

Keys to Establishing Agile Boards for a Disruptive Environment

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The pace of change in the healthcare industry is rapidly escalating, and legacy healthcare faces disruptive forces converging from all directions. Payers and employers are pushing back against the high costs of the traditional healthcare model, widespread consolidation among some of the nation's largest healthcare organizations is bringing new levels of scale to the industry, and technology advancements and new, innovative competitors are transforming healthcare delivery.

Yet many health systems are hindered in their ability to respond to these forces in a timely manner by cumbersome governance structures and policies that slow the decision-making process. These governance structures and policies have been built over time to help ensure thoroughness, judiciousness, and caution as boards consider critical organizational strategies. These characteristics, however, are not so well suited to the current healthcare environment and the need to accelerate major organizational change.

In order to adequately respond to the disruption occurring across the industry, health system boards must be more nimble, more efficient, and more decisive. The following are keys to streamlining organizational decision-making structures to meet these goals.

Key Board Takeaways

To better navigate healthcare disruption, health system boards must be more nimble, more efficient, and more decisive. Healthcare leaders should take a fresh look at their board governance structures and processes to identify opportunities for improvement. Questions to ask include:

- Is our board too large?
- Do we have too many committees?
- Do we have the right mix of stakeholders and skills represented on our board?
- Do we have too many meetings, or not enough?
- How many steps are involved in our standard decision-making process?
- Are our board meetings structured to focus on the most vital issues?

Structure Your Board for Efficient Governance

Many health systems have large boards that have amassed through years of consolidation, with the intention of providing broad representation across an organization's many facilities and services. While having appropriate stakeholder representation is important, healthcare leaders should take a "clean-slate approach." This means rethinking how their boards are structured in light of *future* organizational goals, rather than past legacy obligations. In determining board size, healthcare leaders should aim to have the optimal number of board members to ensure the inclusion of key stakeholders, while also maintaining a small enough board to facilitate productive discussions and prompt decision making.

Committees are another area where many health systems have opted to grow and expand as organizations have become increasingly complex. The result often is a multi-layered network of committees and subcommittees that is designed to ensure broad input, but that further deepens and prolongs the decision-making process. Here again, less can be more. Healthcare leaders should consider eliminating unnecessary red tape by reducing both the number of committees for their organization, and the size of individual committees.

In addition to looking at the number of individuals involved in organizational decision making, healthcare leaders should consider board members' qualifications and areas of expertise. Ideally, health system boards include members with a wide range of experiences—

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including professionals from healthcare and from other industries. To best position the organization to address industry change, boards also benefit from having members who have experience and comfort in creatively and systematically working through rapidly shifting business scenarios and strategic options.

Design Practices to Expedite Decision Making

Time often is of the essence in responding to today's disruptive healthcare environment. Reevaluating factors such as how often boards meet, how board agendas are developed, and how boards interact with an organization's broader strategic planning efforts are vital to building efficiencies into organizational decision making.

To be effective, board meetings should be scheduled at a regular cadence that ensures board members are engaged and well informed about the organization and the broader healthcare market. This will ensure they are able to respond to important issues in short order, as opposed to having long gaps between meetings that

only delay the organization's ability to take action. At the same time, however, meetings should not be held so frequently that they foster unnecessary discussion or otherwise waste resources and time. Finding the right balance is critical.

Board agendas should be developed with these same goals in mind. Meetings should focus on strategic discussion of issues vital to the organization and its future. Board members or committees charged with overseeing issues related to healthcare's transformation and business disruption should work in conjunction with those leading the organization's strategic planning and enterprise risk management efforts. Board meetings should not center on reviewing routine management reports—those should remain in the purview of the executive management team.

Leadership teams also can establish policies and procedures that facilitate timely and informed decision making. This requires evaluating the current decision-making process for any inefficiencies. Factors to consider include the number of individuals and steps involved prior to a final board vote, and the amount and

types of information provided to board members tasked with making those decisions.

Define Clear Lines of Accountability

Lastly, healthcare leaders and boards should build transparency into the decision-making process, including being very clear about who ultimately is accountable for making certain that board decisions are implemented, and that progress is tracked and reported back to the board. This includes clearly delegating responsibilities across all levels of an organization's leadership, and differentiating between the roles of governance and management. The board's role is to govern. Operational and day-to-day management issues should be left to the management team.

Efficiency in governance is a growing necessity in today's fast-paced healthcare environment. Following the key steps outlined here will help health system boards maximize resources and trim excess layers from the decision-making process. It will enable boards to be more agile and responsive to the needs of their communities, and enable organizations to be more effective in executing important organizational strategies in an era of constant change.

The Governance Institute thanks Mark E. Grube, Managing Director and National Strategy Leader, Kaufman, Hall & Associates, LLC, and Governance Institute Advisor, for contributing this article. He can be reached at mgrube@kaufmanhall.com.

