

Governance Notes

Designed for governance support professionals in the healthcare industry.

Enhancing Communication between the Board and Management

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Chances are that you've heard the advice many times before: "a key to any relationship is good communication." In a hospital or health system, the relationship between the board and management is no exception. Ideally, this relationship is characterized by trust, mutual respect, and candor. Yet, sometimes this relationship, like any other, can become strained. This article provides three key approaches for building a trusting partnership and enhancing communication between an organization's board and management.

1. Set Clear Expectations

The starting point for fostering effective communication between the board and management is to set clear expectations for the relationship at the outset. While the board has a legal obligation to oversee the CEO's and the hospital/health system's performance, the board should exercise its fiduciary oversight role while working collaboratively with the CEO.

Trust is built brick by brick, and a good starting point is for the board and management to articulate what they want and need from one another. To codify expectations further, consider creating a "compact" between

the board and management in which each party "commits" to what it will do to support the other. This can be a natural outcome of the communication mentioned above—once both parties have expressed their wants and needs, they can agree on "what we each commit to" one another. For example, typical board *commitments from management* might include:

- Respect and recognize my right to be heard.
- Respond in a straightforward fashion to questions that I feel are necessary to carry out my fiscal, legal, and moral responsibilities to this organization.
- Work in good faith with me towards achievement of the organization's strategic objectives and goals.
- Provide me information about issues in the industry and field in which we are working, pertinent to the scope of the board's/committee's work.

In turn, management may ask for the following *commitments from board members*:

- Review materials provided to me in advance and come to meetings ready for discussions.
- Stay informed about what's going on in the organization and the healthcare industry.

- Ask questions and request information when needed.
- Participate in and take responsibility for making decisions on issues, policies, and other board/committee matters.
- Work in good faith with staff and other directors/committee members as partners towards achievement of our strategic objectives and goals.

In keeping with the board's important oversight role, a primary oversight tool is the CEO performance evaluation process. The CEO's performance evaluation serves as a critical communications link, as it provides the CEO with clarity on what the board expects. This process entails articulating a compensation philosophy, quantifying annual CEO expectations consistent with the board's long-term vision, regularly monitoring CEO performance and providing feedback at least quarterly, and conducting an annual formal review. Importantly, the performance evaluation—like other communication—should be ongoing, not a "once a year" process.

When setting expectations for the CEO, also remember that both the board and the CEO should be working from the same set of goals

Communication Do's and Don'ts for the Board

Do's

- Create a board/management “compact” that codifies expectations for and commitments to the other party.
- Use the CEO's performance evaluation as a critical communications link between the board and CEO.
- Use board and committee meetings as effectively as possible by setting agendas before the meeting and providing members with *meaningful* pre-meeting materials well in advance.
- Hold regular telephone meetings between key parties (CEO, board, committee chairs) to open communication channels and focus future meeting discussions.
- Build time for generative discussion (forward-thinking, strategic discussion about the future of the organization) into meeting agendas.
- Incorporate “process checks” at the close of each meeting to ensure that the needs of attendees have been met.
- Cultivate a “culture of communication” throughout the organization.

Don'ts

- Don't encourage board members to bypass the CEO and go directly to other executives (exception: committee chairs who work directly with an executive lead should establish good relationships like that between the chair and CEO).
- Don't hold frequent executive sessions that exclude the CEO where “we can talk freely” unless there is a specific issue about CEO performance/evaluation or a legal issue directly involving the CEO. If there is a specific problem, the chair should solicit input and address it with the CEO, including agreeing on changes or a corrective plan of action and then monitoring progress.
- Don't encourage the game of telephone, with board members calling each other to complain about something. Instead, if a board member has an issue or complaint, he/she should bring it to the chair and ask that the chair address this directly with the CEO—and the board member should get feedback on the resolution.
- Don't expect the CEO/management team to be mind-readers.
- Don't punish the new CEO for a poor/failed relationship with the prior CEO.

as outlined in the organization's strategic plan. Goal alignment must be based upon a solid plan that the board understands and endorses.

2. Maintain Open, Frequent Lines of Communication

Effective organizations take a disciplined approach to opening and maintaining lines of communication between the board and management. The following are some primary vehicles organizations use to maintain effective communication in their organizations.

First, board and committee meetings should serve as the key communications vehicle. The board meeting is the center of communications and the key to the relationship's success or failure. To make sure meetings support a positive relationship, ensure

agendas are well planned—based upon board, committee chair, and management dialogue and structured around discussions, *not* endless presentations. In addition, send pre-meeting information in a format desired to the board or committee at least a week in advance.

Second, hold regularly scheduled calls between the chair and CEO. These should be one-on-one meetings that go beyond planning the next meeting agenda or discussing an issue that has arisen. This creates the opportunity for ongoing communications and feedback.

Third, it is also helpful to conduct a regular (e.g., quarterly) conference call with the CEO, the board chair, and the committee chairs (five to six people total) to review how effectively committees are running

and provide an opportunity for the committee chair to share with the CEO any suggestions he/she has about improvements in how the committee's executive lead could better support the committee. These meetings also will inform the agenda for future board meetings and will allow the CEO to initiate and take corrective action, as needed.

A fourth vehicle for maintaining effective communication is generative, strategic discussion at board meetings. Generative thinking addresses existential questions about the organization; challenges assumptions and conventional wisdom; and is courageous and focused on a future that may be very different from the current environment. In a generative discussion, the organization might ask: Do we agree on what we want our organization to look like in five years? How will we be different?

How will we be the same? What does our organization value above all else? Make sure time for generative discussion is built into the agenda for all meetings.

Finally, the board and management should incorporate a process check at the end of each meeting asking whether they focused on the right issues, if all members participated, if they provided the right background information, and what additional information/education might help the board better understand the issues. This feedback will help ensure that meetings have met the needs of all attendees and allow all parties to “fine-tune” materials and discussions for future meetings.

3. Create a Culture of Communication

Both the board and management can play fundamental roles in creating and maintaining a culture of communication throughout the organization. In addition to the ideas above, board and management should commit to

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standards of behavior that enhance the organization’s mutual trust and communication.

For instance, agree that neither the board chair nor management will let issues fester. Instead, if something is bothering either party, they will bring up the issue for discussion—rather than avoid the issue or “hide” behind email.

In addition, board members should agree not to complain to other board members when issues arise but instead to express their concerns to the chair and let him/her communicate with the CEO when warranted. Agree to communicate even when to do so might cause some discomfort; avoiding confrontation may only cause a bigger problem later.

Last, the chair and CEO should create an environment in which it is safe to disagree (e.g., at a board meeting, committee meeting, etc.). Respectful disagreement or requests for additional information should be encouraged, especially around complex issues. Consensus at all points is not the goal.

Communication between any two parties is sometimes difficult and requires discipline. By setting clear expectations, implementing processes that facilitate effective communication, and committing to create a culture of communication, organizations can build and maintain board and management relationships characterized by trust, respect, and candor.

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