



Governance Best Practices

The following 101 suggestions for governance best practices are divided into eleven categories: 1) Mission, values and vision; 2) Strategic planning and direction; 3) Board structure and processes; 4) Quality and patient safety; 5) Community relations; 6) Board/CEO relationships; 7) Board/medical staff relationships; 8) Financial focus and leadership; 9) Community health improvement; 10) Development of new services; and 11) Leadership focus.

Ensuring Achievement of the Mission, Values and Vision

1. Continually examine mission and vision in relation to today's challenges and opportunities; ensure that each is appropriate and forceful in driving strategies, objectives, action plans, and opportunities and obligations over the next five to ten years
2. Ensure that mission, values and vision are prominent elements of decision making at all board meetings; review annually at the board retreat, challenging the assumptions in place at the time the mission and vision were conceived, and modify based on the realities of today's environment
3. Test all policy and strategy decisions by asking how/if they will strengthen the ability to achieve the mission and vision
4. Regularly review the status of strategies and objectives, and ensure fit with mission and vision
5. Ensure that a well-defined board-approved system is in place to measure progress toward achieving mission, vision and strategies, and take timely corrective action, when necessary
6. Ensure that medical staff leadership is actively involved in all phases of strategic planning leadership
7. Demand well thought-out strategic options and alternatives from management prior to defining a strategic course of action
8. Ensure that a continual flow of new information and assumptions are presented at board meetings, and that trustees use the information to modify strategic direction as necessary
9. Continually scan the environment for meaningful change critical to hospital success; present findings to keep the board focused on issues and priorities vital to organizational success



Ensuring Appropriate Strategic Planning and Direction

10. Ensure that a flexible, fluid, responsive strategic planning process is in place
11. Focus board energy and time on strategic thinking vs. strategic plans
12. Ensure that the board receives regular reports of progress toward the achievement of key strategic objectives, using board-approved key performance indicators that together define organizational success
13. Ensure maximum time during board meetings for dialogue on important strategic issues
14. Ensure that the medical staff is meaningfully and actively engaged in all facets of hospital strategic planning, from mission to action plans
15. Ensure that the mission, values and vision are clearly understood and embraced by the board; use these key statements as tools for policy and strategic decision making, especially when decisions are controversial and/or risky

Ensuring Effective Board Structure and Processes

16. Ensure that trustees are provided with the background information and intelligence resources required for active participation in board dialogue
17. Develop a clear and comprehensive governance understanding of the changing health care environment (local, regional and national), and its effects on the hospital
18. Ensure an ongoing governance development process that identifies emerging governance issues, determines knowledge-building needs, and oversees the board self-assessment process
19. Ensure that the board has an education development plan that assures trustee understanding of all aspects of issues essential to effective governance; conduct education and orientation at every board meeting, and annually at the board retreat
20. Provide the education and orientation necessary to ensure a smooth flow of involved leadership dialogue, discussion and decision-making
21. Create an environment where trustees feel free to engage in a vibrant dialogue that challenges conventional thinking
22. Develop a comprehensive and usable set of governance policies and procedures; review practices, bylaws and other structural factors on an annual basis
23. Establish decision protocols and procedures, and follow them consistently to create stability and predictability
24. Conduct a regular environmental assessment; ensure board understanding of the changes taking place in the health care environment, and their implications on the hospital, its physicians, and local health care consumers
25. Ensure that trustees receive agendas at least one week in advance of board, committee and task force meetings



