

re-imagine how it can creatively operate in ways that are mission-relevant.

Great mission and vision statements also empower meaningful work. Consider the mission and vision statements of Beacon Health System within the context of health systems taking a stronger leadership role in assessing and improving overall community health (see *Learnings on Governance from Partnerships that Improve Community Health: Blue Ribbon Panel Report and Community Partnership Profiles*).

Beacon Health System is a community-owned, not-for-profit system based in South Bend, Ind. Its mission is “to enhance the physical, mental and emotional well-being of the communities we serve.” The health system’s vision is “to achieve:

- *Innovative health care and well-being services of the highest quality at the greatest value*
- *Easy access and convenience*
- *Outstanding patient experiences*
- *Ongoing education involving physicians, patients and the community.”*

Beacon Health System’s community health program focuses on engaging community groups to develop ideas and

strategies to bridge the traditional “sick care” model of service delivery with innovative interventions and outreach to move to a “health and well-being” model of care (see mission and vision statements above).

The system tithes 10 percent of its previous year’s excess operating revenue to be invested as “seed money” in community health initiatives. Initiatives must a) evidence organizational alignment with the health system’s mission, vision and values; b) address one of the health priorities identified in the community health needs assessment; and c) align with Beacon Health System’s intent statement focusing on The Triple Aim: 1) improving the patient experience of care; 2) improving the overall health of the population; and 3) reducing costs.

Mission and vision statements, like those of Beacon Health System, that are broad in scope, state an organizational purpose relevant to community needs and provide sufficient direction to guide specific organizational work are powerful indeed.

#### Partners in Mission

Boards are addressing the mission question through more progressive relationships with their CEOs. In doing so, they

encourage CEOs to advance the hospital or health system’s work within the mission context, and to cascade mission-focused ideas organization-wide.

The model shown in Figure 1 is intended to make health care boards more aware of how they and their organizations interact with their CEOs and to think deliberately about how they spend their time as a board and, especially, with the CEO.

Board conversations, not functions, are changing as health care organizations transform their work to adapt to the forces of change (see sidebar on page 3). A well-crafted, relevant mission statement should be the touchstone that guides discussion among the board and leadership to ensure the organization meaningfully advances its core purpose and priorities in today’s environment.

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## Governance Staffing: How Much Do We Need?

by Luanne R. Stout

*“Too many companies believe people are interchangeable. Truly gifted people never are. They have unique talents. Such people cannot be forced into roles they are not suited for, nor should they be. Effective leaders allow great people to do the work they were born to do.”*

— **Warren G. Bennis, *Organizing Genius: The Secrets of Creative Collaboration***

In most professions, there are clear and relatively consistent pathways along one’s career continuum, as well as clearly defined experiential and educational requirements. Not so with health care governance staffing, which ranges

from board support provided by a CEO’s assistant all the way to a comprehensive governance support staff led by a senior vice president/chief governance officer. One possible reason for this variability is that no recognized degree program or training for governance support exists. Another factor is that health care CEOs may consider themselves to be governance experts and, therefore, are likely to place less value on training and experience for their governance staff.

Unlike other corporate functional areas, which are similarly structured in organizations around the country, there is very little consistency in approach to both establishing a governance program

(or not) and staffing to support it. Work involved in governance support ranges from an assistant who types an agenda and orders lunch for the board meeting to a highly sophisticated leader who provides multi-year planning for orientation, education, communications, self-assessments, competency-based board selection, succession planning, and standardized processes and procedures. In addition, perhaps because governance is not a full-time occupation for many individual(s) responsible for supporting boards, it is not unusual to find a host of other duties blended into the governance support role (legal functions, compliance, support for the CEO and medical staff, etc.) that dilute focus.

The increasing complexity and scope of today's health care systems, that now embrace population health, accountable care organizations (ACOs), consumerism, bundled care and more, are also driving the need for better board education and coordination. Therefore, it is not surprising that many boards and CEOs are determining whether they need a more formal, deliberate and comprehensive approach to governance management and staffing.

Fifteen years ago, CEOs I talked with were largely skeptical about dedicated governance staffing. They believed their organizations possessed the governance expertise they needed, that expanding governance support would be too expensive, and that the success of such a program would depend on having an experienced program leader who would be difficult to find. Five years later, I began receiving calls from CEOs and newly appointed and inexperienced governance staffers seeking

advice on how to structure and staff governance support. Today, I receive dozens of these calls from around the country asking for advice.

### Why Do Health Care Organizations Need Governance Staffing?

I was contacted recently by the board chair of a large, urban public hospital. The board had hired two different governance consultants, both of whom had produced long reports describing what could be improved, but not much guidance on how to make the needed advances. The chair explained that she was near the end of her term and was anxious to leave her board in better stead before she stepped down. Her next words resonated then and now, "My successor should not have to work as hard as I have. Is there any way you could help us?"

