to the core mission that governing boards are doing more of it,” Murphy says. “Due to the imperative for both viability and meeting the organizational mission, these issues are more

prominent on the board table than they have ever been before. Because of the financial strain so many hospitals and health systems are experiencing now, the issue is less ‘should

⁴ For more information, see Marian C. Jennings, M.B.A. and Amy B. Hughes, M.H.A., *Investing Capital In Uncertain Times: The Board’s Role* (white paper), The Governance Institute, Spring 2009.

Physician Relations: A Variety of Changing Structures

Given the impetus of healthcare reform, most hospitals and health systems are developing strategies for hospital–physician alignment or hospital–physician integration. As a result, many boards are creating either *ad hoc* task forces or board committees to focus on these issues. “I find the way this is structured often depends on where the hospital is in the integration process,” says Knecht. “In the initial stages, the joint conference committee might be the vehicle for the board, physicians and administration to stay in communication with each other. Or, a hospital–physician alignment task force might be developed to examine the issue of employed physicians more closely. As things progress, there may be a standing board committee on physician relations. As we move towards the far end of the continuum, with highly integrated organizations and perhaps a large number of employed physicians, a separate corporation is often created to house the employed physicians. What was at one point the physician integration committee now becomes the board of this new corporation.”

we be doing this?’ It has become ‘can we afford to do this?’”

Members of the strategic planning committee must always maintain a balance between the organization’s mission and its continuing need for financial viability. Both are essential.

The Quality Committee

Over the past decade, several factors have contributed to the increasing importance of quality. Precedent-setting legal cases clearly confirmed that the governing board is responsible for quality and safety. The seminal report from the Institute of Medicine (IOM), *Crossing the Quality Chasm*, listed six key dimensions in which today’s healthcare system functions at low levels, with safety listed first.⁵

Healthcare reform emphasizes quality, transparency, and accountability, with payments tied to patient outcomes. “This is a perfect storm, grounded on historical precedent, the IOM report, and health reform,” says David B. Nash, M.D., M.B.A., dean of the Jefferson School of Population Health at Thomas Jefferson University, Philadelphia. “It should catapult quality and safety to the top of the board’s agenda.”

Lister suggests that the quality committee should essentially be modeled after the board finance committee, and include board members with interest and expertise in this area. “They need to receive a serious menu of data and dig into that data robustly,” he says. “They need to ask hard questions, and they also need to extract, from that broad array of information, critical issues to bring before the board as a whole.”

Nash believes that every hospital should have a board-level quality and safety committee, chaired by a non-physician board member, and supported by adequate staff and resources. Healthcare quality can be a technical subject, so it’s appropriate to seek out physician members. In addition, nurses and other health professionals have relevant expertise, as do board members with experience in industrial quality management or customer service. “Physicians are quality experts at the individual bedside level, but not necessarily at the public-health and the process-improvement levels,” says Lister. “Lay board members with expertise in industries that approach quality aggressively can make huge contributions. A physician trained in statistics would be an ideal committee member, but they are rare.”

The quality committee requires appropriate resources to carry out its function. “There should be designated staff responsible for briefing the quality committee chair and other board members, and for developing materials,” says Nash. “It is an important CEO responsibility to allocate sufficient resources so that the quality and safety committee can produce work of value.”

The reports that go to the quality committee should include:

- Dashboard of quality and safety performance indicators
- Sentinel events report
- Patient satisfaction survey data
- Employee perceptions survey data
- Summary of complaints, noting trends
- Assessment of organizational culture of safety
- Accreditation reports
- Audit of credentialing process

The report from the quality committee to the board should first include an overview: areas that are going well, areas that are not going well, and current trends. Secondly, the report to the board should highlight the three most important issues that need work, including options for potential solutions. The report should not highlight the areas of best performance. It’s certainly a pleasure to review a chart where the quality measures all score 90 percent or better...but that chart isn’t reporting on the areas in greatest need of improvement.

“You can only manage what you measure, so picking the measures is important,” Nash says. “The committee needs to decide what the important measures are in their culture, which they will use to hold management accountable on quality and safety. It could be big issues such as inpatient mortality, sentinel events, and talking with bereaved families, or the organization might focus more on dashboard type data, patient satisfaction, and CMS core measures. They need to go through some

⁵ Institute of Medicine, *Crossing the Quality Chasm: A New Health System for the 21st Century*, The National Academies Press, 2001.



self-evaluation to figure out what is important to their organization in this area.”

The quality committee should be actively involved in the physician credentialing, privileging, and reappointment process, in coordination with the medical executive committee (MEC). Often, this responsibility is delegated completely to the MEC; however, if there is a breach in patient safety or a quality issue due to a doctor who was inappropriately granted privileges to practice at the hospital, the board is ultimately responsible. Thus, the quality committee needs to develop, along with the MEC, the steps for a rigorous credentialing process, and make difficult decisions, based on in-depth research and inquiries, when problem physicians are up for reappointment.

Nash notes that ongoing education for the full board in quality and safety is essential. A significant number of state hospital associations are requiring board members to demonstrate their competency in these areas.

Not Too Tight, Not Too Loose: The “Generative” Committee

As we examine the way board committees function, one recurrent theme is the danger of a committee falling into a repetitive, routine pattern. It’s possible (and often the easy route) for a committee to simply review reports, ask a few questions, and generally approve staff recommendations, while avoiding the challenging issues that will determine the future of the organization.

A second recurrent theme is the risk of micromanagement. Board members are under increasing scrutiny by a variety of governmental and regulatory bodies. In response, some board committees request copious detailed reports from their staff; to some extent, they may end up attempting to do management’s work.

How can board committees walk this tight-rope? How can they make the most effective use of their limited time?

In recent years, Richard P. Chait, Ph.D., a research professor at the Harvard Graduate School of Education, has lectured and written about a “generative” mode of governance. His suggestions have moved some boards to take a fresh look at the ways they relate to major issues. Chait and his colleagues describe generative work as “work that provides a new sense of the problems and opportunities at hand.” They write, “governing in the generative mode means looking for clues, operating at the organization’s boundaries, framing issues, engaging the collective mind of the board in robust discussions...”⁶

What would a generative committee look like?

The generative committee would take a step back from the usual method of problem solving, take time to brainstorm, be open-ended and creative, promote robust dialogue, and investigate options, instead of trying to solve a problem without full understanding of

the root cause(s) of the problem. The generative committee would determine the most important questions to ask about an issue, before searching for answers.

Regularly seeking out root causes is a highly effective way to ensure that the problem being dealt with is handled correctly the first time, and prevent the same problem from occurring in the future. A generative committee would probe more deeply, deliberately explore different viewpoints, and ask how a decision affects a wide range of stakeholders. It would take time to consider alternative possible futures and alternative understandings of the past.

Not all issues require the generative mode of governance, of course. Some issues presented to a committee or the board are less complex and the solutions obvious. But there is a careful line between these scenarios. Board and committee members must do their best to avoid assumptions as much as possible, and sometimes err on the side of asking fresh questions in order to attain a deeper understanding.

Closing Thoughts

It’s no longer news that hospital and health system boards are up against major challenges the industry has not seen before, and there is more riding on the success of board performance that is connected to the success of the entire organization. A strong focus on the board’s committees—their structure, delineating clear roles and expectations for each committee, and evaluating committee effectiveness—can be a powerful tool for boards to leverage when searching for ways to continually raise the bar on performance.

⁶ Richard P. Chait, William P. Ryan, and Barbara E. Taylor, *Governance as Leadership: Reframing the Work of Nonprofit Boards*, Wiley, 2004.