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 Governance Insight

Intelligence for New York hospital governing board leadership effectiveness

SUPERCHARGING YOUR HOSPITAL'S GOVERNANCE SUBSTRUCTURE

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To access Larry Walker's Webcast on this topic, go to www.htnys.org/audio_connect_archives.cfm.

Board committees, task forces, and advisory councils are an essential component of effective hospital governance and leadership. They form the "substructure" that enables the governing board to focus on larger issues of policy, strategy, and vision. But many boards have not fully considered how to position their governance substructures to enhance governance effectiveness to respond to the strategic issues and meet the needs of today's fast-paced, rapidly changing environment. Defining ways to dramatically improve or "supercharge" hospital governance substructures enables boards of trustees to maximize their leadership potential.

Governance Substructures: The Backbone of Leadership Effectiveness

Effective governance committees, task forces, and advisory councils are the backbone of the board. They provide the analysis and recommendations necessary for effective and well thought-out full board decisions. They serve an important purpose in the governance structure and contribute to the overall effectiveness of the board—if they are well organized and supported.

To think and act strategically, a board must have in place a vibrant, well-organized, and finely tuned governance substructure that facilitates study and recommendations on the challenges and issues most critical to the hospital's success.

Governance Substructure is a Powerful Tool in Leveraging Governance Success

High-performance committees, task forces, and advisory councils streamline decision making, educate the board, and enhance understanding of critical issues. They increase overall board and individual trustee effectiveness and help prepare the hospital or health system's leadership to understand and lead through the challenges of the future. In addition, they leverage board time for the most important and pressing strategic and policy discussions and decisions.

A solid governance infrastructure enables a deep, penetrating analysis and development of alternatives and recommendations that boards would not have the time and resources to accomplish alone. This infrastructure also provides an excellent opportunity to "test drive" and groom new leaders, ensure that the board's time is used most effectively, and facilitate the hospital's strategic success.

Factors to Consider in Designing Board Substructures

Too often, board committees exist simply because they are either required by the bylaws, or because they have always existed. Often, no one asks the questions: Why do we have this committee? What purpose does it serve? What if it ceased to exist?

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The formation of board committees, task forces, and advisory councils should be a response to the environment, both nationally and locally. They should be a resource designed to enable the board to better address its strategic challenges and fulfill its strategic plans. As boards reach out to forge stronger community connections, governance substructures offer an avenue to achieve that objective. Finally, the size of the board, the expertise and experience of its trustees, and the time board members have to devote to committee work will shape decisions about structure and composition.

Substructures Create Advantages That Can Enhance Governance Effectiveness

Boards need to continually look for ways to organize their work and improve their effectiveness. Committees, task forces, and advisory councils typically focus on narrower agendas and tasks, and they rely on the perspectives of a diverse group of individuals who bring unique skills to bear. By their nature, they have an ability to focus on singular topics critical to organizational success.

They are highly flexible and their purposes may be modified quickly as circumstances change. And, like breakout groups at a board retreat, they multiply the board's leadership potential and performance by ensuring that multiple governance activities occur on an ongoing basis. Finally, they ensure that trustees have the information and perspective they need, when they need it, and they free the board to focus on higher level policy and strategy issues.

Balancing Responsibility and Authority Between the Board and its Substructure

Without a proper balance of responsibility and authority, committees, task forces, and advisory councils may suffer from poor planning and poor coordination and not fully tap their governance support potential. This can be avoided with clearly prescribed, board-approved expectations. When responsibilities and authority are well understood and carefully balanced, board understanding and effectiveness will be enhanced, new governance leaders may be identified and readied for board service, and the board's ability to focus its time and energy on the most compelling and important work will be extended.

An Effective Substructure Will Successfully Leverage Precious Governing Resources

Successful boards use committees, task forces, and advisory councils to maximize their governance time and energy; enhance their effectiveness; understand their position, progress, and performance in key areas; and look for opportunities to stimulate hospital improvement and overcome potential challenges.

Board committees, task forces, and advisory councils provide a time and place for members to discuss and analyze infor-

mation, and then educate and inform the board. They streamline and speed decision-making and make recommendations about critical issues.