This illustrates a growing trend of boards themselves seeking something more, which has led to another growing trend: governance staff being hired by and reporting directly to the board. While this approach can be challenging, the frustration and desperation behind it is understandable. Why are boards frustrated? For many organizations, governance planning and education consists of board members attending an annual retreat and a conference, with governance support handled entirely by people who have full-time jobs doing other things.



Contrast this approach with other functional areas in health care organizations. Would you ask the chief financial officer to develop a strategic plan in his spare time? Would you ask the chief operating officer to develop and manage a corporate compliance program in her spare time? No? So why is it that you would ask anyone to manage governance – the heart of decision-making for any organization – as a part-time activity?

As with anything important and worth doing, governance management deserves leadership and support from one or more people who devote their attention, education, growth, development and imagination to it full-time. The value of dedicated governance leadership holds true for all types of health care organizations: rural stand-alone hospitals; urban public hospitals; large,

multi-business unit health systems and for any organization that has one or more boards.

### What Do the Best Governance Leaders Do?

The roles of full-time governance leaders should be focused on the fundamental components of a governance program that systematically provides for the needs, education, processes, development, growth and advancement of all boards at all levels of the organization. These components include:

- **Orientation.**

Every new board member deserves a customized, organizationally specific and strategically focused orientation. At a minimum, this should include a well-written manual that does not exceed 50 pages. A properly designed and executed orientation readies a director for Day 1 and significantly reduces the average three-year window for active par-

ticipation by new directors. Ideally, an orientation is followed by a structured, months-long process that covers the health care environment, the hospital or system and governance essentials and may include one-on-one meetings with the board chair and hospital executives, mentoring with an experienced trustee, and shadowing of clinicians.

- **Ongoing education plan.** To provide true value, board education cannot be periodic or infrequent. While attending educational conferences on an annual basis, such as those offered by the American Hospital Association's Center for Healthcare Governance, can be quite beneficial to a board, ongoing education in a systematic and well-planned manner is crucial to effective board

decision making. Education should be customized to advance the organization's strategies and utilize multiple modalities to reach all generations and personality types. These can include board portals, newsletters, board meeting discussion topics, and articles and/or trustee-focused journals such as *Trustee* magazine and the *Great Boards* quarterly online newsletter available at [www.greatboards.org](http://www.greatboards.org).

- **Defined roles, responsibilities, expectations.** A board job description is critical to effective board function. Directors should have clarity about key board roles and responsibilities, as well as expectations of individual board members. While a number of excellent models are available, a model can only provide a generic guide and should be adapted based on sound governance principles tailored and customized to the individual board, organization and culture.
- **Clarity of comparative board/management authorities.** For an organization that has more than one board or governance level, it is critical that each board have a clear understanding of its roles and responsibilities relative to those of other board(s) and management. This can be accomplished through an authority matrix or grid.
- **Communication plan.** All organizations should have a communications plan for transmitting critical, time-sensitive news, announcements, and leadership messages to their boards quickly and reliably. This includes a formal process for who can send such messages, the level of approvals required, and technology utilized (e.g., blast email).
- **Infrastructure design and support.** Boards function best when they have well-designed, consistent meeting processes, procedures, agendas and reporting standards that continually are improved based on board feedback through discussion and self-assessments.

## Governance Leadership Qualities/Attributes

- **Truly exceptional interpersonal and communication skills.** Must be completely comfortable talking to anybody at any level at any time—board members, senior leaders, staff, external stakeholders and anyone else at any level inside or outside the organization.
- **Strong writing ability.** Must be able to effectively write at a sophisticated level to produce resources such as orientation manuals, governance plans and standards and board communications.
- **Positive, glass half full, optimistic outlook and attitude.** Positivity and optimism are just plain hard to resist. Who doesn't want to be around such a person? And, this outlook is critical to effective planning and development of governance strategy, as well as building the solid relationships that are the backbone of exceptional governance support.
- **Big picture thinker and visionary.** Those who can't see the forest for the trees are unlikely to be effective in governance support roles. The best governance leaders not only fully see the big picture, they often see it before anyone else does and are able to project where governance needs to go next because of it. They are aware of where the organization is now and where it is planning to go, as well as the environmental factors driving the organization in that direction or that may pose barriers along the way.
- **Intelligent, innovative, creative and energetic.** The health care landscape changes constantly. It takes a lot of effort and energy to keep up, much less anticipate where things are going and creatively advance innovative governance plans and processes to stay ahead.
- **Knowledge/understanding of the health care field and how governance fits.** A governance leader reads the same journals and daily advisories as the organization's senior leaders, attends governance conferences to keep abreast of trends, and stays informed.
- **Innate curiosity and eagerness to learn.** There are few road maps or direction signs for governance leaders. The best never stop studying, asking questions, watching and thinking about how to leverage what they learn into what they do.
- **Inspires trust and confidence.** Not only do boards need to trust and be inspired to confide in their governance leaders, CEOs and C-suite teams need to trust that they will represent the organization well, support their work and help keep their boards moving strategically in the right direction. The board chair and CEO must be able to trust the governance leader to act and anticipate needs in a way that is consistent with their own principles and vision, be their eyes and ears, and enhance their relationships with the board.
- **Strong and independently motivated work ethic.** No doubt about it – managing governance is challenging, with lots of deadlines and competing priorities that must be handled without a Sherpa. Hard work and self-motivation guide the way.
- **Bachelor's degree and preferably master's degree in health care administration and/or business.** Any leadership role requires preparation and knowledge provided by advanced education, which also inspires others to have confidence in the governance leader's capabilities. Understanding health care is critical.
- **Board competencies and succession planning.** It is no secret that leading boards select their members and leaders based on competencies and perspectives that are carefully identified and balanced to foster effective governance and provide the foundation for formal board recruitment and succession planning processes.

