



## Creating High-Performing Boards

*Assessments and other tools key to success.*

Is your board performing at or close to its peak level of potential? Does your board have directors with essential capabilities and skills required to take the organization to a higher level of performance? Do you have a talent improvement plan? Are there ways to help your board members individually and collectively increase the value and effectiveness of their time and effort invested in governance?

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Some organizations struggle with answering these questions and ensuring their board members provide optimal high-value service without burning out. Often, board members describe their service as exhausting, draining and demanding, rather than exhilarating, energizing and satisfying. However, when given insightful feedback, better tools and relevant education

and instruction about serving with greater impact, most boards are willing to fine-tune their contributions to good governance.

### **Achieving High-Value Governance Service**

Here are three ways highly effective boards and their CEOs can ensure that time and energy invested by board members will yield high-value governance results and satisfaction for service provided.

**Individual board member peer assessments.** Conducting regular reviews of overall board performance is common for most hospitals and health systems (see more on this topic in the following section about board performance self-assessment surveys); however, the process of assessing individual board member performance is not as widely practiced. Some boards may be reluctant to engage in a perceived uncomfortable peer-assessment process, but not using this vital development tool could be a significant missed opportunity for improving performance on several governance levels. The individual peer assessment provides feedback regarding each director's potential to raise his or her personal contribution to a higher level. The results

also can help predict if individuals are capable of growing into future leadership roles and adapting to evolving board skills. Finally, conducting individual assessments allows the board to use performance requirements for board member and officer reappointment.

Andrew Whittingham, board chair of the Western Connecticut Health Network, Danbury, Conn., and John M. Murphy, MD, president and CEO, and an ACHE Member, recently commissioned an individual peer assessment of their health system's 13 directors. WCHN is a growing system currently assessing affiliation and growth options that will expand the organization's geographic footprint, diversify its capabilities and grow revenues to nearly \$3 billion. The board's governance committee initiated the peer assessment to help all board members become more aware of their current and potential value and to recommend specific ways for each person to contribute more effectively in a dynamic, evolving governance process.

WCHN customized its assessment tool and identified four categories of performance to assess. Each board member provided specific

confidential feedback in these categories on the other 12 directors, as well as an assessment of their own performance. Feedback was specific, forthright and constructive overall.

After reviewing the results, Whittingham observed: “The peer assessment survey experience surprised me. The value of the process was greater than I expected; it was far better than I had hoped.” Speaking of the personal feedback his peers gave him on his own performance, he noted: “The feedback I received was insightful and helped

me see areas I need to improve upon that I wasn’t fully aware of.” He added: “I agree with about 95 percent of the feedback. And I’m trying to be open-minded about the other 5 percent!”

The feedback WCHN generated also will help the current board adjust from a sometimes “representative” mindset to a more “systemness” perspective as the board adds members from new partners that may include a health plan, large medical groups and specialty providers.

**Board performance self-assessment surveys.** Most boards have adopted a best practice of conducting regular full-board performance assessments using standardized tools. Evaluating the full board annually or every other year to monitor trends and performance improvement over time is a preferred best practice. Consistent surveys provide valuable feedback that should be incorporated into an annual board improvement plan. The plan should identify actions to streamline the governance structure and processes, guide education and training efforts,

## Board Effectiveness Assessment Framework

Assessment Category	Best Practice Activities to Benchmark
Board Structure	<ul style="list-style-type: none"> <li>• Does the structure facilitate effective governance?</li> <li>• Bylaws and policies review</li> <li>• Board member capability matrix (current status; projected future needs)</li> <li>• Board size, composition</li> <li>• Board meeting frequency, duration, format and agenda structure</li> <li>• Board and committee efficiency</li> <li>• Clarity of governance versus management roles and responsibilities</li> <li>• Defined board member roles, including committee functions</li> <li>• “Systemness” index</li> </ul>
Education and Development	<ul style="list-style-type: none"> <li>• Board education plan (conferences, associations, in-house)</li> <li>• Annual board retreats</li> <li>• Educational materials in the board packet</li> <li>• Leadership and governance succession plan</li> <li>• Onboarding and ongoing mentoring process</li> <li>• Portal access</li> </ul>
Evaluation and Performance	<ul style="list-style-type: none"> <li>• Attracting the “best and brightest”</li> <li>• Diversity</li> <li>• Candidate selection and reappointment criteria; nominating and recruitment process; succession planning; committee service</li> </ul>
Processes and Culture	<ul style="list-style-type: none"> <li>• Board and committee work driven by mission, vision and the strategic plan</li> <li>• Effective and timely decision making</li> <li>• Attendance policies; trust; robust discussions</li> <li>• Confidentiality, conflicts of interest</li> <li>• Willingness to challenge status quo</li> </ul>

and improve board effectiveness and decision making.

The key to maximizing the assessment process and results is in how data from the survey is used. The output should be incorporated into the onboarding process for new board members and guide the education agenda for the year and at each board meeting. The information can help determine who should receive additional training and mentoring, and who should attend governance conferences and association meetings.

***Comprehensive board process and structure assessment.*** A comprehensive assessment of the board's

structure, processes, policies and practices relative to governance effectiveness should be conducted periodically (The Governance Institute recommends doing so at three-year intervals). This assessment should use best practices to benchmark performance in four essential areas: board structure, education and development, evaluation and performance, and processes and culture (see sidebar on Page 69).

The assessment process should include interviews with board members and senior leadership to solicit input regarding the board's effectiveness in these four specific areas. The process should include a review of the organization's

bylaws, selected minutes from board and committee meetings and a review of all committees to determine the benefit of each, which could include sunseting committees that are not essential. (The author recently conducted a comprehensive assessment for a health system where several board members described their board service as "exhausting." This organization had 10 board committees, and after review, eliminated two of them because their benefit had diminished over time.)

**Board Improvement and Talent Transformation: Joint Responsibility**  
Each of the three activities described above provide various types of

specific feedback to guide performance improvement and transformation activities for the board. Deciding when and how to employ each of these tools is the responsibility of the board chair. Working with appropriate committees (e.g., governance, leadership), the board chair should delegate execution of these activities to the CEO. Ideally, the board chair and CEO work together in their respective roles in planning and executing the assessments. It is through this process that they can identify gaps in performance, skills, talent, capabilities and other areas where education and training may be needed. The two leaders working cooperatively are in a better position to coordinate effective follow-up activities and monitor improvements, pinpoint areas of essential strengths and competencies and reinforce them.

Regularly assessing board members individually and collectively can keep the governance process current and effective, and it can serve as a mechanism to benchmark against industry and peer best practices. Feedback is fundamental to maintaining equilibrium and clarity of governance and management roles and responsibilities, and is the currency that sustains performance improvement in governance effectiveness.

Dynamic, resilient and strong governing boards will be essential for hospitals and health systems to survive and thrive in the ever-changing healthcare environment. Boards and their members who seek and embrace timely and relevant feedback relative to best practices will be

in a better position to achieve governance excellence, streamline processes and leverage the individual and collective talents and capabilities of board members to achieve greater results than would be otherwise possible. ▲



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