Ensuring Effective Board Structure and Processes *(continued)*

26. Provide background materials (articles, white papers, talking points, etc.) necessary to ensure trustee understanding of critical governance-related issues and promote meaningful dialogue and critical decision-making
27. Ensure that agendas match strategic issues and priorities; focus on specific outcomes the board seeks to achieve at each meeting
28. Define the appropriate level of discussion for each agenda item; allow adequate time in agendas for discussing significant issues impacting the hospital's progress, and requiring board action
29. Design agendas to maximize trustee dialogue and engagement
30. Save critical time for important discussions by using a consent agenda covering the routine actions that require approval
31. Ensure that the board spends no more than 25 percent of its time monitoring past events, and at least 75 percent of its time on long-range thinking, setting policy and making future-focused decisions
32. Ensure that the board committee structures are flexible and responsive to evolving challenges and opportunities
33. Ensure that committees and task forces have specific charters, well-qualified members, and efficient operating rules that advance understating, improve decision-making, and contribute to strategic success
34. Utilize highly-focused and accountable committees and task forces to carry out the detailed work of the board, freeing the full board for high-level strategic discussion
35. Consider establishing "strategic issues teams" to replace some traditional standing committees
36. Evaluate the quality and quantity of information used by the board to make policy and strategic decisions; ensure that information is relevant, timely, understandable and actionable, and that it facilitates high-quality board decision making
37. Provide peer-to-peer mentoring and assistance when required
38. Examine the frequency and content of board meetings to ensure that the most significant and meaningful issues are being effectively addressed, that trustees' time is respected and used efficiently, and that trustee involvement and participation are enhanced as a result
39. Ensure that the board chair is well-skilled in the dynamics of effective meeting management and leadership, and that meetings are well-organized and value constructive dialogue
40. Develop the board's problem solving skills through education, scenario planning, case studies and other methods that build teamwork, collegiality and compromise
41. Ensure that the board, medical staff leadership and management have clearly-defined, synergistic strategic planning roles and responsibilities
42. Create a formal, meaningful compliance plan, and regularly review the quality of adherence to the plan, and the timely organizational responsiveness to issues of compliance



Ensuring Quality and Patient Safety

43. Ensure that the hospital has an effective, coordinated and organization-wide quality improvement plan
44. Ensure that the hospital has a fully-functioning quality improvement process that continuously defines, measures and improves quality at all levels, including clinical, service and organizational development
45. Ensure that the board has approved quality indicators that are reported to the board regularly

Ensuring Strong Community Relations

46. Define important community constituencies, and design a plan for trustee involvement that advances the hospital's image, reputation and market awareness levels; include resource requirements, objectives and projected outcomes
47. Ensure that the board has a clear and consensus-driven understanding of the most important community health needs and issues
48. Regularly measure the public's perceptions of the hospital's programs and services, community contribution, perceived trust, economic impact and overall value as a community health asset
49. Ensure that patient satisfaction assessments are performed continuously, and that improvement objectives are defined, measured and reported
50. Develop opportunities for trustees to interact with the public on local health care issues, and demonstrate strong, competent leadership, serving as well-informed "ambassadors" or spokespersons on behalf of the hospital
51. Establish a process for eliciting community input and viewpoints about the value and appropriateness of current services, and future service needs and opportunities; solicit community ideas for ways the hospital can best achieve its mission and vision
52. Develop a strategy to ensure that the hospital's objectives, priorities, and challenges are successfully shared with the community, engaging leaders and residents and building community advocates
53. Work with others in the community to develop collaborative partnerships in building a healthier community



Maintaining Strong Board/CEO Relationships

54. Develop an organized process to ensure meaningful CEO/trustee communication between board meetings
55. Clearly define board and management roles; define strategic/policy functions vs. operational functions; ensure that the board remains focused on policy and strategy
56. Review timely reports from the CEO on how well the organization is meeting its planned objectives
57. Foster a climate of mutual trust, respect and support between the board and the CEO
58. Establish mutually agreed-upon CEO performance expectations and targets, and evaluate CEO performance annually based on these predetermined measurements
59. Establish a results-based performance measurement system that links compensation to strategic performance
60. Regularly review CEO compensation to ensure that it is reflective of compensation trends among other hospitals of similar size, and that it reflects the magnitude of challenges and issues facing the administration and the hospital
61. Develop a CEO succession plan, to include development of internal personnel resources, and creation of a recruitment plan, if necessary, to be employed

