



AHA Trustee Services

Board Development: A Marathon Not a Sprint

by Barry S. Bader

What does it take for a governing board to truly excel, adding tangible value to the organization through its work in the boardroom and its connections to key stakeholders?

Whether a board's starting point is average performance or mediocrity, the journey to the top echelon of governance effectiveness cannot be achieved with a few quick steps. Board development is more like a marathon than a sprint. Similar to a marathon runner's regimen, board development should be a long-term process requiring personal commitment, honing of critical skills, rigorous training and a disciplined plan to create a sustainable culture of outstanding governance.

Nonetheless, many trustees and CEOs – if they're honest with themselves – recognize that they are good but not great. For example, year after year, some board practices get the lowest scores in the annual governance surveys by the AHA and other organizations. Boards self-report that they trail their own aspirations when it comes to such practices as:

- Competency-based succession planning for future board leaders and board members.
- Keeping the board educated on changes in a complex, transforming health care system.
- Using the majority of board meeting time for forward-looking, strategic board discussions.

- Understanding and overseeing management of enterprise risks.
- Using the results of board self-assessments to make improvements.
- Evaluating individual trustees to help them improve and to base their re-appointment on performance.

A recent McKinsey survey of 25 large public companies found that board agendas “still spend the bulk of their time on quarterly reports, audit reviews, budgets, and compliance – 70 percent is not atypical – instead of on matters crucial to the future prosperity and direction of their business.” In other words, boards still spend too much time on retrospective review, not the sort of forward-looking work that optimizes the knowledge and experience of directors to advise management and make better informed board decisions.

Exceptional governance requires creation of a board culture of high expectations, continuous learning, active engagement, candor, independence and informed action. Culture development is inherently a long-term process. It can take years for a board to define, nurture and embed the desired culture in its work. For example, to populate a typical board with members serving staggered, three-year terms with the right competencies – i.e., the knowledge, skills, outside connections and diversity it needs – it will take several years to recruit the “board of the future” and then develop the “best of the best” as board leaders.

Case in Point: New England Baptist Hospital

A marathon-style approach to board development is very different from typical board assessment and improvement efforts. In 2009, New England Baptist Hospital in Boston had a new CEO, Trish Hannon, and an incoming board chair, entrepreneur Richard Maloney. They recently reflected on the board's multi-year board development process.

Top-level commitment. Hannon would formally come on board in November, but after observing her first board meeting in September, she and Maloney began conversations about the future work of the board. “The idea wasn't hers or mine but ours,” says Maloney. They began to solicit feedback from other board members and determined that a new governance committee would steer the future direction of the board.

“For me the driving focus was strategic planning,” says Hannon. “As a new CEO, I needed a board that would be fully engaged in the work that would be required under health care reform. We needed board leadership to guide the medical staff and support the CEO in moving the Baptist beyond its deeply held traditions and market position.”

Among the board and medical staff leaders there were “four schools of thought” about the Baptist's future, recalls Hannon:

- “Restore the glory days” of being a full-service community hospital.
- Being a surgical specialty hospital, in the tradition of Baptist’s role as the Lahey Clinic’s surgical hospital before that group moved to suburban Burlington, MA.
- Merging with a larger system and becoming a highly focused, center of excellence for bone and joint surgery for that institution.
- Becoming a niche specialty institution providing an accountable care system for musculoskeletal disease that would partner with *multiple* networks in the marketplace.

Passions were strong around each vision, “but there had been no formal, board-driven planning process to decide,” says Hannon. So the board development journey began by educating the board about the health care environment and engaging the board deeply in the strategic planning process. The board chose the fourth alternative vision, becoming an accountable care system for musculoskeletal care, and in so doing began to change its governance culture. “We needed to move from being an operationally focused board to being a strategic, forward-looking, and competency-based board that relied on the management team for great execution and operational effectiveness, with appropriate board oversight,” says Hannon.

Governance committee and coach. “To change the board’s culture, its role and the skill set needed wasn’t a one-time fix,” says Maloney. A governance committee was formed, its composition thoughtfully crafted. The committee chair was an attorney with both vision and strong connections with the Baptist’s traditions; members included a retired executive from an international financial services company and two highly respected medical staff leaders, along with the board chair, CEO and the hospital general counsel.

Maloney recalls, “I had a sense of what was needed” to create a best practices strategic board but not “how to get

Figure 1: Five-Year Board Development Goals, 2011 – 2015

- I. Defining expectations:** Achieve a board culture characterized by enhanced accountability, engagement, strategic thinking, continuous learning, and an action-orientation, as described in the Governance Charter.
- II. Succession planning:** Increase the competence and diversity of the NEBH Board by implementing a competency-based, succession planning process to recruit and elect new directors and to evaluate directors eligible for re-election to additional terms based on performance.
- III. Orientation and continuing education:** Implement an ongoing, competency-based orientation and education process (while being sensitive to demands on directors’ time), including: on-boarding process, mentoring, personal learning plans, education via board portal, outside educational conferences and other activities.
- IV. Strategically driven board work:** Implement a strategy-driven approach for board work at board meetings, committee meetings, board retreats and mini-retreats, board portal, and related educational events; benchmarking visits; “shadow a team member”.
- V. External relationships:** Enhance NEBH’s external relationships, including philanthropic support and political connectedness, with greater leadership and engagement from the board.
- VI. Efficiency of time and resources:** Streamline governance structure and activities to ensure that board education and work are being completed as efficiently as possible and optimizing the time resources of directors and management, by eliminating redundancy, unnecessary structures, and cumbersome decision-making processes.
- VII. Self-assessment and ongoing improvement:** Implement an ongoing process of board self-assessment and improvement that enhances the effectiveness of the board as a whole, its committees and leaders, and individual directors, as well as the relationship of the board with management and clinical leaders.

there. We needed an expert to assist in the journey.”

