



**Northern Lakes
Community Mental
Health Authority**

**Committee of the
Whole Packet**

May 19, 2022



Administrative Office, 105 Hall Street, Suite A, Traverse City, MI 49684

COMMITTEE OF THE WHOLE - AGENDA

DATE: May 19, 2022
TIME: 12:00 p.m.
PLACE: Northern Lakes Community Mental Health Authority
 Virtual Meeting and 527 Cobb Street, Cadillac
 Dial 1-810-258-9588 Conference ID 620 866 304#

TIME	ID #	ITEM	POLICY #
12:00 p.m.		Call to Meeting (Our agenda looks different today because at the NLD meeting we discussed doing a SWOT Analysis)	2.08
12:05 p.m.		Public Comment (<i>May be limited to three minutes by the Board Chairperson</i>)	
12:10 p.m.	1	SWOT Analysis * Strengths	3.4
12:30 p.m.		* Weaknesses	
12:50 p.m.		* Threats	
1:10 p.m.		* Opportunities	
1:40 p.m.		* Moving Forward	
2:10: p.m.		June 16, 2022 Agenda Planning	3.2, 3.5
2:12 p.m.		Meeting Evaluation/Comments	
2:15 p.m.		Other/Adjourn	

Note: This is the Board's work group and often times the Board's work groups do not follow set times.

NEXT MEETING: June 16, 2022

NOTICE: If any person with a disability needs accommodations, please call the CEO's Office three days prior to the posted meeting date.

Northern Lakes Community Mental Health Authority
Committee of the Whole
Annotated Agenda
May 19, 2022

12:00 p.m. Call to Meeting

12:05 p.m. Public Comment

This is an opportunity for the public to provide input consistent with board policy.

12:10 p.m. SWOT Analysis – Board Members

The Nominating and Leadership Development Committee met May 4 to plan for the Education part of our Board meeting and to talk about the presentation during the Committee of the Whole. After much discussion, it was decided that the Education and Training segment and the Committee of the Whole meeting would be devoted to the full Board and a discussion regarding Board Governance. We believe that there needs to be some structure to our discussion, so our plan to do a SWOT analysis regarding our current government structure model.

SWOT analysis (or **SWOT matrix**) is a [strategic planning](#) and [strategic management](#) technique used to help a person or organization identify strengths, weaknesses, opportunities, and threats related to [business](#) competition or [project planning](#). It is sometimes called situational assessment or situational analysis.^[1] Additional acronyms using the same components include *TOWS* and *WOTS-UP*.^{[2][3]}

This technique is designed for use in the preliminary stages of decision-making processes and can be used as a tool for evaluation of the strategic position of organizations of many kinds (for-profit enterprises, local and national governments, NGOs, etc.).^[4] It is intended to identify the internal and external factors that are favorable and unfavorable to achieving the objectives of the venture or project. Users of a SWOT analysis often ask and answer questions to generate meaningful information for each category to make the tool useful and identify their [competitive advantage](#). SWOT has been described as a tried-and-true tool of strategic analysis,^[5] but has also been criticized for its limitations, and alternatives have been developed.

Greg McMorro has agreed to act as Facilitator, Joanie and staff will act as transcribers. Joanie and staff will not be participating in the discussion. Please respect that they will be there to help us record the process, but not be a resource for answers to questions.

2:10 p.m. June 16, 2022 Agenda Planning Options

2:12 p.m. Meeting Evaluation/Comments – Board Members

In keeping with our focus on continued improvement of Board operations, time is scheduled for review and comment on the effectiveness of this meeting using the Board adopted evaluation form.

2:15 p.m. Other/Adjourn

Note: This is the Board's work group and often times the Board's work groups do not follow set times.

NEXT MEETING: June 16, 2022

Dear Colleagues,

The Nominating and Leadership Development Committee met May 4 to plan for the Education part of our Board meeting and to talk about the presentation during the Committee of the Whole. After much discussion, it was decided that the Education and Training segment and the Committee of the Whole meeting would be devoted to the full Board and a discussion regarding Board Governance.

We believe that there needs to be some structure to our discussion, so our plan to do a SWOT analysis regarding our current government structure model. For those of you who may not be familiar with this term, I have included a definition below:

SWOT analysis (or **SWOT matrix**) is a **strategic planning** and **strategic management** technique used to help a person or organization identify strengths, weaknesses, opportunities, and threats related to **business competition** or **project planning**. It is sometimes called situational assessment or situational analysis.^[1] Additional acronyms using the same components include *TOWS* and *WOTS-UP*.^{[2][3]}

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Greg McMorrow has agreed to act as Facilitator, Joanie and staff will act as transcribers. Joanie and staff will not be participating in the discussion. Please respect that they will be there to help us record the process, but not be a resource for answers to questions.

This analysis will identify Strengths and Weaknesses in our current structure, allow us to look at Opportunities and Threats. At the end of the discussion, we will hopefully **begin** a process of next steps with the ultimate objective being the adoption of a Governance Model that will work best for all members of our Board. To be clear, we will walk away that Day with the beginning of a clear plan to move forward.

Please come to the meeting on the 19th of May with some thought being given to this process, particularly what you view as the strengths and weaknesses of our current model. Plan on being committed to the best use of our time. Thank you.



