

Trustee Insights

BOARD MEETINGS



Making Executive Sessions Work

A four-part executive session meeting model can lead to effective governance

BY JAMIE ORLIKOFF

A strong and strategic partnership between the CEO and the board is a key to effective leadership for sustainable organizational success. Much has been written about the value of regular executive sessions during board meetings as a best governance practice to help build and maintain this partnership. Data from the three most recent AHA National Health Care Governance Survey Reports in

2014, 2018 and 2022 show a growing trend in the use of an executive session at every board meeting. In 2022, 66% of respondents reported routinely including an executive session in the agenda of every board meeting, up from 52% in 2018 and 41% in 2011.

While necessary, simply having an executive session at every board meeting in and of itself is insufficient to build an effective Board-CEO relationship, or to exercise effective governance. To do that, there must be an intentional model for these executive sessions that addresses their structure and defines their purpose. One such model involves a board consciously

structuring its meetings into four distinct components: a general session followed by a three-part Executive Session. This model and its components, along with the purposes for each meeting component are described below.

General Session. The first part of the board meeting is the traditional open session, where all board members, all invited guests and all executives and staff who usually attend board meetings are present. Here the minutes of the previous meeting and the consent agenda are approved, routine informational reports are made, staff and some committee reports are presented, and general discussions are held. Purposes of this component of the board meeting include giving C-Suite and other staff “face time” with the board, both for their professional development and to allow the board to assess the relative strengths and weaknesses of the executive team; allowing invited guests to have access to the board; level-setting information sharing between the board, executive and clinical leadership; and to tee up the following components of the board meeting.

The second part of the meeting is **Executive Session I**, where all staff and non-board members leave the boardroom and only the board and the CEO remain. It is this part of the board meeting where the most time is spent. Here the board and the CEO can have honest and open discussions, where all board members

can participate and issues can be explored and understood more fully. Further, without the presence of staff in the room board members are free to ask questions which are not fully formed, are provocative, or which they may think “stupid” and might be unwilling to ask in the general session. Here, the CEO can share honest and confidential information and perspectives with the board, including assessments of the members of the C-Suite. The board members can also ask pointed questions of the CEO without concern that these could be misinterpreted as lack of confidence in the CEO by other C-Suite members or invited guests. The board and the CEO can share uncertainty regarding the health care environment, strategy and other issues, which is a key component of an honest and productive partnership.

The third part of the board meeting is **Executive Session II** where the CEO and possibly all non-independent board members — especially if they are physicians employed by the system — leave the room. Here the independent board members meet to process any issues or raise concerns from the earlier portions of the meeting. Additionally, the board can discuss any issues or concerns with the performance of the CEO, as well as any governance related issues such as concerns with the behavior or performance of the board chair, individual trustees, board committees or their chairs.

The Executive Session II allows the board to routinely police itself and to identify problems in governance, or issues between the CEO and the board, or concerns about

CEO or organizational performance in the early stages when they can be most effectively addressed. Both Executive Sessions I and II also allow the board members to share uncertainty, to express the understandable fears and concerns they have in this challenging health care environment, and, in doing so, to become and remain a cohesive leadership team.

It is critical that Executive Session II, where the board meets without the CEO present, has explicit parameters or rules for what can and cannot be discussed. Typically, the discussion is limited to three or four specific areas: CEO performance assessment and airing of any concerns regarding the CEO; governance issues such as board member or board committee performance or feedback; concerns about the earlier portions of the meeting that board members were not comfortable sharing with the CEO present until these were validated — or refuted — by the other board members; and concerns about organizational performance.

At the conclusion of this session, the board then discusses and determines what specific messages it will provide to the CEO. Here any individual concerns of board members about the CEO are expressed, discussed and either embraced by the majority of the board or are identified as being individual issues and not reflective of the perspective of the board as a whole. This is absolutely key to the success of the executive session and to building a productive board-CEO partnership; the board speaks to the CEO with one voice — think “we, NOT me.” The

messages provided to the CEO will be from her boss, which is the full board, not from any individual members or minority groups of the board. This then sets the stage for the final portion of the board meeting.

Executive Session Part III. After Executive Session II, the board invites the CEO back into the boardroom and gives the CEO a report of the outcomes from the Executive Session II. This feedback is often given by the board chair, but other board members are encouraged to participate as well. This way, the whole board can hear and modify and refine the feedback given to the CEO by the board chair (“that’s not quite what we said,” or “there was also another point”). The feedback is fresh and immediate, and by using the “we” pronoun it clearly communicates to the CEO that the feedback is coming from the board as a whole. This reinforces that the full board is the boss of the CEO, and emphatically sends the important message that the board actively works to preclude any individual board member or factions with strong, but minority viewpoints from attempting to direct, influence or hinder the CEO. Further, this approach prevents the chair from putting their own inappropriate “spin” onto any message to the CEO or miscommunicating the board’s message. In addition to miscommunication or “spin,” the risk of having only the board chair communicate privately to the CEO the outcomes of the discussion at Executive Session II in a follow-up meeting is that it can send the message, intentional or not, that the board chair is the boss of the CEO, not the board.

If there were no concerns or issues about CEO performance in Executive Session II, the board relays that to the CEO and communicates a stay the course or “you are doing great,” or “what do you need from the board” message in Executive Session III. If there were concerns or questions about the CEO or organizational performance, or with items or reports from the previous portions of the meeting, the board communicates that to the CEO. The CEO then can ask clarifying questions and respond to the concerns expressed by the board. Further, the CEO can also express any concerns or issues she has with the board during this portion of the meeting. The overall discussion during Executive Session III is

another key component of building and maintaining a strong partnership between the board and the CEO. While it may be a challenging or awkward discussion to have initially, the more often this crucial conversation is practiced the more routine and easier it will become. It enables issues or tensions to be identified and discussed in early stages, when they are less likely to be confrontational and more likely to result in mid-course adjustments and prevent more significant problems down the line.

By using the specific four-part model along with a clear definition of the purpose and function of each meeting component, the board aligns the meeting structures with the distinct functions performed by

the board at its meetings. Explicit clarity of purpose for each meeting component is crucial to the success of the model to create and sustain a strong strategic partnership between the board and the CEO.

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