

ABOVE BOARD



GOVERNANCE

What Trustees Want

By David J. Baltzer

What do you, as a trustee, want? During its 2003 retreat, the 12-member board of Rehoboth McKinley Christian Health Care Services (RMCHCS), Gallup, N.M., was asked that exact question, using a modified Delphi process.

Following this retreat, 47 trustees at the 8th Annual Western Regional Trustee Symposium (WRTS) participated in five focus groups to respond to the same question last June. Their responses were reported to all WRTS attendees with an invitation to continue the discussion.

In the RMCHCS and WRTS focus groups, decision-making support was ranked as trustees' greatest need, reflecting the importance that trustees place on their governance responsibilities. Other top concerns included: community health, good physician relations, a successful CEO, improving board performance, conducting effective meetings and personal goals.

Decision-making Support

Trustees want to make good decisions, and they want the knowledge base necessary to do so. The nature of governance demands an understanding of health care trends that allows decisions to be made in the context of state and national activity. Although trustees want and need a thorough orientation to their role, as well as to the organization and health care delivery issues, they know that learning is ongoing. Survey participants stated that they wanted more education on the changing health care industry, finance, and hospital departmental functions and services.

Every board meeting offers opportunities for learning. In addition, regional education programs such as the annual WRTS offers exposure to expert national speakers on health care governance, as well as the opportunity to network informally with many trustees from other organizations.

Relative to decision-making support, survey participants also said that:

- Boards should be able to apply national standards, theories and processes to their local situation. Trustees believe that each organization's uniqueness is balanced by universal standards of care and benchmarking that force comparisons with industry guidelines. Such comparisons offer a basis for determining organizational effectiveness. Trustees were particularly interested in national financial and quality dashboard indicators, seeking detailed information at the committee level, but preferring summarized findings for full-board presentations. Focus group members said this information would be useful in helping their organizations to improve financial performance and quality, to raise their standards, to show progress, and to effectively represent the organization to the community.

- Trustees want to make decisions in a structured context. Lay board members walk into a board room with very different perspectives than their CEO. It is the CEO's responsibility to create a framework that outlines the historical and political issues affecting a decision as they relate to the organization's mission, values and strategic plan. It also helps the board to have strong adminis-

trative recommendations based on a clear rationale. The right level of detail should be balanced with the "big picture," and provided with an adequate amount of time for trustees to understand the issues before they need to make a decision. Trustees stated clearly that they don't want surprises.

- Boards want the autonomy to carry out their responsibilities; they do not want to feel that they are merely "rubber-stamping" decisions for issues that come to the table.

- Trustees want all board members to participate in discussions and the decision-making process.

Community Health

Every trustee who participated in the retreat and subsequent focus groups wanted to improve community health. Trustees are, by definition, community leaders who choose to invest their time in shaping health care delivery, and they reflect community values when making policy-level decisions for their health care organizations. Their organizations are a vehicle to improve the lives of their family, friends and neighbors. Measurable indicators of community health show how well they have achieved this goal.

In addition, trustees want:

- To understand and promote their organization's mission, vision and values. Because the organization's purpose and core values serve as a basis for decision-making, these should be reviewed during the strategic planning process.

- To develop the skills necessary to conduct two-way communication between their organizations and their communities. This is important in order to promote the organization's quality of care to those who currently use a competing hospital, as well as to help facilitate resolution of community members' potential problems with the organization

itself. In addition, trustees want to receive all relevant patient satisfaction information regarding their facility's care delivery.

- To boost staff morale. Trustees know that financial compensation and benefits are important to staff, but intangible rewards and a positive hospital culture are also necessary to improve workforce retention.

- To reflect the community's diversity through the board's composition, as well as through offering culturally sensitive alternative therapies.

- To work with community groups to explain how the health care organization acts as a positive socioeconomic force in the community.

- To help mediate jealousies between institutions in the community. This activity would be coordinated with the CEO in situations when it is felt that lay board members would be able to help communicate broad community needs.

Physician Relations

Trustees understand physicians' vital role as the primary source of patient admissions, as chief drivers of quality patient outcomes and as the key to the hospital's financial viability. But ongoing economic challenges often lead to conflict between physicians and hospitals. Trustees want to foster collaboration and cooperation between all members of the clinical team and the administration. In addition:

- Trustees want physician leaders on the board to provide the medical staff perspective, as well as to reflect the needs of the larger community.

- Trustees want more contact with the medical staff. Trustees indicated that, as lay community health care leaders, they are in a unique position to foster positive relationships between staff physicians and hospital executives.

- Trustees appreciate those physicians who are motivated primarily by a desire to help people.

- Focus group participants were universally concerned about niche hospitals. In many cases, niche providers were perceived to fragment services in the community and to harm the hospital's financial viability. (See "Addressing the Niche Provider Rift," in the January issue.)

A Successful CEO

The CEO is the board's agent, achieving the organization's mission and vision. Because the health care industry is extremely dynamic and precarious, trustees want and need to have confidence in their CEO's leadership abilities. To achieve this, trustees seek the following traits and processes:

- The CEO should have the values, knowledge, skills and temperament to lead the organization. The CEO must be honest and demonstrate the highest ethical behavior.

- Boards want an evaluation that gives the CEO performance feedback.

- Trustees want external validation of executive compensation so that they can describe the rationale for the hospital

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executive's pay with objective data when health care industry standards outpace community standards for other jobs. (*Trustee* magazine is a source of annual compensation information.)

