



Supporting Governance Effectiveness with Board Self-Assessments

By Tracy Warner, CEO, Board Business LLC

The current state of the healthcare industry is chaotic at best. The COVID-19 pandemic has lingered past the two-year mark creating challenges with workforce availability, provider burnout, and supply chain shortages. Ongoing regulatory compliance issues such as price transparency amidst increased acuity of patient health conditions, an opioid crisis, and addressing diversity, equity, and inclusion (DE&I) are just some of the issues top of mind for boards and administrators. With all these external challenges, boards need to ensure they are operating in an effective manner—“doing the right things,” according to Peter Drucker. With an intentional focus on governance best practices, boards can be assured of effectiveness through a regular assessment of their performance. A self-assessment allows each board member to provide their perspective on the board’s performance of its governance responsibilities and leadership performance, and their own individual contributions to and satisfaction with board service. The ideal outcome of this process is not only identifying the board’s strengths and areas of opportunities for improvement, but also developing and implementing an action plan based on the results.

Adhering to the following steps to administer a board self-assessment will result in an accountable and actionable process:¹

1. **Create psychological safety.** It is vitally important for all board members to be honest and direct in their responses and to accept feedback from multiple perspectives. Too often we internalize feedback, take it personally, and get defensive. As organizational leaders, board members must understand the need to accept performance evaluation results in a non-threatening and collaborative

1 The Governance Institute provides members with leading-edge assessment tools developed by governance experts, as well as serving as a partner throughout the assessment steps outlined in this article.

manner and use them as a chance to learn and improve. A healthy acceptance of feedback, both positive and negative, ties to the director's fiduciary duty of care to act in good faith to be informed and actively participate in board activities. It is also consistent with the director's duty of loyalty to act in the best interests of the organization and duty of obedience to the mission, which can be accomplished, in part, by improving one's own leadership abilities.

→ Key Board Takeaways for Subsidiary/Local Boards

- Self-assessments of board performance are an important starting point to ensure the board is well-poised to carry its organization into the future.
- Psychologically safe boards make it possible for board members to accept and benefit from honest and candid feedback.
- The executive or governance committee should be charged with finding an appropriate evaluation tool and holding responsible parties accountable for the execution of assignments on the improvement plan. The assessment should align with the tool and process utilized by the organization's system board.
- A self-assessment without a detailed plan and dedicated resources for addressing improvement opportunities will be rendered useless.
- Communicating to stakeholders about the self-assessment process, general results, and improvement plan creates trust from employees in the board for addressing its challenges.

2. **Select the assessment tool.** The board executive or the governance committee can be tasked with finding the most appropriate survey for the board(s) being assessed. The ideal tools include questions focusing on fulfillment of board responsibilities, relationships with key stakeholders, and behaviors that lead to governance effectiveness. A section for open-ended responses to questions specific to the organization is important to assess individual board member perspectives on topics such as pending board priorities, significant healthcare trends that need to be understood by the board and administration, and identification of challenges and issues the board needs to address. A final tip on assessment selection is ensuring the survey fits the type of board (e.g., questions

regarding subsidiary board responsibilities would not always be relevant to a system board).²

3. **Administer the assessment.** Once the survey tool has been selected, the board chair and governance committee chair (or governance support person), should review the questions and ensure it is customized to their needs. Once decisions around the questions are finalized the survey process can begin. The board chair must set an expectation that each member is expected to complete the evaluation to obtain a full picture of the board's performance. Since this exercise relates to the governing board's performance, it is appropriate that only board members participate in the assessment. The CEO should take the survey as an ex-officio member of the board. An electronic assessment will better facilitate compilation of responses and generation of a survey report. If necessary, consider distribution of a paper survey or in-person interviews. Board members should be given sufficient time to complete the assessment while ensuring that they adhere to the deadline (usually two weeks is the ideal window). It is important to note there are no wrong answers—just honest, constructive responses.
4. **Review the results.** This step requires a trustworthy and knowledgeable individual to compile the assessment results and present them to the board in an unbiased manner. (This service is provided to members by The Governance Institute.) During the presentation, the facilitator will seek the board's perspective on the assessment results, particularly if there are responses with wide variability. Examples of ideal facilitators include a board secretary, the hospital legal counsel, an outside governance consultant, or for subsidiary/local hospitals, a member from their parent health system. The board should plan for several hours, ideally at a board retreat, to allow sufficient time to review and discuss the assessment results.
5. **Establish priorities.** Once the board has received the assessment report and fully discussed the results, the conversation should turn to identifying areas with performance gaps and opportunities for improvement. If the board hasn't

2 Conducting individual board member assessments is also a best practice; however, it is one that is practiced by very few boards. The Governance Institute recommends commencing the individual board member assessment process at a different time than conducting the full-board assessment. For boards that conduct a full-board assessment every other year, an individual assessment can be done in the off years. There are various types of individual board member assessments, and The Governance Institute can help members determine the best fit for their board members.

