

IMPACTING CONTINUOUS GOVERNANCE IMPROVEMENT VIA GOVERNANCE SUPPORT

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Governance Commentary

- “Most hospital boards are ill-prepared to fulfill their fiduciary role. They lack adequate understanding of the healthcare environment. They rely too heavily on lag indicators...All (boards) fall short in scenario planning about the future and anticipating black swans. Resetting the narrative begins with hospital boards: they’re not ready.”

- Paul Keckley, The Keckley Report
December 26, 2022

Governance Commentary

- “Few (boards) have a systematic process for looking at healthcare ten years out and beyond. Every board must refresh its thinking about what tomorrow in healthcare will be and adjust. It’s easier for a board to approve plans for the near-term than invest for the long-term; that’s why outsiders today will be tomorrow’s primary incumbents.”

- Paul Keckley, The Keckley Report
April 3, 2023

Governance Commentary

- “Most hospitals boards aren’t currently equipped to be active partners on health system strategy.”
 - The Gist Healthcare
September 29, 2020

Governance Commentary

- “Fitch Ratings expects idiosyncratic governance weaknesses to weigh on ratings more often than previously as the tolerance of governance failures from a wide range of stakeholders declines.”

- Fitch Ratings Special Report
May 25, 2021

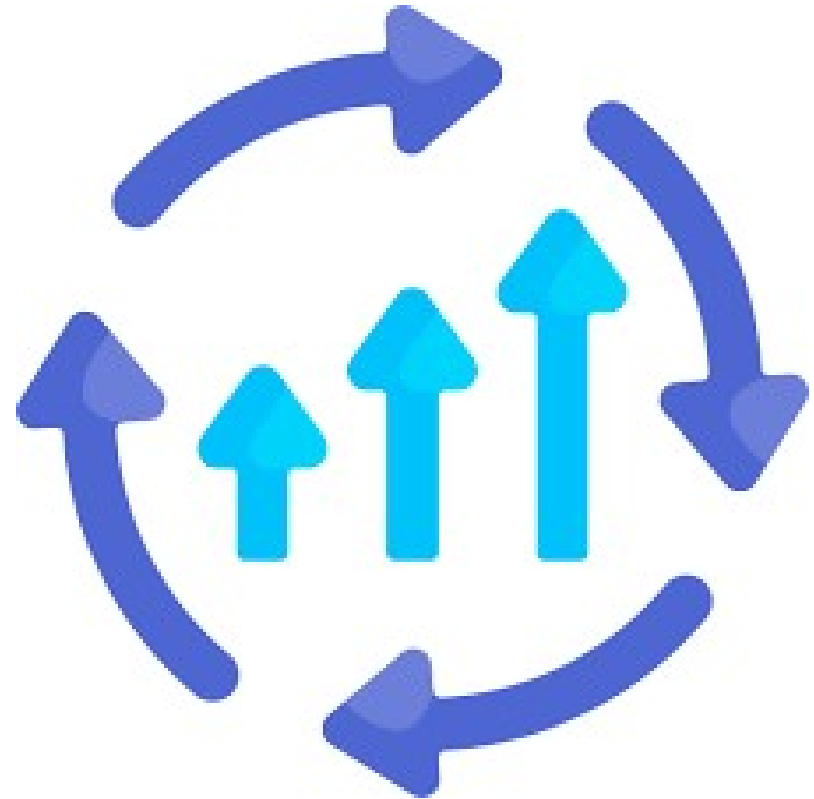
Discussion Questions

- Is this commentary fair or unfair? Do you agree or disagree?



Continuous Governance Improvement

- Board Self Assessment
- External Governance Assessment
- Director Talent
- Board & Board Committee Meeting Structure
- Meeting Content
- Governance Support Professional Role



Your “Secret Sauce”

- Organizing & Coordinating (Everything!)
- Objectivity
- Observation of the board from the cockpit
- Knowledge of governance issues, trends & resources
- Your CEO’s sounding board on governance



Board Assessment

- Just do it!
- Self Assessment as Baseline
- External Assessment Scenarios



Discussion Question

- How can the governance support professional impact board assessment?



Director Talent

- Director Talent Assessment
- Do we have the needed talent on this board to shape our future?
- If not, why not? What's the fix?
- Are all directors fully participating in the board room?



Discussion Question

- How can the governance support professional contribute to an assessment of current board talent?



The Inclusive Board

- Do you believe your peer directors listen when you speak?
- Do all directors generally participate in board discussions, or just a few?
- Are you comfortable expressing a different viewpoint?



The Inclusive Board

- Clear expectations for preparation and participation during board recruitment & orientation
- Concise meeting materials
- Board chair facilitation skills
- In person meetings & retreats
- Preparation of current directors
- Board culture



Discussion Question

- How does your board ensure inclusion?



Board & Board Committee Meeting Structure & Content

- Agenda Construction
- Strategic Topic Selection & Facilitation
- Speaker Preparation
- PowerPoint(Less)



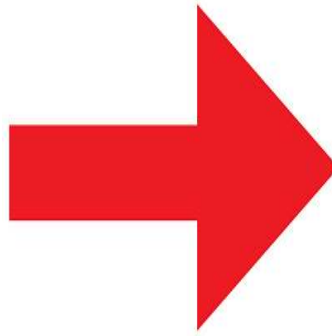
Key Questions

- Are we taking full advantage of our board's capabilities?
- Are we allocating enough board discussion time to the future?
- What percentage of our board time is operational vs. strategic?



Kim's Corollary

GOVERNANCE EFFICIENCY



DIRECTOR ENGAGEMENT

Discussion Question

- What is your best advice on achieving strategic discussion at board meetings?



ACHE CEO Turnover Study

- 2014-2018 18%
- 2019 17%
- 2020 16%
- 2021 16%
- 2022 16%
- 2023 ??



The CEO Transition

- If possible, meet with the incoming CEO prior to Day 1
- Provide access to board portal
- Director bio “cheat sheet”
- Prepare summary of current governance work-in-progress
- Schedule 1:1s for each director with the new CEO (preferably off site)
- Consult with the new CEO’s past governance support professional
- Educate yourself on the new CEO’s past governance experiences
- Focus on developing your own working relationship with the new CEO

Discussion Question

- Based on your experience, what is your best advice to governance support professionals who are undergoing a CEO transition?



Governance Support Professional Action Steps

- Use the internal assessment results throughout the year
- Know when to recommend an external governance assessment
- Broaden the talent review conversation
- Provide an objective view of director participation over time
- Consider recasting board expectations to include active participation
- Conduct an “autopsy” of past board agendas
- Take responsibility for director education

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AKA

Ask
Anything

Kim

Additional Resources

- “Unpacking Board Culture: How Behavioral Psychology Might Explain What’s Holding Boards Back,” pwc, February 2021.
- Lakewood Health System’s Journey Toward a Strategic, Engaged Board Through Education,” The Governance Institute, February 2020.
- Kimberly A. Russel, “Participation is Not Optional,” American Hospital Association, TrusteeInsights, May 2023.

Questions & Discussion

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*Thank
You!*