Current High-Performance Governance Practices

For boards to participate in shaping their new organization, they must be currently performing at an extremely high level. The following is a list of four practices that hospital and health system boards must be engaged in today, in order to be successful in the future.

1. Define a Clear Mission and Vision for a Transformed Enterprise

Hospital and health system boards should consider the organization's vision for improvement of the community's health, as well as approaches to address population health and manage risk in light of today's transforming health care delivery and payment systems. This is not the hospital's responsibility in isolation, but rather an opportunity for hospitals to build relationships and partnerships in the community to impact the overall health of the community. Hospital CEOs and boards must agree upon and clearly articulate the extent of the responsibility and engagement of the organization in community and population health.

While the commitment and responsibility will vary among organizations and communities, it is essential that hospitals do not let changes in payment models drive the mission and vision of their health care system. Payment reform is occurring in varying degrees across the United States. In the longterm the transition may help hospitals and health systems to more effectively support health in addition to health care. However, as hospitals progress through the transition, it is imperative that the board and CEO work together to agree upon the degree to which they can achieve the Triple Aim given evolving payment constraints.

The absence of payment reform and financial incentives should not prevent hospitals and health systems from doing the right thing for patients and communities or from contemplating their mission and vision with respect to their community needs, cost sustainability and articulation of a strategy that embraces all facets of the Triple Aim. The board's responsibility for serving the mission and vision must remain steadfast during this transitional period.

2. Create an Environment of Trust

Mutual respect and absolute trust between the board and its CEO is absolutely vital to organizational success. The data suggest that in an era of transformation trust may be strained. To build mutual trust, the board and the CEO must rely on one another for support, consultation and advice, and complement one another's strengths and responsibilities. The hospital or health system CEO must build a positive rapport and close professional relationship with all board members. He or she must understand clearly what motivates each trustee to be involved with the organization, and be deeply knowledgeable about the interests and needs of each individual trustee.

The CEO must also be aware of any gaps in trustees' understanding of current issues and trends, ensure that regular board education responds to trustees' needs, and encourage trustees to learn and ask questions in an open, safe environment. CEO attentiveness to individual trustee needs demonstrates interest and support, and helps build a positive, trustful environment for dialogue and decision making to take place.

Most importantly, CEOs must understand that trust begins with transparency. Holding back or "sanitizing" information will likely result in a board that is doubtful, lacks trust and perceives a sense of responsibility to inappropriately "dig in" to operational details, managing at the micro level versus leading at the macro level. Conversely, when boards

are confident that all relevant strategic information is shared with them, they partner with the CEO on a foundation of trust on leadership issues focused on strategic and generative thinking about the organization's future.

3. Establish a Foundation of Effective Communication

The board meeting is the center of communication and relationship success or failure. Unfortunately, board meetings are often not as effective as they should be due to poorly planned agendas, time wasted on routine reports and too much emphasis on operational issues and details. Board meetings too often include agenda items that have little relevance to and impact on the long-term strategic direction of the organization, when instead they should focus on the mission, vision and strategic leadership issues critical to future success.

Effective, high-performance boards spend most of their time on important strategic and policy issues. They engage in rich discussion and dialogue, assess outcomes, and participate in ongoing education. These boards focus on the issues that are most critical to the organization, and where they can have the greatest impact.

The CEO plays a major role in this area. He or she should ensure that trustees receive relevant, concise, action-focused information to review well in advance of board meetings to ensure board members have sufficient time to understand issues and their implications. In addition, the CEO should work closely with the board chair to ensure that meetings are orchestrated to maximize meaningful dialogue and maintain a consistent focus on the future.

Board dialogue and discussion are most meaningful when board committees are properly used. Committees often do the "heavy lifting," framing the issues of importance for the full board and preparing trustees in advance with a clear set of questions to provoke strategic dialogue.

Five Keys to Building Effective Board-CEO Communication
1. Clarity of expectations
2. Openness and candor
3. CEO understanding of the unique communication preferences and styles of individual board members
4. Open channels of information and dialogue between board meetings
5. Compelling, strategic, dialogue-rich board and committee meetings

4. Build a Board-CEO Co-Leadership Partnership

Board members sometimes, knowingly or unknowingly, begin to wander into the CEO's domain, and the results of that meandering can be problematic. To avoid "purpose wandering," roles and responsibilities should be clearly expressed in writing. This helps define the fine line between strategic leadership and operational leadership. Too often roles and responsibilities are unclear and unfocused. A formal, written set of roles and responsibilities will help prevent both the board and the CEO from inappropriately trying to assume the other's responsibilities. Hospital trustees should have their "noses in, but their hands out." This means that boards should energetically exercise "reasonable inquiry," delve deeply into the rationale behind strategic thinking and proposals, and always relate the organization's strategic focus to its mission and vision. They should not inappropriately delve into risky management-level discussions and decisions.

For example, while the board is responsible for the high-level strategic focus and direction of the organization, the CEO and his or her administrative team are responsible for the day-to-day operations and details of designing action plans for implementing the strategic plan. One is the "what," and the other is the "how."

Key Components of a Strong Board-CEO Relationship
Establishing a productive, trustful and successful relationship takes commitment on the part of the board and the CEO. A number of ingredients are inherent in a good board-CEO relationship, including:
1. Communication is clear, crisp, concise and accurate.
2. Both the board and the CEO are "on the same page" and have a mutual understanding of issues.
3. Roles, responsibilities and accountabilities are clear and well expressed.
4. The board has a clear understanding of its policy and strategic "place" in the leadership continuum.
5. A strong sense of synergy results from a mutual understanding of what the CEO and the board bring in tackling the complex challenges that face the organization.