A Critical Need for High Impact Boards

Bill Musick, President – Integriti3D

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A Critical Need for High-Impact Boards

Building more healthy, engaged and informed boards is often considered a focus for not-for-profit (aka "community benefit") boards. However, all hospice and home health organizations benefit from healthy, engaged and informed governance. A board firing on all cylinders can, in and of itself, be a competitive advantage for the organization that it supports. Too often, though, boards and chief executives settle for something less.

The reasons may sound convincing at first glance: "we're already struggling to deal with what we already on our plates;" "let's not fix something that's not broken;" or "we've already come a long way;" or "it's not really clear how to get traction." But settling for "good enough" isn't going to ensure the long-term success of hospice and home health organizations. Building a high-performing board takes an intentional, ongoing effort. Continuous improvement isn't something that only applies to clinical and financial operations, we have to apply it to our boards as well.

Recently, I was discussing Integriti3D's mission of building more healthy, engaged and informed boards, when a colleague asked, "isn't that primarily of interest to no for-profit organizations?" My response: all organizations should be focused on building better boards since there are benefits that accrue to any organization. This guide expands on the reasons that association, for-profit, system-based, and yes, freestanding not-for-profit organizations all benefit from an ongoing process of continuous improvement at the board level.

You may have noticed that I often use 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.

Let's start with for-profit organizations. 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. And yes, in some ways, their governance can be different. The chief executive may also be the chair of the board, 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 financial return

But increasingly we're seeing 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 measures of success beyond owners/shareholders to include other stakeholders such as employees and communities. The Business Roundtable has recently released a statement in support of expanding a company's focus beyond shareholders to include all stakeholders: customers, employees, suppliers and communities, which are now considered essential to long-term success.

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 realize that attracting the best talent requires a clear expression of purpose, and that society demands that companies

> *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.*

serve a social purpose and make positive contributions to the communities in which they operate. Among the payoffs are brand differentiation, talent engagement, risk mitigation and innovation. A recent article even warned not-for-profit organizations that the move by for-profits toward a focus on social value means that not-for-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.

Regardless of tax status, there has probably never been a time when strong governance has been more important for hospice and home health organizations. 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. In fact, Jim Collins, author of "Good to Great," identifies "good" as the "enemy of great."

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, 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. This guide outlines changes that can rev up the energy of your board and help it reach its full potential, but 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 intention and ongoing effort. There is no magic bullet that can instantly create great governance. 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. To help with this process, it's important to examine what creates and sustains a healthy, engaged and informed board.

ENGAGED BOARDS...The Holy Grail of High-Performing Governance

A frequent frustration of chief executives is that their boards are not effectively engaged. Here's list of symptoms of a disengaged board. Are any of these applicable to your board?

SYMPTOMS OF A DISENGAGED BOARD

- ☐ Attendance at board meetings is spotty/can't get a quorum
- ☐ One person or group dominates
- ☐ Committees aren't active or productive
- ☐ Board isn't involved in fundraising/ < 100% giving
- ☐ Difficulty recruiting board members, chairs, officers
- ☐ The staff and board leadership are rarely challenged
- ☐ Directors attend meetings out of sense of obligation
- ☐ Problematic board member behavior is overlooked
- ☐ Staff views the board as irrelevant or out of touch

The ironic thing is that board members want to be engaged. They want to make a difference and have an impact on the community their organization serves. However, there are things that get in the way of healthy engagement. The most common are:

- Lack of a vibrant and well-articulated mission, vision and/or values – no compelling reason to engage

- Lack of connection between board's work and mission/vision – the board is focused on something other than a compelling vision

- Lack of understanding of the board's role and responsibilities – there's a lack of consistency and clarity that make it hard to focus a board and chief executive's energies

- Ineffective Board meetings – board members don't feel that they're adding value

- Directors who lack time or commitment to mission – the wrong people are on the bus

- Low team cohesion/dysfunctional group dynamics – not harnessing the collective value of the entire board due to domineering members or elephants in the room.

If we flip these common barriers into positive statements, we have the six "pillars" for creating and sustaining a healthy, engaged and informed board. They can serve as a starting point for assessing your board and building an action plan to move to the next level of performance.

