

Health System Governance: Monitoring Board Performance

This article is Part 6 and final installment of our series on health system governance. Part 1 (August, 2007) gave an overview of practical approaches for effective governance, Part 2 (October, 2007) discussed board organization, Part 3 (December, 2007) addressed board culture, Part 4 (February, 2008) dealt with the work of the board, and Part 5 (April, 2008) reviewed the board meeting agenda.

THIS SERIES HAS ADDRESSED SEVERAL key governance principles and processes and has offered practical guidance that, taken together, will provide a practical approach to improving the effectiveness and efficiency of a health system board. As stated in Part 3 of the series, however, "...all of the basics of good governance... are interdependent and interconnected." So, after implementing the steps outlined in previous articles, how does a board know if it has become more efficient and effective? This article will address three ways for the board to monitor its performance and how to use the results to improve board performance.

Board Work Plan

The board work plan is used to monitor the status of the work of the board. Is the board completing its work in a timely and efficient manner? In Part 4, I touched on the practice of developing a work plan based on the board's responsibilities and annual goals. This tool is periodically updated to reflect the status of key board action items and shared with the board at each meeting. It permits the board to monitor its progress in real time throughout the year and take corrective action when necessary; provides guidance for setting board agenda items to ensure that action items are addressed in a timely manner; serves as a reminder to the board of the work that still needs to be accomplished; helps the board maintain focus on its annual goals; provides documentation of action taken by the board and management in furtherance of its duties and responsibilities; helps the board conduct its annual board evaluation; and identifies action items to carry forward to the next year.

The work plan can be constructed simply by detailing the action items of the board down the left hand column. Each action item should be tied to one of the board's goals or responsibilities. For each item, assign responsibility to a person or group, set a target date for completion, and a status column to track ongoing performance. Update the work plan before each board meeting and share it with the board. This tracking tool assures that the board is accomplishing its work in a timely fashion.

Board Meeting Assessment

A board meeting assessment process monitors the effectiveness of each board meeting. Boards should allocate some time at the end of each meeting to assess its effectiveness. This can be accomplished in a written assessment form, but it is probably more beneficial if performed in open discussion led by the chair. Sample discussion questions might include: Was the action taken by the board supportive of the mission of the organization? Was sufficient time allocated for board discussion? Are there ways to improve the meeting? Were

there questions you wanted to ask that did not get asked? Were there other topics you wanted the board to address?

A brief meeting assessment will help promote a culture of openness, candor, and transparency, and provides instant feedback that can be used to adjust practices at the next meeting.¹

Board Evaluation

The board evaluation² tool and process monitors the board's overall performance. A well designed and crafted board evaluation form and process is vital to monitoring board performance and yet, "... it is widely acknowledged that board evaluation—in the healthcare field and in other sectors—remains uneven and tends to lack rigor."³ Jeffrey A. Sonnenfeld stated in "What Makes Great Boards Great" that he "...can't think of a single work group whose performance gets assessed less rigorously than corporate boards."⁴

For the board evaluation to be both meaningful and constructive, both the evaluation form and process must be carefully and thoughtfully designed. While the work plan assesses whether the board performed its desired work and fulfilled its goals, the board evaluation should assess the board's processes (how it performs its work), its oversight responsibilities (mission, quality, strategy, advocacy, governance development, and executive management) and compliance with its fiduciary duties (duties of care, loyalty, and obedience). A health system board can design its own board evaluation form tailored to its specific needs, or it can access forms available by such leading governance organizations as The Governance Institute (TGI). One advantage of using TGI's board self-assessment is that in addition to a year-over-year comparison of the board's own performance, and comparison against TGI's database of member hospital and health systems that have completed a TGI self-assessment, a system board can use the results to compare against results from TGI's biennial survey of recommended practices.⁵

What the board does with the evaluation results is as important as conducting the evaluation. In a recent research study of governance in non-profit community health systems, one of the key findings with respect to board evaluation was that well over 40 percent of system board evaluations did not produce substantive changes, which raised the question as to whether board evaluations "...are making a meaningful impact in improving governance."⁶

Board evaluation results need to be shared and discussed with the board. While positive results can provide validation that the board

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- 1 *Building an Exceptional Board: Effective Practices for Healthcare Governance*, Report of the Blue Ribbon Panel on Healthcare Governance, 2007, p. 25.
- 2 While board chair and board member evaluations are equally important, for purposes of this article, I have confined my comments to the board evaluation.
- 3 Prybil, L., "Governance in High-Performing Organizations: A Comparative Study of Governing Boards in Not-For-Profit Hospitals," Health Research and Educational Trust, 2005.
- 4 Sonnenfeld, J. A., "What Makes Great Boards Great," Harvard Business Review, September 2002.
- 5 See *Boards x 4: Governance Structures and Practices*, 2007 Biennial Survey of Hospitals and Healthcare Systems, The Governance Institute, 2007.
- 6 Prybil, L., "Governance in Nonprofit Community Health Systems—An Initial Report on CEO Perspectives," Grant Thornton LLP, February 2008.

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is performing well, there is always room for improvement. Less than positive results should lead to a governance development plan. I was involved in a recent experience in which the annual evaluation revealed that the board was not fulfilling a responsibility in the area of governance assessment/development and board succession planning. In response, the board committed to a goal for the succeeding year of developing a board education and development strategy, including board and board chair succession planning. This is the type of meaningful action taken in response to a board evaluation that is designed to improve the board's performance and take it to the next level.

While the above is not an exhaustive list of how to monitor board performance, the three practices and tools discussed will go a long way towards ensuring that the board will complete its work, fulfill its responsibilities, accomplish its goals, and improve its governance processes, all of which should help the board become more effective and efficient.

The Governance Institute thanks Rex P. Killian, J.D., president of Killian & Associates, LLC and Governance Institute faculty, for contributing this series of articles. He can be reached at rkillian@killianadvisory.com.