4. **Continuous learning.** The healthcare industry is undergoing constant change, from new regulations and market forces to innovative methods for improving outcomes and increasing efficiency. The great board must be a "learning organization" with specific activities to integrate education and real-time learning into its work.

   Recommended practices: All directors receive an orientation to the healthcare environment, their roles, and how the organization works. The board follows a written education plan, updated at least annually, that identifies the vital topics for board education at meetings, retreats, and outside conferences.

The great board must be a "learning organization," with specific activities to integrate education and real-time learning into its work.

5. **Accountable partnership with the CEO.** The board selects, evaluates, and provides for compensation of an outstanding chief executive—and, if necessary, replaces the CEO. An effective partnership is characterized by shared goals, candid communications, mutual respect, and accountability.

   Recommended practices: The board, often assisted by an Executive Evaluation and Compensation Committee and a third-party compensation consultant, adopts a compensation philosophy and formal plan for its top executives. It establishes a collaborative process to evaluate CEO performance, provide constructive feedback, approve incentive pay, and establish prospective goals annually. Committee members are "independent," free of economic ties to the organization.

Compensation Committee members are "independent," free of economic ties to the organization.

6. **Streamlined structure.** The board is a workable size—large enough to include a range of needed competencies but small enough to interact and learn as a cohesive team. The board establishes working committees to assist it with oversight and deliberation of recommended decisions prior to full board consideration.

   Recommended practices: The board is right-sized, usually 11 to 17 members. It creates working committees to engage in oversight and development of recommendations to the board. The full board reviews but does not rehash committee work. The most common are the Executive, Finance, Investment, Audit and Compliance, Quality, Executive Compensation, and Governance and Nominating Committees. All committees have written charters; they "sunset" every two years—when their necessity is reassessed and their purpose updated.

The full board reviews but does not rehash committee work.

7. **Governance (not operational) information.** The board relies on accurate, objective information, not anecdotes or predispositions, when it oversees performance and makes decisions. The board receives information in advance of meetings, and directors are responsible for reviewing materials and coming to meetings prepared.

   Recommended practices: A visually powerful dashboard or balanced scorecard of carefully selected measures for finances, business strategy, clinical quality,

The board relies on accurate, objective information, not anecdotes or predispositions, when it oversees performance and makes decisions.

customer service, and community benefit enables the board to track performance against goals and industry benchmarks. Major board decisions are supported by concise information that demonstrates the connection to the mission and vision and helps the board evaluate the risks and benefits of the action.

Meetings are informative, interactive, and action-oriented.

8. **Participative and efficient meetings.** Meetings are informative, interactive, and action-oriented. They follow written agendas, and questions and discussion are encouraged. Minutes document the essence of discussions and the decisions taken.

   Recommended practices: The strategic plan drives an annual "Board Education and Work Plan" and meeting agendas that focus on important, future oriented issues. The chairperson balances discussion and questioning with a commitment to reach closure, take decisive action, and stay on schedule. A consent agenda is used to dispatch routine business efficiently. An executive session with only directors and the CEO is held at every meeting for candid discussion of confidential or sensitive topics.

The strategic plan drives an annual "Board Education and Work Plan" and meeting agendas that focus on important, future-oriented issues.

9. **Personal integrity.** Directors act in the best interest of the mission, the organization, and the stakeholders, not on personal, economic, or other self-interests.

   Recommended practices: The board follows a conflict-of-interest policy that at a minimum meets IRS standards. Directors disclose potential conflicts annually and whenever they occur. The conflict of interest policy is scrupulously enforced, and confidentiality is taken seriously.

10. **Board self-renewal.** The great board seeks to continuously improve its performance and its connectedness with the community and stakeholders it services.

    Recommended practices: The Board evaluates itself at least every two years and adopts a Board Development Action Plan of desired improvements. The board has either term limits or a rigorous process individual evaluation prior to re-election (or both) to ensure that it only re-elects directors who fulfill their fiduciary responsibilities, keep educated and engaged, and support the organization's mission and vision.

Great governance is a journey, not a destination.

Great governance is a journey, not a destination. Past performance is, as the saying goes, no guarantee of future success. The board that becomes self-satisfied is a board that may underperform its full potential and the organization's needs. The board that creates and pursues excellence creates a virtuous cycle:

- of talented committed directors . . .
- who are engaged and energized in intellectually stimulating work . . .
- that enhances the mission and vision and achieves public recognition . . .
- which makes board service attractive to a new generation of outstanding prospective directors.