Maintaining Strong Board/Medical Staff Relationships

62. Establish a formal process for review of the medical staff organization and bylaws, and staff appointments/reappointments; regularly review the process for effectiveness
63. Create an effective method for communicating, in a timely manner, board decisions that impact physicians and their practices and patients
64. Ensure physician understanding and commitment to the hospital's mission, values, and vision
65. Ensure that physician leaders participate in decision-making processes at the board and committee level, and actively involve physician leaders in important hospital decisions
66. Develop avenues for increased physician input into the overall long-range planning process
67. Build and enhance trust by involving the medical staff in all phases of hospital strategic development, creating open and honest relationships
68. Conduct a regular assessment of physician attitudes and needs



Ensuring Strong Financial Focus and Leadership

69. Ensure that annual operating and capital budgets are developed and approved, and that rolling 3-5 year financial forecasts are produced
70. Identify, review and approve targets for debt, liquidity, ROI, profitability, and other important measures of financial and operational performance needed by the board to monitor organizational performance and make timely, informed decisions
71. Ensure that key financial ratios are monitored at least quarterly, and that financial and operational implications and corrective measures are developed by management, when appropriate
72. Develop a reporting style that is easy to understand, highlights major trends, and stimulates creative discussion

Ensuring Community Health Improvement

73. Define the organization's mission and vision for building a healthy community
74. Establish a "business case" for initiatives that will improve the health of the community
75. Identify the projected outcomes resulting from the achievement of the organization's healthy community initiatives
76. Conduct a broad-based community needs assessment, preferably in conjunction with other community partners who share the organization's commitment to building a healthy community
77. Ensure that adequate financial resources are specifically devoted to the healthy community initiatives
78. Develop specific, focused opportunities for improving community health, define the existing status/situation, and project a quantifiable, reportable desired future
79. Ensure trustee understanding of the importance of a healthy community strategic focus and fit with the organization's mission and vision

Ensuring Successful Development of New Services

80. Make new service planning part of the board-directed strategic planning process
81. Develop criteria for evaluating service feasibility and value in fulfilling the mission and vision
82. Design a process for ongoing board evaluation of the potential value, viability and outcomes of new service progress and performance, particularly in the first two years
83. Design an evaluation tool, and annually review the strengths and weaknesses of major service lines and programs, and their role and value in mission and vision fulfillment



Strengthening Leadership Focus

84. Improve the strategic issues and initiatives reporting process to ensure that trustees are actively engaged in understanding current strategic issues and determining new strategic directions

85. Ensure that board members understand the areas most critical to organizational success and performance

86. Engage board members in “outside in” thinking: view the hospital from a consumer perspective, providing new leadership thinking with an external mindset

87. Envision multiple futures, and consider a variety of scenarios and potential organizational responses that can enable the board to determine its actions in advance

88. Develop a board decision-making culture centered around active involvement, questioning, probing, challenging, and stimulating discussion and dialogue on meaningful issues; actively ask for and listen to one another’s ideas and input

89. Clarify board member roles and responsibilities, and how individual contributions can best be leveraged for group success

90. Share power among trustee team members, and ensure that everyone has a voice in governance decisions

91. Create a governance culture that is open to alternative views, and that can constructively challenge “conventional wisdom”

92. Become a catalyst for change by continually challenging the status quo, encouraging innovation, risk-taking, and new ways of embracing the opportunities of the future

93. Develop protocols to streamline the decision-making process; create decision pathways that ensure all critical decisions include the proper mix of background, discussion of alternatives, potential outcomes and preferred choice

94. Develop a trustee recruitment strategy that looks forward at least five years

95. Create a profile of the current board by age, gender, professional experiences and years on the board

96. Conduct a “gap analysis” of the current board, and create a profile of an ideal board for the hospital based on projected future hospital strategic issues

97. Establish clearly defined criteria for identification, screening, interviewing, evaluating and recruiting new trustees that ensures needed leadership assets are acquired when needed

98. Create a trustee expertise “portfolio” that outlines the experience, expertise and personal characteristics required of new trustees

99. Be honest with new trustees about the time commitment expected

100. Ensure that directors’ and officers’ liability insurance provides the protection needed to reassure trustees that a “safe” governance environment exists

101. Create a conflict of interest policy, and ensure that trustees annually declare any conflicts that may inhibit their ability to provide unbiased, independent thinking and decision-making

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