1 **VIBRANT VISION, MISSION AND VALUES**

2 **BOARD'S WORK CONNECTS TO VISION, MISSION, AND VALUES**

3 **EFFECTIVE BOARD MEETINGS**

4 **COMMITED BOARD MEMBERS**

5 **CLEAR UNDERSTANDING OF ROLES AND RESPONSIBILITIES**

6 **HEALTHY TEAM DYNAMICS**

Pillar #1: Vibrant Vision, Mission and Values

The first pillar is "Vibrant Vision, Mission and Values." Different people assign different interpretations to each of these elements. But the main thing they do is to help answer the question "Why?"...

- Why the organization exists
- Why anyone should devote time and/or money to the organization
- Why is this organization different from its competitor across town

A vision critical focal point because, as human beings, naturally gravitate toward solving problems. But when we start with problems, we can easily jump to solutions that work in the short term, don't take into account longer-range goals and values of the organization.

We could spend all day debating the difference between a vision and a mission, but one important distinction that I'd like you to keep in mind, is that there are two ways of looking at a vision for an organization.

A second, and arguably more powerful way to think about a vision is through the lens of community...what will the community look like when our organization is completely successful? In terms of domestic violence, a community vision might be a place where everyone is treated with love and respect. And so, the question then becomes, what would it take to achieve that? Can you see how that question takes you to a different place than "what can we do to get bigger?"

I encourage you to think of vision as a description of the community once an organization is entirely successful – it's a much better answer to the question of "Why?"

> *I often refer to the "highest potential" of an organization or of a board. I use this phrase in opposition to "problem solving" which can get you a different end result than if you first define your vision for highest potential and do the reverse engineering to figure how you can put the pieces into place to move you in that direction.*

A mission statement then becomes a description of how the organization will realize that vision: what will it do, and who will it work for and with. Organizations may share a vision, but focus their efforts on different slices of that vision "pie." If we take the domestic violence sector, one organization may focus on prevention, another on shelters, another on offender re-entry into the community. Recognizing the distinctive pieces of this pie can help sharpen an organization's identity and surface opportunities for collaboration.

The third part of setting direction is values. Values are essential truths that are essential to guide and brand your organization if you are to achieve your vision.

Values statements are often lack-luster, and they rarely differentiate the organization or tie it inextricably to its vision or mission... If you look at values statements, it's often difficult to tell the difference between Enron, Proctor & Gamble or a hospice. But there are organizations that do a better job of connecting values to their vision and mission. Consider this value statement from a large hospice provider:

Patients and families come first. We take care of each other.
I'll do my best today and do even better tomorrow. I am proud to make a difference

Isn't this much more compelling than something like:

People, Integrity, Trust, Service, Excellence, Quality

Here are some questions to test whether your vision, mission, and values are robust and compelling:

- How do your vision, mission and values differentiate your hospice and/or home health organization from other similar organizations?

- Is your vision about your organization or about your community?

- What do your statements promise to your clients and your community?

- Do your vision and mission statements describe how you are changing and transforming your community?

Pillar #2: Board's Work Connects to Vision, Mission and Values

The second pillar is about connecting the board's work to a compelling vision, mission and values.

Think about it....What is the focal point of your board meetings? Is it focused on the past: committee reports, financial statements, audits .... or on the future (your vision)?

There's a saying that goes something like this: "Remember the size of the windshield compared to the size of the rear-view mirror" Do your meetings reflect this emphasis on looking forward through the lens of a robust vision? Do your meetings focus on the important (vision and mission) versus the urgent?

Fiduciary/Strategic/Generative

Bill Chait and his colleagues at Harvard have conducted an exercise with thousands of board members and chief executives. They ask participants about their perceptions of a board by asking them to fill in two blanks in the following phrase: Board is to Organization as..._____ is to _____.

They find that the answers predictably break down into several categories:

BOARD IS TO ORGANIZATION AS...
Border Collie:Cattle herd
Inspector:Passport
Compass:Navigation
Rudder:Boat
Guidance System: Satellite
Inspiration:Poet
Spirit:Higher Purpose
Vision: Implementation
Excepted and adapted from: Governance as Leadership, Chait, Ryan and Taylor, ©BoardSource, 2005

The Control function is often called the Fiduciary or Oversight Role

Chait calls the Direction role Strategic. This might include partnering with staff to scan environment; determining how best to get from A to B; and monitoring progress on that journey.