→ The Board Chair's Role in Self-Assessments

The board chair plays a vital role in the self-assessment process. He/she will communicate the importance of the process when the exercise is introduced and be a role model in responding to the improvement opportunities identified by the survey results. The initial message will also include the expectation for each board member to actively participate by answering the assessment questions in an honest and direct manner. If the board chair suspects any member may not or will not fulfill these responsibilities, it is up to board leadership to have individual conversations to ensure the board member clearly understands his/her obligation to take an active part in this important board development exercise. Although the discussion may be difficult for the board chair, he/she can be supported by the board secretary or a member from the parent health system for subsidiary/local hospitals. The board chair may likely determine the source of any hesitation during the one-on-one conversation that can be addressed through dialogue. As an aside, regular one-on-one discussions between the board chair and each board member outside the self-assessment process can serve to clarify expectations regarding board priorities and board performance.

The board chair should receive a preview of the survey results prior to the presentation to the full board. During this meeting, the board chair may be able to provide insight and perspective for the facilitator. Another benefit to screening the responses is adhering to the mantra of no surprises. The board chair should always be aware of any information in advance of all board meetings, particularly if it is controversial. By doing so, board leadership can be prepared to manage the dialogue and any emotionally charged reactions.

Board leadership must always exhibit support for board performance initiatives yet do so in a manner that raises questions if necessary and considers any alternatives. A consistent response should be present when the priorities are determined and the action plan is established. A quote from the board chair is important when communicating the governance self-assessment to the hospital's constituency because it establishes the role of leadership in ensuring the board is committed to development. Finally, the board chair should be actively involved in ensuring the action plan results are regularly presented to the board and the CEO and/or board secretary includes the item on future board meeting agendas.

completed a recent assessment and there are multiple items identified, try to limit the priorities to the top four or five areas. If there are so-called quick wins such as sending board meeting materials out three days earlier, it is safe to move forward with those additional elements that require minimal resources. The minute taker will need to ensure communication goes to all appropriate parties, including in this example, the preparer of the board meeting books.

6. **Develop an action plan.** For each priority, the board and its facilitator should develop a detailed plan consisting of how and when the item will be addressed, the responsible party, and any other resources required to achieve success. An example might include scheduling a 90-minute meeting in the next four weeks for the CFO to explain how the budget process and contractual adjustments affect hospital reimbursement. Or having the executive assistant identify and make available to board members within the next 90 days an online seminar on board credentialing responsibilities with a registration fee of less than \$500. The assessment will be useless unless an action plan is attached to the results. Board members will lose faith in the process and worse yet, miss setting an important example for the rest of the organization on performance improvement.
7. **Deploy and monitor progress on the plan.** Although the full board should receive regular briefings on the status of the action plan, the executive or governance committee is charged with oversight of the process. A project management system report or a simple Excel spreadsheet can be used to track the status of each initiative and for holding responsible parties accountable for timely execution of their assignments. At this point in the process, the board should work with leadership to develop communication to hospital employees and the community about the governance self-assessment and the general results. In doing so, the board provides valuable education to its stakeholders on its governance responsibilities, the challenges they face in leading the organization, and their commitment to improvement.
8. **Reassess with new evaluation.** To measure progress, the board should plan for regular self-assessments. Best practices suggest conducting a board evaluation every two years. This timeline allows for sufficient implementation of the improvement plan. If desired, a snapshot survey consisting of fewer, more targeted questions can be done at shorter intervals.

Using a self-assessment to objectively evaluate board performance is an important process in identifying opportunities for governance improvement. A successful assessment will allow the board to operate in a more effective manner, freeing time for board members to focus their valuable time on addressing the ever-changing challenges impacting their organizations.

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