

Five Ways to Improve Board Performance

BY GUY M. MASTERS, PREMIER INC.

When was the last time that your board changed something in its practices, processes, or structure that significantly improved its effectiveness? What is preventing your board from achieving its highest level of potential performance? Do your directors sometimes struggle to understand their roles and responsibilities and the practical differences between governance and management? Do board members tend to get involved with day-to-day operations, make requests for operations-level data, or go around the CEO to confer directly with staff in the name of becoming “better informed” about the organization and performance of senior leaders?

Effective boards take measures to consistently discuss and reinforce the appropriate duties, roles, responsibilities, limitations, and accountabilities for their directors. The following are five recommended areas to examine to further optimize the time, talents, and energy invested by board members in governance activities.

1. Streamline Meetings and Agendas

How many times does the board meet each year? How long do typical board meetings last? Is the content and purpose of each meeting significant? The Governance Institute's 2017 Biennial Survey of Hospitals and Healthcare Systems reports that most boards surveyed (59 percent) meet 10–12 times annually.¹ Fifty-seven percent of responding organizations indicate that board meetings are between two- to four-hours long. Frequent and lengthy meetings can be indicative of inefficiencies, including inappropriate or overly ambitious agenda topics, overly detailed committee reports, and side-track discussions that are not focused or drift off-topic. To improve board effectiveness in this area, consider the following:

- Streamline the board meeting process to focus on strategic and policy issues, reduce reporting time by making materials available in advance, and facilitate discussions so they remain informative and additive (i.e., no “piling on”).
- Create board and committee agendas that are highly focused, narrowly defined,

and specific. As a rule, strategic discussions should occupy at least 50 percent of board meeting time.

- Use consent agendas and streamline committee reports (e.g., recommendation, summary, body, and exhibits).
- Trust the work and recommendations of the committees and avoid rehashing previous discussions, details, and decisions that committees have already worked through.
- If your board and committee meetings are exhausting rather than energizing, examine the demands and commitments for directors and eliminate ineffective meetings.

2. Right-size the Board

How large is your board? Does it seem too big, too small, or just right? The biennial survey shows an average board size of 13, a slight decrease since the 2015 survey. Overall, most boards are streamlining and reducing membership to increase efficiency, accountability, and nimbleness. However, for healthcare systems that are in acquisition mode, the opposite trend is at play, often increasing board size to add seats for the acquired entity(ies). Larger systems have also added regional and division layers of governance that can become cumbersome and bureaucratic. Is it time to downsize the number of members on your board or to eliminate unwieldy layers of governing bodies? Assess the pros and cons of reducing the size and layers of the board to make governance more direct, centralized, and efficient.

3. Refocus, Rejuvenate, and Sunset Board Committees

How many committees and subcommittees does your board have? How would you rate their overall effectiveness, value, and contribution toward getting board work done? When was the last time you eliminated a committee that fulfilled its purpose? Highly effective boards understand that board work gets done through their committees. Less effective boards rehash, question, and repeat analysis and assessments already done by their committees. This can

Key Board Takeaways

Board performance improvement requires objectivity and openness to change. If your board hasn't changed anything significant in the way it operates for a long time, there may be opportunities to fine-tune and calibrate processes and practices that will leverage the board for greater impact and effectiveness. Specific areas to assess include:

- Streamlining board and committee meetings and agendas
- Right-sizing the board and reducing layers of governance to increase efficiency, accountability, and nimbleness
- Refocusing, rejuvenating, and sunseting board committees
- Evaluating board performance, structure, processes, and individual members
- Onboarding, mentoring, and education

be evidence of a lack of trust in the committee and its efforts, and undermines credibility and confidence in its members. Effective committees should:

- Have clearly articulated annual goals and expectations of work product, aligned with the strategic and operating plans of the organization.
- Provide a rationale for continuing each committee annually, with suggestions for how it could be improved in the coming year. Health systems should consider sunseting committees that have fulfilled their purpose.
- Give an annual stewardship report to the board summarizing accomplishments (relative to its annual charge) and contributions toward achieving the strategic plan.
- Rotate membership periodically to broaden exposure and gain new perspectives and input.
- Provide succinct, accurate, purposeful reports to the board with specific recommendations for action, using consent agendas as much as possible.
- Committee reports to the board should be made by management, with backup from the committee chair as needed.