Control:
Fiduciary/Oversight

Direction:
Strategic

Meaning:
Generative/Transformativ

Meaning is labelled the Generative or Transformative Role of the board. It includes engaging in the questions of why are we aiming for B, as opposed to C or D? or What else should we be paying attention to?

Chait and his colleagues find that boards typically overemphasize the Oversight role to the neglect of Strategic and Generative roles. I believe a large reason is our tendency to find problems and then want to prove that we can fix them.

A high-impact board intentionally spends time in all three roles, especially since the Strategic and Generative link most strongly to vision, mission and values.

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Pillar #3: Effective Board Meetings

The third pillar is board meetings that are effective and productive.

High-quality meetings allow boards to make meaningful impact, and individual board members to add value and generate a sense of energy and engagement. Studies have shown that board members feel engaged and valued when the following aspects of a meeting are present:

- Everyone was prepared
- Meeting started and finished on time with everyone present and engaged throughout
- Agenda and process were clear
- Participants felt four things, that they...

  - added value
  - learned something new
  - intensified their passion, and
  - felt a sense of collegiality.

There are a number of ways to foster Strategic and Generative discussions that also contribute to high satisfaction and output from a meeting. Two of them relate to freeing up time for what's important. They're the "Two Con's":

- **Con**sent Agenda, and
- **Con**sensus Cards.

A Consent Agenda can streamline meetings by bundling a number of cursory items into one vote of approval. Any item on the Consent Agenda may be removed for broader discussion upon the request of any board member. Items often included in the Consent Agenda include:

- Minutes
- Chief Executive/Committee Reports
- Informational Items
- Change in bank signatories
- Financial reports (in between periodic updates to the full board by the Finance Committee)

A second way to create time for more important things is to sharpen discussion through the use of Consensus Cards.

Fully Support	Support with Some Reservations	Serious Reservations

Some of may have experienced a meeting where everyone feels a need to state their opinion, and as those opinions are shared, it turns out that almost everyone is already in agreement. Consensus Cards can help get a quick sense of the room and identify whether there is consensus or whether additional discussion will add value. The Serious Reservations card can also help raise awareness of concerns and avoid having those concerns drowned out by succession of people repeating what the first person has said.

Executive Sessions can be a third way to make future meetings more effective by a quick checkpoint on things such as:

- How are we doing?
- Are we making the best use of our time?
- How are we improving our performance?
- What behavior might we be settling for?
- Is there any UBUT (Unfinished Business/Unspoken Thoughts)?

The fourth way to make meetings more engaging and productive is to encourage robust discussions. Robust discussions can bring out the full expertise of board members and lead to better decision-making. Here are some questions that you might try:

- Who sees the situation differently?
- What are we missing?
- How would this look from the perspective of: _____?
- What unintended consequences might we be creating?

An effective and engaging meeting leads to energy, commitment and expansive thinking.

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Pillar #4: Committed Board Members

Pillar 4 focuses on recruiting and developing board directors who are committed to the organization and to achieving the organization's robust vision and mission (see Pillar 1).

Many boards use a matrix of demographics and expertise to guide their search for new board members. I understand why... it's simpler, easy to peg people into categories, but it often overlooks what I consider to be the most important attributes of a prospective board member: passion, inquisitive thinking and team building skills. These qualities are much more important in the long run for creating a high-impact board.

Stretch outside your comfort zone to recruit for:

- Values versus Expertise
- Collegiality instead of Congeniality
- External versus Internal Relationships
- Questions instead of Answers

Once you have recruited and engaged passionate and emotionally intelligent people, invest in their onboarding, training and building a practice of generative thinking.

Initiate orientation prior to election to the board, including:

- Interaction with multiple board members
- An overview of your organization and the key issues it is facing
- Explanation of what's different and/or unique about your organization and your board
- An invitation to attend at least one meeting with a designated member to debrief after the meeting

Set high expectations – use Governance Policies (see Pillar #5) if you have them… if anyone is telling prospects that they don't need to worry about one or more expectations, you're undermining the development of a strong, engaged and impactful board.

Foster strong interpersonal relationships among board members from the start. Assign buddies who follow up before and after meetings; highlight and use members' subject matter knowledge when it's appropriate; and provide opportunities for socializing so that members get to know each other as individuals.

