



Healthy Boards

AN INTRODUCTION TO BOARD GOVERNANCE IN HEALTH CARE ORGANIZATIONS

James Barnes

*Assistant Professor, Director &
Program Leader for Community Rural Development
Delta Rural Development Center
Department of Agricultural Economics and Agribusiness
Louisiana State University Agricultural Center
Email: jbarnes@agcenter.lsu.edu*

Abstract: The Healthy Boards (HB) program was created to teach research-based principles to help board members govern resources wisely in health care organizations. Why teach HB principles? The governance of resources within any health care organization is an important part of achieving financial success. Also, resources are limited so decision quality by boards largely affects investment priorities and strategic direction of the organization. The purpose of this paper is to explain the HB program as it has been delivered in health care organizations.

Healthy Boards: An Introduction to Board Governance in Health Care Organizations

BACKGROUND

In a perfect world, board members respect and trust each other, listen to concerns and new ideas and then work together as a true team to reach consensus about priorities. And along the way, board members would have established a clear set of performance measures for its organization, and itself. A clearly defined set of board member performance measures would also be established to enable better recruitment and to handle succession of board members.

Obviously, this is the perfect, not real world of board governance. Often times, boards do not have a clearly established set of performance measures for the organizations it governs nor do any performance measures exist for board members individually or collectively. Unfortunately, this leads to conflict that often cannot be resolved in a win-win fashion. This creates mistrust, damages reputations of the parties involved and often stains the organization's reputation itself. As conflict goes unresolved, board members lose trust and respect for each other. What would be helpful?

Board members need to be able to disagree about policies and resolve those conflicts in constructive ways to openly discuss solutions. They also need to follow some best-practice methods for establishing performance measures to "open up" discussions in a more objective environment.

The good news is boards can indeed follow some high performance, healthy principles to better resolve conflict and achieve financial success. These same principles can be applied in any industry, especially health care given its complexity of payment methods and organizational arrangements.

ACTION

The Healthy Boards (HB) program teaches board members how to work with each other to build trust and strengthen accountability. The program provides several research-based principles to follow to strengthen organizational and social structures within an organization. The Healthy Boards program has been designed to be an intensive three hour session to promote dynamic interchange and shared learning among board members. The case method is used to provide participants with several opportunities to maximize learning through an integrated mix of lecture, small-group discussions, presentations and team-building exercises.

Participants learn the basics of serving as a healthy board member, individually and collectively. Principles for operating as a high performance, healthy board are shared with participants during the first part of the program. Participants are challenged to adopt and implement these principles. The second part of the program provides participants with an opportunity to use these same healthy, high performance principles by examining an existing health care board. Using the case study method, participants work in teams to analyze the case and discuss which principles of high performance are lacking. Each team develops some strategies to strengthen accountability and trust among members in this case study. The final part of the program features the discussion of the case among participant teams.

The HB program focuses on issues of critical concern to board members, including:

- Understanding basic responsibilities and roles;
- Building trust among board members;
- Understanding how to serve as a healthy board member;
- Improving accountability; and
- Understanding the connection between organizational performance and board governance.

RESULTS

These high performance, healthy board principles were developed by Sonnenfeld (2002). Each set applies to either organizational or social aspects of helping boards perform better. These include:

Organizational Structure

- Board members should make every effort to attend every meeting;
- Board members are adequately involved in the decision making process;
- Board members possess unique skills or experience which add value to the organization;
- Board members do not have personal agendas which create conflicts of interest;
- Board should have an appropriate inside/outside ratio;
- The board has an appropriate, manageable number of members;
- The board understands how to replace people in key leadership positions;
- The board requires each member to sign an agreement which clearly identifies a board member's expected set of behaviors and actions; and

- The board also provides an orientation process to explain the terms of the membership agreement to new board members.

Social Structure

- Creates a climate of trust, and candor;
- Fosters open dissent, not disloyalty;
- Uses a fluid portfolio of roles;
- Ensures individual accountability;
- Evaluates board performance;
- Links strategic plan to measurable, day-to-day factors;
- Implements a strategic management system to track critical success factors.

CONCLUSIONS

The fundamental impact of this program has been to build trust and strengthen accountability among board members in health care organizations. Results from a six month post program survey of almost 180 participants since 2004 indicated 91 percent of all participants stated that after taking the program accountability and trust increased among their respective board members. More than 95 percent of participants agreed they would recommend the program to other types of boards.

REFERENCES

Sonnenfeld, J. (2002). "What Makes Great Boards Great." *Harvard Business Review*, 9, 1-8.

Barnes, J. and S. Haynes. "Building Trust in Local Community Organizations: Where Do We Start and How Can We Make a Difference?" *Journal of Extension*, 44(4) August, 2006.

Barnes, J., S. Haynes, and M. Woods. "The Determinants of a Healthy Board: A Tool for Extension Professionals", *Journal of Extension*, 44(5) October, 2006.