Board Performance

Communication is the key to effective board performance. Focus group participants offered many comments that might broadly be classified under this heading:

- Trustees view the board as a discrete entity that has its own goals and measures of effectiveness. Trustees want to be part of a "winning team," comprising all parts of the organization and the board.

- Trustees want to be part of a strong board composed of individuals who can contribute in different ways. While desiring good relationships with each other,

trustees want the board to function as a governance entity, not a social club.

- Trustees want to be a conduit between the hospital and the community—to represent the community's values to the hospital and the hospital's values and accomplishments to the community. Trustees need to have clear expectations from local elected officials. This especially applies to hospitals owned by local government and some that are owned or managed by national chains. Trustees function more effectively when they understand their appropriate level of authority, role and duties.

- Trustees want to have effective communication with staff at all levels of the organization—specifically, the board chair, the CEO, physicians and nurses. One of the most difficult challenges for trustees is to deal with information received from hospital staff in a variety of settings outside the boardroom. Trustees may have relatives or friends with whom they interact in clinical situations at the hospital or in social situations outside the hospital. Experience and training help trustees channel comments and questions from these people to the appropriate hospital sources.

- Trustees acknowledge the importance of good board chair skills to help focus the group and guide it in a positive direction.

- Trustees want solid administrative support for board functions. In addition to the CEO, other members of the executive team should be available during board meetings and as necessary to provide technical information. The CEO's executive secretary has an important role in supporting trustees through many formal and informal communications. In larger facilities, a dedicated full-time person or group may be needed to facilitate board communications.

Effective Meetings

Board meetings are the forum in which successful governance takes place. A well-conducted meeting enthralls participants, and a poorly conducted meeting can quickly demoralize the group. Trustees want to have interesting meetings that reflect the importance of their governance role. They also seek the fol-

ABOVE BOARD

lowing qualities of good meetings:

- Finding the appropriate amount of time to be spent. Trustees recognize that free discussion leads to longer meetings. Adherence to an agenda must be balanced with trustees' need to express their views. A board self-evaluation might include an analysis of meeting duration, vis a vis respect for individual expression.

- Trustees want their colleagues to be prepared and on time for meetings.

- Trustees want more encouragement to ask questions from their board chair and CEO.

- Trustees want board meetings to be more focused on the strategic plan than on monthly operations reports.

Personal Goals

Every trustee has personal goals in mind when he or she accepts a position on the board, but there are also altruistic motives that provide their own reward for many

trustees. Trustees generally receive satisfaction from volunteering in a service industry such as health care, and most want to make a positive difference in people's lives. In return however, trustees seek the following values in exchange for their donated expertise:

- Trustees want the CEO and members of the senior management team to listen to and respect them. Trustees have much to offer by virtue of their outside perspective. Executive staff should appreciate the questions and opinions of trustees as representatives of the community's best interests.

- Trustees want protection from legal problems associated with their board tenure. They want to know that there is a comprehensive directors' and officers' liability insurance policy in effect.

- Some trustees want community recognition for serving on the board.

- Trustees want to enjoy their board

activities. Since the responsibilities of serving on a health care organization board generally override a desire to "have fun," however, focus groups expressed their personal satisfaction more in terms of a desire to be able to "celebrate corporate successes."

In lieu of extrasensory perception, the old technique of asking and listening still works in revealing what trustees want. It is important for administrators to find ways to continue the dialogue, as expectations are likely to be very different, even in five years, from what they are today. On an ongoing basis, CEOs should be asking their boards what they want and need to govern effectively and with satisfaction. **T**

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PROGRAMS AND RESOURCES

PROGRAMS

Leadership Conferences for Trustees, Physicians and Executives

Sponsored by The Governance Institute, San Diego

March 21-24

Scottsdale, Ariz.

For more information, go online to www.governanceinstitute.com.

Practical Governance 2004: Co-opetition—The New Governance Challenge

Sponsored by The Chairman's Society, Atlanta

May 7-8

The Broadmoor

Colorado Springs, Colo.

For more information, visit www.chairmansociety.org.

RESOURCES

- *Governance, Quality and*

Safety: The Impact of the Joint Commission on Accreditation on Health Care Delivery, a video produced by Joint Commission Resources (JCR) outlines how JCAHO helps hospitals reduce risk and develop processes that will maximize patient safety and improve organizational performance. In addition to providing background on JCAHO board standards, the video identifies other JCAHO initiatives designed to reduce risk, including the National Patient Safety Goals and Sentinel Event Alerts. Through interviews, narration and a viewer's guide, the program highlights actions trustees can take to improve patient safety within their organizations.

The video (order code

V02/03AAH) is available for \$275. To order, call JCR Customer Service tollfree at (877) 223-6866 or go online to www.jcrinc.com

- *The Governance Factor: 33 Keys to Success in Healthcare*, by Errol L. Biggs, Ph.D., addresses 33 questions trustees may have about board structure and function, quality oversight, physician board members, community relations, the CEO-board relationship, and fiscal responsibility and accountability. The book

also includes many sample documents, including a model CEO contract, trustee annual performance appraisals, a board job description, and a conflict-of-interest policy.

To order a copy of the 210-page book (order code no. 2001; \$63 plus shipping), published by the American College of Healthcare Executives/Health Administration Press, call the press's order fulfillment center at (301) 362-6905. **T**

TO LIST YOUR PROGRAM

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