4. Assess Board Performance, Structure, Processes, and Members

In addition to conducting annual board effectiveness self-assessment surveys (e.g.,

¹ Kathryn C. Peisert and Kayla Wagner, *The Governance Evolution: Meeting New Industry Demands*, 2017 Biennial Survey of Hospitals and Healthcare Systems, The Governance Institute.

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the BoardCompass® survey by The Governance Institute), a periodic comprehensive assessment should be conducted of the board structure, processes, and practices. **Exhibit 1** illustrates four areas of evaluation to consider. To start, select a few areas to assess and compare to best practices, tailored to your board's unique needs. It's also important to conduct an annual board self-assessment covering individual directors and the board as a whole.

5. Onboarding, Mentoring, and Ongoing Education

Properly onboarding new directors is essential as healthcare becomes increasingly complex. Informal chats with seasoned directors will not suffice. One-to-one sessions with senior leaders to review key areas (e.g., finance, legal, healthcare trends, board policies and procedures, duties and responsibilities, clinical, physicians, human resources, quality, etc.) are critical. Mentors should also be assigned for the first year of service. Periodically ask seasoned board members what they would like to have been taught when they were new, and include these ideas in the orienting process. Continuing education is also crucial for director development. When planning for ongoing education:

- Consider conducting education sessions either immediately prior to board meetings, or as part of the actual board meeting agenda. Pick timely topics of a strategic nature, and engage subject matter experts to lead presentations.
- Distribute relevant articles or other background materials beforehand so that

directors come prepared and can participate in questions and answers with greater confidence.

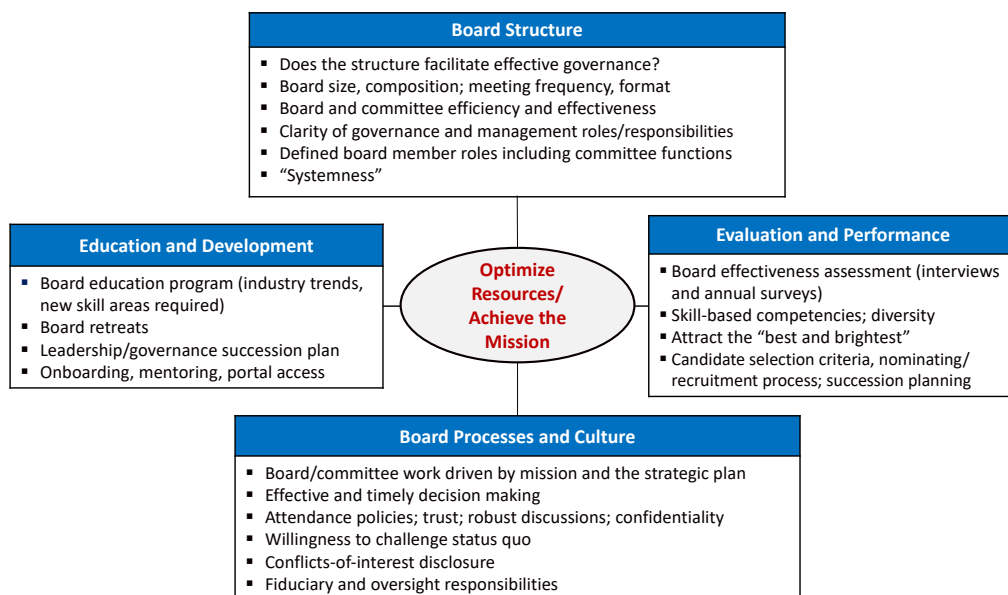
Continuous Board Performance Improvement

Boards must be able to work together effectively as dynamic, thoughtful, proactive leaders of complex organizations. The board needs to be structured, organized, and led to facilitate effective governance. Each element of good governance (e.g., size, structure, agendas, meeting frequency, support resources, timely and accurate data and performance information, and individual competencies and backgrounds) combines to determine whether or not the organization will

survive and thrive in this dynamic and changing environment. Choose a few of these areas or others that help your board make incremental improvements in governance best practices to ensure success. ●

The Governance Institute thanks Guy Masters, Principal at Premier, Inc., and Governance Institute Advisor, for contributing this article. He can be reached at guy_masters@premierinc.com. Steven T. Valentine, M.P.A., Vice President of Strategic Advisory Services at Premier Inc., also contributed to this article.

Exhibit 1: Governance and Board Assessment—Approach



Source: Premier Inc., Steven T. Valentine and Guy M. Masters.