Three key factors define the types of committees a hospital board should have:

- the challenges the hospital is facing in its environment;
- current governance resources (people, knowledge, and skills); and
- the hospital's desire to include outside community involvement.

Governance Support Substructures

The three basic types of governance support substructure groups are:

- **STANDING COMMITTEES** focus on fundamental, functional areas of primary board responsibility, such as quality and patient safety, medical staff credentialing, audits, board development, etc. Much of the board's work is accomplished in standing committees. The establishment of these committees is often included in the bylaws or board policy manual.
- **AD HOC COMMITTEES** and task forces are typically created to address a specific, short-term issue, problem, or need. Typically, the committee is disbanded once the situation has been resolved or the task has been accomplished. Ad hoc committees and task forces often address issues such as recruiting a new chief executive officer (CEO), developing a CEO succession plan, updating strategic plans, assessing community needs and perceptions, analyzing problems (such as the workforce shortage), etc. The benefits of task forces include a tight focus on distinct topics and unique perspectives derived from the inclusion of staff and community members.
- **ADVISORY COUNCILS** are typically formed to provide perspective, expertise, and advice on specific issues on an ongoing basis.

Seven Questions to Ask in Assessing Substructure Success

Committees, task forces, and advisory councils that are not created purposefully or designed to best meet the needs of the board simply waste time and valuable resources. Consider the following seven questions as you explore how well your governance substructures perform:

- 1) How well does your substructure carry out the board's "deep" work?
- 2) Are your substructures designed to maximize board time and attention on the most substantive issues?
- 3) Is your substructure the product of an organized, well thought-out response to governance leadership needs?

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- 4) Is the purpose of your substructure clearly connected to mission, vision, and strategy?
 - 5) Does your substructure create new knowledge and strategic thinking that enhances governance effectiveness?
 - 6) Are the reports and analysis developed through your substructure clear, succinct, and focused on recommendations for action?
 - 7) Do you utilize your substructure to involve non-board members to build community connections and a diversity of viewpoints?

Including staff and community members on board committees, task forces, and advisory councils can ensure new ways of thinking and new ideas, and help avoid committee stagnation. Looking outside the board will increase your chances of finding people with needed skills.

Warning Signs of an Ineffective Governance Substructure

Board committees, task forces, and advisory councils often fail to achieve the objectives set by the board. How do you know if a committee is in trouble? Watch out for warning signs, such as:

- stagnant or inconsequential agendas that do not drive ideas and recommendations;
- lack of purpose and focus of meetings, materials, workplans, and recommendations;
- composition that does not bring the right skills and experience to the table; and
- lack of a clear connection to the hospital's mission, vision, and strategies.

The Governance Charter: The Guidepost for Success

A charter describes the purpose and responsibilities of a committee, task force, or advisory council, its organization, the frequency of meetings, and the reporting relationship to the board.

Creating a charter gives direction and purpose to the committee. Without a charter, committees may lose their sense of purpose, efficiency, and effectiveness.

A typical committee charter is brief and focused. A "purpose and authority" section should succinctly outline the primary role of the group. A "composition and requirements" section should define the number of individuals required to serve on the group, who selects them, the skills and experience required, and the projected meeting schedule. A "duties and responsibilities" section should outline the specific accountabilitys of the committee, task force, or advisory council and

serve as the basis for performance evaluation. Finally, a "reporting responsibility" section should define to whom the committee, task force, or advisory committee reports.

Essentials for Building a High-Performance Substructure

There are four key factors necessary for governance substructure success: strategic connection to the board's work; a clear purpose and focus; an appropriate process, structure, and organization; and an ability to address the unique needs of the board in very specific areas.

A committee, task force, or advisory council may become ineffective when any of these four factors are missing. These critical elements enhance the effectiveness of the substructure and improve the board's ability to provide timely, evidence-based, and thoughtful decision-making and strategic leadership.

Guidelines for Developing Governance Substructures

Committees, task forces, and advisory councils must have a clear purpose that is tied to the organization's needs and strategic plan. When establishing substructure groups, you should:

- be perfectly clear about roles and deliverables;
- be clear about the resources available (and not available) to the committees, task forces, and advisory councils; and
- create substructure as a matter of policy and strategy, not habit.

