

Guiding for the Future: The Board's Role in Strategic Planning Amid Change

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Learning Objectives:

- Identify the key responsibilities of board members in the strategic planning process within aging services organizations
- Understand the external forces reshaping the sector and how boards can help organizations respond
- Learn strategies to foster strong board-executive collaboration that drives mission-aligned innovation and long-term success



John Capasso, Senior Vice President, Senior Care at HDG



As HDG's Senior Vice President, Senior Care, Mr. Capasso provides consulting services to hospital and health systems, senior living, and religious clients in the areas of operational and financial performance, strategic planning, leadership effectiveness, new product development, and acute and post-acute care integration. His areas of expertise include leadership and strategic planning; mergers, acquisitions, and turnarounds; and board development and engagement.



The Work of a Board

“A Trustee has the responsibility to guard the assets of others with a higher degree of care than he does his own.”

—John Ashcroft, Attorney General, George W. Bush Administration



Fundamental Legal Duties of Each Member



- **Duty of Care**
 - Board members have the legal responsibility to actively make decisions on behalf of the care community and to exercise their best judgment while doing so
- **Duty of Loyalty**
 - Board members must put the care community interests before personal and professional interests when acting on behalf of the care community in a decision-making capacity; the care community's needs come first
- **Duty of Obedience**
 - Board members bear the legal responsibility of ensuring that the care community complies with the applicable federal, state, and local laws and adheres to its mission





The Key Goals of the Board

To develop the care community's strategic plan

To monitor care community's performance and hold management accountable

To select, support, evaluate, and replace president when necessary

To protect and oversee the use of the care community's resources

To represent and advocate for the care community in the local community



The Board's Strategic Planning Responsibilities



- In collaboration with the president and management team, participate in the ongoing development of the strategic plan
- The board chair has a significant role facilitating the process
- Bring extensive experience, broad intelligence, and seasoned judgement to strategic planning
- Use their area of expertise to lead generative discussion at committee and board meetings
- Hold CEO and management team accountable for execution of the strategic plan



Board Members Should Think Strategically by Asking Basic Questions



- What business(es) are we in?
- What do our clients/customers want?
- What are our core competencies?
- What are our comparative advantage(s)?
- Who are our competitors?

Board members should ask: “What Could Be?”

Management is more likely to be comfortable with “What Is.”



The Strategic Work of Management



Management's Responsibilities

Acting as the authorized representatives of the board of directors

Leading and directing the overall operation of the care community

Maintaining and cultivating a positive relationship with residents

Preparing care community's annual operating budget; managing programs and strategies to ensure budgets are achieved

Leading quality assurance processes

Acting as the authorized representatives of the board of directors



Management's Strategic Responsibilities



Actively participating in local community activities and being recognized as a community leaders

Vigilant in researching and educating the board about local and broader industry trends

Regularly share critical data and information with the board

Review status of strategic planning goals at every board meeting



Well Functioning Governance and Management in Strategic Planning



- Share commitment to the organization's vision and mission
- Board education is an agenda item at each board meeting
- Align on short- and long-term goals
- Focus on the well-being of those served
- Ongoing development of strategy and evergreen the process
- Open and honest communication
- Clarity on board responsibilities and management accountabilities
- Respectful of others' opinions



Pitfalls to Avoid in Strategic Planning



- Plans can develop without mention of infrastructure needed for new products or services
- Organizations can reposition on the outside without repositioning internally (e.g., types of services delivered)
- Most planning does not begin with BHAGs (Big Hairy Audacious Goals)
- Strategic plans can result in only incremental change
- Strategic plans can be presented to the board without the board's engagement in development
- Plans that extend too far into the future (e.g., 5 years)





Top Trends Impacting Senior Living



Top Trends Impacting Senior Services



- 75+ population will increase by 22% from 2025 to 2030; 18–64 workforce population will grow 0.3%
- Current legislation will reduce Medicaid funding by \$911 billion over 10 years
- Continued growth of Home- and Community-Based Services
- Continued growth of Special Needs Plans (e.g., D-SNPs, C-SNPs, and Managed Long-Term Services and Supports)
- Growth and impact of artificial intelligence (AI)
- Recovery in the capital markets provides greater M&A activity, as well as growth of new properties to accommodate the boomers
- Ongoing emergence of for-profit competitors



Ideal Strategic Planning Process



Select the Best Board Members for Service on the Strategic Planning Committee



Active in events outside of board meetings

Provide insight and guidance to leadership

Available for and interested in having discussions with executives about the care community

Stay current on industry trends and pressures

Open-minded to growth and change

Invested in not only the success of the organization, but its leaders

Engage in thoughtful and engaging dialogue, even if not in agreement



Creating the Strategic Planning Committee



- Committee chair should be thoughtfully selected
- Should be a standing committee
- Board members should bring unique perspectives and talents to the table
- Ensure members understand their role
- Committee can influence and gain backing of the broader board for strategic planning



Creating the Strategic Planning Committee *(continued)*



- Create a portal for members to stay apprised of information/data gathered by management
- Consider ad hoc committees on community image, staff development, technology, and marketing and sales organized around strategic priorities, not administrative operations
 - Ad hoc committees can further inform the Strategic Planning Committee and process





Strategic Planning Process

- Management and Strategic Planning Committee meet regularly (monthly, bi-monthly, etc.) to review information and begin structuring/refreshing the strategic plan
- SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis is developed and refreshed annually
- SWOT analysis should include an assessment of market supply and demand for current and future services



Strategic Planning Process *(continued)*



- Consider using consultants to lead strategic planning so the chair and CEO are participants in the process, rather than leaders of the process
- Document meeting minutes, including decisions made; regularly share with the board
- Committee updates the board during the strategic planning agenda item at every meeting





Helpful Tips

- Management should be transparent about the biggest challenges the organization faces
- Strategic planning meetings should be an environment that fosters open discussion
- The status quo should be challenged, and respectful disagreement should be encouraged
- “This is about the community’s mission and vision, it’s not about individuals, so no one is allowed to get personal, and no one is allowed to take things personally”
- Focus on strategic decisions rather than operational details



Successful Strategic Planning Outcome



- The strategic plan and annual updates are recommended by the committee and approved by the board
- Strategic plan is converted to the operating plan with KPIs that are updated and shared with the board at every meeting
- A manager is assigned to each strategic initiative and each KPI
- Limit the number of strategies to in consideration of management capacity
- Consistently face current realities



Successful Strategic Planning Outcome *(continued)*



- Consider discontinuing certain strategies if the environment changes or execution is not successful based on established KPIs and timelines
- The care community continues to serve older adults with high quality services and continues to be financially sustainable



Discussion and Q&A





Discussion Topic #1

How have you used your board for strategic planning?





Discussion Topic #2

What are your board/management guidelines for strategic planning?





Discussion Topic #3

Share an example of a strategic initiative that would not have been possible without board/management collaboration





Thank you!

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Sources

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