



Trustee Services

Board, management have key—but separate—roles in strategic planning

Most boards and governance experts say boards should be meaningfully involved in shaping and ultimately approving the strategic plan and major decisions—but if they try to *develop* plans, they're bordering on management. The tricky part is distinguishing meaningful involvement from development.

Idette Elizondo, a member of the University of Maryland Medical System's corporate planning staff, has developed a model to illustrate what trustees and executives do at key stages.

The model below begins with the board's approving the mission, vision and strategic goals. Typically, hospitals and health systems have three- to five-

year strategic plans that are updated annually. As management executes the plan, the board reviews results at meetings and discusses external threats and opportunities.

Strategy development and execution are ongoing management responsibilities, but the board provides advice and perspective, enriching strategy with stakeholders' views and experiences from other industries.

Research shows boards that devote time to specific strategic issues are more effective than those that are not involved in those activities, notes Elizondo. Boards add value when they use meetings and retreats to learn, ask

probing questions and take a long-term view. Strategy work is arguably the second most important responsibility of corporate boards, right after CEO selection. The move by healthcare boards toward engaging in such activities, she says, is "definitely evolving."

Elizondo advocates involvement in a hospital's strategy planning process by the entire board, not just a committee. The board, she says, should get involved early in the process, help to refine the plan and evaluate how the system is carrying it out. Boards having difficulty defining their role may want to develop a policy delineating their role in the strategic planning process.

A Proposed Model: The Board's Role in Strategy

Source: Idette Elizondo
Univ. of Maryland Medical System