You should not:

- re-hash the substructure processes at board meetings;
- rubber-stamp recommendations;
- allow substructure groups to attempt to do the work of administration or get involved in the jobs of staff;
- allow the groups to function as a "board within a board"; and
- keep the substructure active any longer than the charge requires.

"Zero-Based" Substructure Planning is a Good Place to Start

Supercharging requires the board to consider what support the board needs, the necessary factors for success, and the best practices of an effective governance substructure.

Although the board may already have established committees, task forces, and advisory councils, consider the structures it would create if starting such committees from scratch—in essence, taking a "zero-based" approach. Think about what new committees could help the board to function more effectively. Key factors to consider include:

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- Avoid having too many committees.
 - Keep committee focus sharp and avoid work that is too broad to be successfully addressed.
 - Avoid perpetuating outdated structures. Begin fresh every year by asking, “Why do we have this committee? What would happen if we discontinued the committee?”
 - Ensure the connection between substructure work and how the board utilizes that work.
 - Evaluate substructure effectiveness as part of the board’s annual self-assessment, reviewing each group’s current role, contribution to governance success, and future potential.

Several Factors are Critical to Governance Substructure Success

Whether operating as a committee, task force, or advisory council, meaningful and compelling agendas tied to the charter and purpose are essential.

- The group should focus on helping to build and sustain the information the board needs to drive new knowledge.
- All group members should be actively involved and engaged in the work of the group, which should have a clear strategic focus and fit with the broader work of the board.
- The group should hold itself accountable for its performance and be able to regularly report meaningful progress on important work.
- The group should use its time wisely, challenging assumptions, debating various points of view, and coming to consensus on recommendations to be forwarded for board consideration.

Making it Happen: Steps to Supercharging Committees

Here are some simple steps to enhance committee performance, dedication, and drive:

- **Form a governance committee to determine governance needs and committee, task force, and advisory council opportunities.** The governance committee is perhaps the board’s most critical committee. This group’s most important job is to improve the efficiency of the board by examining how the board functions, how board members communicate, and if the board is meeting the organization’s expectations and objectives. This committee should examine the current committee, task force, and advisory council structure and make recommendations for changes to anticipate future governance needs.
- **Develop principles and substructure design objectives.** By determining the policies and objectives of committees, task forces, and advisory councils, members will have a better understanding of how the groups function, how their

work relates to the board’s needs, and how success is measured.

- **Compare and evaluate all aspects of substructures and their functions with other hospitals.** By comparing organizational substructures to those of other well-functioning, high-performance hospital boards, you can determine ways the hospital board’s support structures may be improved.
- **Determine resources required.** Supporting the work of board committees, task forces, and advisory councils may require resources, including time, money, and people. Determining those needs will help create groups that have the manpower, financial resources, and time to accomplish their goals.
- **Assign committee responsibilities.** By discussing and approving the responsibilities of its various substructures, the board makes certain that the groups are focused on board-approved work that connects to and supports governance success.
- **Evaluate performance and update structures.** The board should periodically evaluate the performance of all committees, task forces, and advisory councils, and determine their ongoing value to supporting the work of the board.

Balancing the Work of the Board

When its work is correctly balanced between committees, task forces, advisory councils, and the full board, the governance board becomes more productive, rewarding, and effective.

High-performance boards consistently rebalance their board structure to increase efficiency and productivity. That often includes reducing the number of standing committees and replacing them with task forces, working groups, and advisory councils to accomplish high-priority work.

Boards need to determine the right balance of committees, task forces, and advisory councils to meet their strategic goals, mission, and vision. Rethinking this balance may change the number of standing committees, and improve board productivity and efficiency.

Conclusion

Committees, task forces, and advisory councils are task-oriented and comprised of diverse and skilled individuals. Working in a small, close environment enables participants to focus their attention on narrow topics, fully examine issues, and make well thought-out recommendations to the board. This enables the board to focus on strategic “big picture” issues.

Supercharging the board’s substructure maximizes the usefulness of these groups and improves governance. It enables the board to evaluate more information, consider more options, do more critical work, make better decisions, and craft better directions for the hospital.