

## **An engaged, informed and focused board benefits all types of hospice organizations**

Bill Musick, President – Integriti3D



All hospices would benefit from healthy, engaged and informed governance – a board firing on all cylinders and being, in and of itself, a competitive advantage for the organization that it supports. Too often, though, boards and chief executives settle for something less. Whether it's because it takes too much of the chief executive's energy; or that board members already feel pressured to deal with what they have on their plates; or that feeling of "we tried <you fill in the blank> already"... a workshop, a retreat, an article; or the sense of "let's not fix something that's not broken" or "we've already come a long way," or simply that it's not clear how to get traction. Building a high-performing board takes an intentional, ongoing effort. Continuous improvement isn't something that only applies to clinical and financial operations.

You may have noticed that I'm using the term "governance," and not "boards." Governance occurs at the intersection of the chief executive and the board, especially in those cases where the chief executive may not be a formal member of the board. Good governance is the joint responsibility of both.

Recently, I was discussing Integriti3D's mission of building more healthy, engaged and informed hospice boards, when a colleague asked, "isn't that primarily of interest to non-profit organizations?" My response: all organizations should be focused on building better boards since there are benefits that accrue to any organization. This article expands on the



reasons that association, for-profit, system-based, and yes, free-standing non-profit organizations all benefit from an ongoing process of continuous improvement.

Let's start with for-profit hospices. Traditionally, we've thought of for-profit governance as different, characterized by either closely controlled private ownership with little outside input, or publicly-held companies with strong investor interests. In some ways, their governance can be different. The Chief Executive may also be the Chair of the Board (although that is a less frequent practice with the rise of Lead Directors), family members or system employees may constitute all or most of the board in private companies and health systems respectively. And their focus can be primarily on the financial return.

But increasingly I see a convergence across all types of organizations when it comes to governance. In a more networked and activist world, private and public companies are expanding their measure of success beyond owners/shareholders to include other stakeholders such as employees and communities. A publication focusing on boards of private companies, **Private Company Director**, just announced its criteria for honoring exemplary private company boards. Four of their six criteria could apply to nearly any type of organization:

- Development and execution of a successful CEO succession plan
- Commitment to continuing excellence through training and board evaluations
- Transition to a majority or entire board of independent members
- Adherence to the highest governance standards, beyond what's required by law

*There's a movement away from maximizing shareholder value as the primary focus and primary motivation for a corporation's existence....Professor Jay Lorch, Harvard Business Review.*

Other guidance aimed at best practices of for-profit boards focuses on how a board can add value and ensure the long-term success of the organization far beyond the tenure of a particular chief executive or board member. A focus solely on short-term financial results does not necessarily lead to long-term success. Today, corporate leaders are also realizing that attracting the best talent requires a clear expression of purpose, and that society is demanding that companies serve a social purpose and make a positive contribution to society. Among the payoffs are brand differentiation, talent engagement, risk mitigation and innovation. A recent article even warned non-profit organizations in general that the move toward social value by for-profits means that non-profits need to do a better job of defining their own distinct value to their community and society at large.



Boards of *community benefit organizations* arguably face a more complex governance situation in that they are dealing with a wider range of stakeholders as they aim to provide benefit to the community(ies) they serve.

I prefer the term “Community Benefit” over “Nonprofit.” First, it articulates the premise of their tax-exempt status, and second, it states a positive aim rather than one that might be interpreted as trying to avoid a profit. This nomenclature can serve as an important lens in focusing a community benefit organization and its board on what impact it aims to have on the community that it serves.



Regardless of tax status, there has probably never been a time when strong governance has been more important for hospices. With increased competition from both direct and “substitute” providers, changing reimbursement, greater regulatory scrutiny, employee activism, and consolidations across the health care continuum, chief executives need boards that are firing on all cylinders. “Good” is not good enough.

The Japanese concept of Kaizen engendered “Continuous Quality Improvement” and embraces the idea that every aspect of our lives deserves to be constantly improved. Board engagement is certainly no exception. In fact, because board members meet only periodically and have other demanding responsibilities which claim the vast majority of their waking hours, creating and/or changing board culture is no simple task. One healthier habit at a time is a way to begin, but long-term cultural changes usually require intentional work with buy-in from all of those involved. While this article outlines some changes that can rev up the energy of your board and help it reach its full potential - changing the culture of a board is usually a long-term process that requires dedication and discipline.

A healthy, engaged and informed board develops with intentional and ongoing effort. There is no magic bullet that can instantly transform the governance of a hospice organization. A chief executive and the board must identify areas for improvement and work diligently to fine tune governance on a continuous basis. We can all think of examples where what was considered high-performing a few years ago, is no longer competitive.



So, rather than settle for something that is sufficient, set your sights on excellence in all facets of governance. In a continuation of this series, I will lay out six pillars that help create and sustain a healthy, engaged and informed board. With discipline, you can develop a clear plan to take your board to a higher level. [Check out this video to get a quick summary of the six pillars.](#)



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