Evaluation is another important element of building committed board members. It should occur in a variety of ways: gathering feedback on the processes of the board such as recruitment and orientation, conducting periodic self-assessment of the board as a whole, and providing individual feedback to board members either by the board chair or through a more formal 360° review process.

So, you've worked to ensure that you have board members who are passionate for your mission, inquisitive and well-oriented. The next task is making sure that roles and responsibilities are clear.

> *One Final Tip: Don't ever ask someone to join your board if they haven't asked you any questions. (It's nearly always a sign of lack of interest and passion, and a signal that they won't be the inquisitive member you're looking for.)*

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Pillar #5: Clear Understanding of Roles and Responsibilities

Pillar #5 is a clear understanding of expectations of board members and the chief executive.

While there is often a question about the role the chief executive should play in governance, there is general consensus among those who study high-performing boards, that the chief executive has primary responsibility for developing a strong board.

Peter Drucker states: "In a well-functioning organization, the executive will take responsibility for assuring thatthe governance function is properly organized and maintained."

I especially like the description that Doug Eadie uses in *"Extraordinary Board Leadership – The Seven Keys to High-Impact Governance."* He says the chief executive's role is to "lead from behind"… by building appetite, securing commitment, and supporting the board's work, without diluting the board's accountability and ownership.

And then there's the board chair who plays a key role in building a strong board. The chair's responsibilities include:

- Ensuring effectiveness of the board in its roles and responsibilities
- Addressing the performance and development of individual board members
- Facilitating board and Executive Committee meetings
- Building effective relationships with the chief executive, board members and stakeholders
- Ensuring transparency, compliance, and accountability
- Addressing board leadership succession

Candidates for a board chair position should possess a number of important qualities:

- Ability to work collaboratively with the chief executive and other board members
- Strong facilitation skills
- Talent for modelling and encouraging healthy team dynamics
- Ability to build board members' commitment and energy
- Personal commitment to transparency, compliance, and accountability
- No significant personal agenda or conflict of interest

These expectations need to be clearly spelled out and agreed upon. Too often board members are expected to learn their roles by observing, but that can easily lead to "fuzziness" about expectations. Job descriptions are essential. Many boards go beyond bylaws and job descriptions by identifying "gray areas" where things may not be clear, or where there may appear to be double standards. These areas often include:

- Attendance
- Giving
- Troublesome board members
- Relationship with staff
- Supporting decisions of the board
- Articulating how you're different from other boards

Once these areas are clarified, they can be documented in Governance Policies, with the board spelling out exactly what their expectations are of one another. The Governance Policies then become a tool to use when talking to prospective board members and a basis for board self-assessment.

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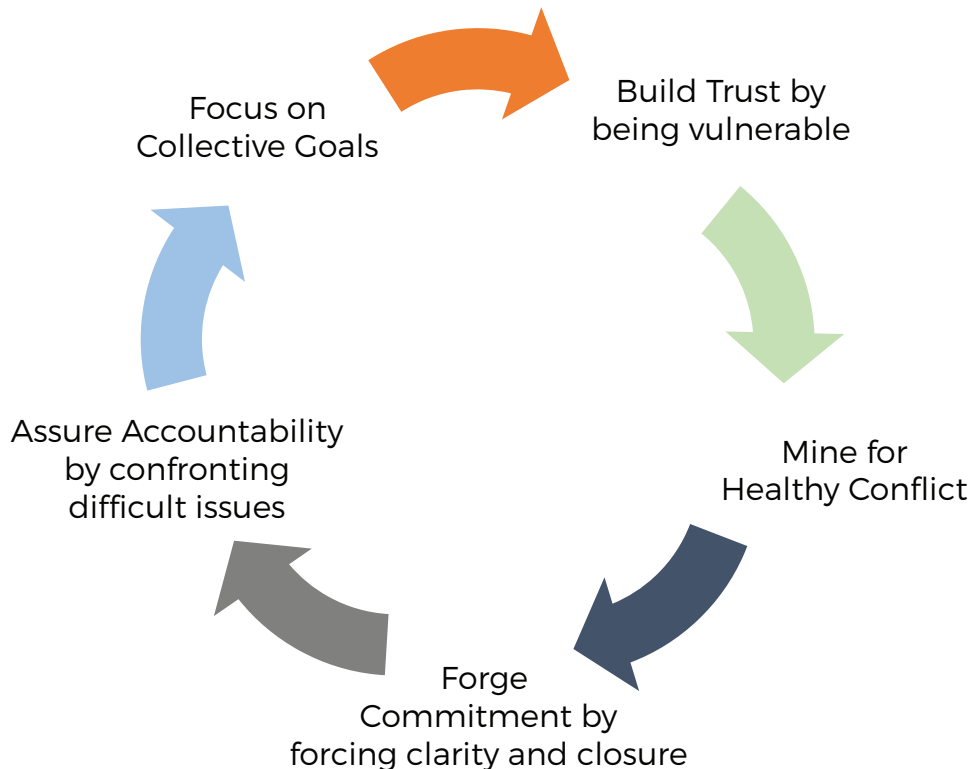## Pillar #6: Healthy Team Dynamics