- **Self-assessments.** Most boards and management teams believe they are doing a great job. Great boards, however, utilize nationally recognized assessment tools that afford benchmark comparisons with other hospital or system boards, along with custom assessments regarding issues important to their own board and organization, to evaluate their performance. These boards also use their assessment results to systematically advance board function and effectiveness, as well as to plan for governance education.

These components of exceptional governance programs never come straight out of a box or toolkit. Although models abound and can be helpful, the best programs are highly customized, organizationally and culturally adapted, and continually advanced through cycles of learning. Governance leaders bring these programs to life, focusing their full attention, talents and energies on them in lock step with their organization's senior leadership. They write, develop and progressively evolve all of the above governance program components and are never, ever, ever finished improving them.

### How Much Governance Staffing Is Appropriate?

One size rarely fits all in clothing or shoes, and the same is true for governance staffing. Several key considerations can provide guidance in determining the right level of governance support. These factors include:

- **Number of boards.** For one or two boards, a governance manager may provide the right level of leadership. However, a large public hospital associated with an academic medical center with only one board may need a Director of Governance due to the level of political sensitivity and number of organizations involved. A mid-size health system with four or five boards also may be well served by a Director of Governance. A large, multi-unit health system with numerous boards likely needs an executive-level chief governance officer.

- **Complexity/scope of organization.** In today's environment, complexity goes beyond number of boards. It is increasingly common for health systems to have hospitals, foundations, physician organizations, insurance products, payment bundles, ACOs, rehabilitation and behavioral health centers and strategic partnerships. Governing boards for these different business units, while functioning under common governance principles, also have unique infrastructure, educational and operational needs. The greater the organization's complexity and scope, the greater the level of experience and ability needed to manage governance effectively.
- **Breadth of functions included in "governance."** If governance operations and planning functions comprise the entire governance support function, then one governance leader with administrative support may be adequate. However, if the scope of responsibilities includes corporate secretary functions (e.g., minutes, board resolutions, maintenance/filing of corporate documents), compliance functions or other related activities, the governance leader will likely require additional support staff, such as minutes-taking specialists.
- **Stage of board maturity and sophistication.** Boards that have been the beneficiaries of a robust governance program will likely continue to push for more and evolving board education and increasingly refined board processes. Likewise, boards that have been exposed to conferences and/or governance trade journals, but have not yet adopted best governance practices, will likely want to implement them. Boards that desire to adopt more sophisticated governance practices may require a level or type of governance support different from what they have typically relied on.
- **Status of organizational health.** Boards of relatively healthy and financially sound organizations often tend to believe their gov-

ernance follows suit. However, boards of organizations that face financial, quality, performance or other challenges may begin to question whether they have sufficient education and preparation to guide their organizations and help leadership improve organizational standing. In this case, more intensive or expert governance support may be required.

Boards looking for advanced governance support often wonder where to find individuals who are up to the task and what qualifications and attributes they should possess. Although the level of leadership and number of individuals needed to support governance may vary depending on the breadth of the organization and governance program, the attributes and qualifications needed are surprisingly consistent, as shown in the box on page 6.

### Conclusion

There is no single prescription or precise formula that can be followed to either establish a best-in-class governance program or staff it appropriately. Each organization must examine how best to design and staff its own program based on the fundamental components that are the hallmark of leading-edge governance, as well as the organization's size, scope and complexity. When it comes to governance leaders, it is less about titles, training and degrees than it is about finding that person who possesses the innovative and special qualities needed to build a sound program, continually advance it, and never stop learning or improving it.

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