The committee chose a governance consultant to provide insight from other organizations that had upgraded their governance and to serve as a “coach,” asking challenging questions, offering expertise on best practices and keeping the committee focused on its goals. “It was important that the board saw the driver as the governance committee, not the CEO,” adds Hannon.

Multi-year board development plan. With the consultant’s guidance, the committee crafted a five-year board development plan with specific goals in seven areas (see Figure 1):

- Defining expectations.
- Filling vacancies based on competencies.
- Orientation and continuing education.
- Strategically driven board work.
- External relationships, including philanthropy.
- Efficient use of time and resources.
- Self-assessment and continuous improvement process.

Annual board development action plans. After an educational retreat about best practices in governance, the full board approved the long-term

board development goals and implementation plan in 2011. In building block fashion, the plan called for specific activities under each goal, year by year, to develop the new culture.

First, the board defined the responsibilities and expectations of the full board and individual trustees in a “governance charter.” Next, the governance committee built a sustainable board succession planning process based on needed competencies. To identify potential trustees with the right backgrounds, committee members spoke with “connectors” in key stakeholder groups (e.g., board, business community, academic community, local community, medical staff, and honorary trustees). The committee winnowed down the suggested names to a short list who were interviewed, and who over time may be invited to join board committees and possibly the board. Already, Baptist has filled a half-dozen vacancies with individuals with specific, needed competencies, including banking, quality improvement, entrepreneurship, community leadership, real estate development, venture capital and media—all important assets as NEBH charted its course for the future.

Board committees have been strengthened with charters, competency-based composition, improved oversight

Key Elements of the Baptist’s Board Development Journey

- Commitment from the top.
- Long-term goals.
- Multi-year board development plan with annual evaluation and updates.
- Competency-centric culture related in all board practices, starting with succession planning.
- Leadership from the Governance Committee assisted by a coach.

reports and more substantive agendas. Board meetings have grown steadily more strategic, and senior management changed presentations to discussions. A board portal facilitates trustee access to meeting materials and other educational resources. Thick board books that once frustrated trustees are a thing of the past, says Maloney.

The board completed a customized version of the Center for Healthcare Governance’s “GAP” board assessment tool and used the results to refine the board development plan. In 2013, the board instituted a competency-based individual trustee assessment process.

Taking Stock

Mary R. Wittenberg, president of the New York Road Runners Club, puts marathon running in the context of the long and dedicated preparation that’s required to complete an eventual marathon: “A marathoner is a marathoner regardless of time,” she writes. “Virtually everyone who tries the marathon has put in training over months, and it is that exercise and that commitment, physical and mental, that gives meaning to the medal, not just the day’s effort, be it fast or slow. It’s all in conquering the challenge.”

So too is the challenge of achieving great governance.

“From management’s view, any transformational journey takes an investment of time to work,” says Hannon. “We didn’t take the position that the current board is ineffective” and requires “sweeping changes.” Rather, the board development plan called for education to build the competencies of current board members and gradually incorporated new competencies as trustees reached tenure limits and created vacancies.

As Baptist’s board development journey nears its fifth year in 2015, the results are evident in the organization’s strategic performance. With the board’s leadership and support, New England Baptist, says Hannon, has achieved a

strong brand position in the marketplace. It is becoming the market leader in musculoskeletal care, has added outpatient locations and doubled volumes, posted excellent clinical outcomes, and improved both community and philanthropic support. The hospital has reopened service lines it shed a decade ago, including occupational medicine and the spines service. In the highly competitive New England market, it has joined the Beth Israel Deaconess network as a “full partner providing accountable care.”

Going forward, Baptist’s board development won’t require the same intensity of effort; the board has built a self-sustaining governance culture to ensure governance continues to perform well. Each year, the governance committee updates the board development plan for the following year. Earlier this year, the governance committee began compiling a list of potential trustees to fill expected vacancies in 2015 and 2016. A leadership succession planning process is underway to choose a chair-elect and other future board leaders. Each year, the governance committee will develop new goals, consistently nurturing its culture.

“We wanted to make ‘forever-type changes,’” Maloney says. He hands to his successor a board with the capacity to do exactly that.

Barry S. Bader is a governance consultant and the founder of *Great Boards*. This will be his final, regular commentary for the newsletter, which Bader and Associates began in 2001. *Great Boards* continues under the aegis of the American Hospital Association’s Center for Healthcare Governance.

Editor’s Note: The AHA and the Center would like to thank Barry Bader for the wealth of information and resources he provided through the Great Boards newsletter and Web site at no cost to health care board members and leaders. Governance of our nation’s hospitals is better because he turned a vision of more informed and educated boards into action.