The final pillar is an intentional focus on building a healthy team.

A Group is Not a Team...

Let's first consider the difference between a group and team. Cathy Trower often uses a comparison of a Commuter Bus to a Team Bus that carries the state champion high school basketball team. On the commuter bus, everyone is headed in their own separate direction, focused on their own concerns and, of course, their cellphones. Whereas on the team bus, team members know each other's strengths and weaknesses, they have well-practiced plans, and they have a common goal. She uses this illustration to make the point that a board should aspire to be more than just x number of intelligent individuals who happen to find themselves in a room together solving problems. Building strong team dynamics is the job of high-impact board.

Building Stronger Teams...

Pat Lencioni, the author of "The Five Dysfunctions of a Team," helps us understand key aspects of team building. Many years ago, Pat gave me permission to flip his Five Dysfunctions into their positive model shown below.

Focus on Collective Goals

Build Trust by being vulnerable

Mine for Healthy Conflict

Forge Commitment by forcing clarity and closure

Assure Accountability by confronting difficult issues

He calls on leaders to begin building trust by being willing to express vulnerability – acknowledging mistakes, doubts and issues for which you don't yet have an answer.

He further recommends not only encouraging healthy conflict, but mining for it (similar to some of the robust questions shown in Pillar#3).

These steps create a self-reinforcing process of creating buy-in and commitment that allows a team to tackle difficult issues and not let them go unresolved.

Other ways to encourage healthy conflict in the boardroom include:

- Assign a devil's advocate role for each meeting or major topic
- Take on stakeholder perspectives during key discussions
- Train on the distinctions between conflict and personal attacks
- Recognize and celebrate healthy conflict

A final way to build stronger teams is to be aware of and to nurture the many relationships that exist in a governance team. Too often, regardless of your role, it's easy toslip into the mindset that we have one relationship with the whole of the board (everyone else except us), when in reality, we have a separate relationship with each person in the boardroom.
It's particularly important for chief executives and board chairs to recognize the importance of building individual relationships, despite the time commitment that this entails.
Involving everyone in building a team culture can extend beyond the boardroom to include non-directors on board committees, who are often in the pipeline for eventual nomination to the board.

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Setting Your Sights on High-Performing Governance

These six pillars cultivate an engaged and impactful board. Take a minute and jot down any ideas you have that you'd want to bring forward to ensure your board is firing on all cylinders and is serving as a competitive advantage for your organization. Then look for an opportunity to share those ideas with your fellow board members.

To reinforce and build upon these concepts, Integriti3D has developed the Hospice Governance Academy (HGA). HGA is a learning platform for hospice board members and chief executives to work together to intentionally move toward becoming a high-performing board that doesn't settle for "good enough."

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About the Hospice Governance Academy

Good governance occurs at the intersection of the chief executive and the board. Bill Musick, president of Integriti3D, is passionate about hospice and the values that it embraces. Over the course of his career, Bill has worked extensively with community-based services. He managed two end-of-life care facilities as executive director and has consulted with hospices across the country.

The Hospice Governance Academy combines the knowledge of Bill and his industry peers and makes it available to hospice and palliative care organizations year-round, 24/7. Executives and board members simply login to their customized learning platform, and they have access to the experience, certification, and in-depth industry understanding they need to learn, practice, and engage.

Governance should power hospice and palliative care boards to a new level that is sorely needed in the U.S. Start your subscription today at https://www.integriti3d.com/hospicegovernance-academy/