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GOVERNANCE MODELS, BOARD TYPES OR BEST PRACTICES?

About this article



Written By: Mel Gill

January 2, 2007

More about: [Board of directors](#), [Governance](#), [Management & Governance](#)



What type of board do you want 'yours' to be?

A nonprofit organization recently asked me to help them figure out “what type of board they wanted to be”. This reminded me of discussions with a colleague who suggests that directors should engage in an existential introspection of “what it means to be a board member” and “what it means to be a board” as a starting point for improved governance.

Boards have scant time for such soul searching. Indeed, they are often pressed for sufficient time to attend to the basic business of the organization. As boards are increasingly challenged to improve their governance, they often seek a *prescriptive* governance model or *descriptive* board type, to adopt or adapt so they can get on with the job of governing.

There has been a proliferation of such models or types in the past two decades. Among the many proffered by reputable authors are heroic, conjoint, traditional, policy governance, strategic, transformational, representational, corporate, advisory and contingency models. Some have introduced their own, sometimes complicated, jargon...some theoretical and others more practical. Each has some distinctive features. All have some characteristics that overlap with those of other models or board types.

The majority of nonprofit boards oversee small organizations with few resources. Some may subscribe to particular value sets such as those that guide cooperatives and collectives. While all have governance responsibilities, many of these are necessarily more focused on operational or management matters. In such cases, directors may wear three hats...governing, management and operational.

Research

Most of the boards that I have studied in my research, and encountered in my consulting practice, developed a dynamic hybrid of several board types, adapting concepts and practices that best fit their particular circumstances. In one case, the board and staff shared operational responsibility for development of public policy

positions, public education and policy promotion, while respecting the Carver 'board ends/executive means' division of responsibilities in the areas of finances, human resources, and program administration. In other cases, the board was active in collective bargaining and personnel selection, which in larger organizations is typically left to management. Active board engagement in the work (operation) of the organization was characteristic of fundraising boards and service clubs, among others.

Structure influences function

One of the biggest causes of dysfunction in traditional boards is the failure to clearly delineate the respective governance and management roles. Such boards typically have a committee structure that parallels management and operational functions (e.g., finance committee, human resources committee, programs committee, public relations committee, etc.). This inevitably invites board intrusion into operational detail. Meeting agendas typically mimic this structure. Focusing on management and operations instead of on results often impedes the ability of boards, wearing their governing hat, to 'add value' to the organization and to account meaningfully to key stakeholders.

Focusing on results

The results-based approach to governance is a 'hybrid' board type that is emerging in many leading edge nonprofits. It addresses weaknesses identified in other approaches through a judicious use of committees structured around board, rather than management, responsibilities. The executive committee (poorly used in many nonprofits) carries responsibility for leading strategic planning and evaluating CEO performance. A governance committee is responsible for regular review of bylaws, governance policies and practices, as well as board member recruitment, development and evaluation. Risk management and quality audit committees ensure mitigation of

risk, establish clear measures of organizational performance in key areas, monitor and audit performance, and report on results. The ‘board-ends/management-means’ distinction is maintained for the general management of finances, human resources and program operations.

Comparison of three board types with a primary focus on governance

As noted earlier, not all board types have governance as their primary focus. The following table compares three that do, on several dimensions.

	Traditional	Policy Governance	Results-based
General Focus	<ul style="list-style-type: none"> • Operations/event driven 	<ul style="list-style-type: none"> • Policies driven: ends and governance processes 	<ul style="list-style-type: none"> • Vision/results driven
Leadership	<ul style="list-style-type: none"> • CEO dominant – chair is link to board; executive committee comprises core group 	<ul style="list-style-type: none"> • Board ends/CEO means 	<ul style="list-style-type: none"> • Full board/CEO partnership to set direction and expected results
Planning	<ul style="list-style-type: none"> • CEO leads; committees vet; board reviews and approves 	<ul style="list-style-type: none"> • Board ends/CEO means 	<ul style="list-style-type: none"> • CEO leads; board, actively engaged, links organization to community
Committees	<ul style="list-style-type: none"> • Parallel management functions 	<ul style="list-style-type: none"> • Ad hoc task forces 	<ul style="list-style-type: none"> • Based on board responsibilities
Accountability	<ul style="list-style-type: none"> • CEO dominant in reporting to key stakeholders; board nominally responsible 	<ul style="list-style-type: none"> • CEO reports to full board, which monitors policy compliance and reports to owners 	<ul style="list-style-type: none"> • Board dominant: sets direction, monitors, audits and reports on results • CEO reports to full board

			<ul style="list-style-type: none"> • Executive committee members act as core advisors
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The results-based board (sometimes referred to as an audit/oversight board) is distinct from the policy governance board in four key ways:

1. The CEO is a non-voting member of the board with full entitlement to attend and participate in all meetings and discussions.
2. The CEO is a full partner with the board in direction and policymaking.
3. The board’s general focus is on auditing results rather than on policy compliance.
4. The board uses ‘standing committees’ to guide, monitor and audit board, CEO and organizational performance.

Board members are selected for community representation and commitment to the organization’s purpose, and may be used for selected tasks in their area of expertise. The board’s focus is on values, mission, strategic planning, objectives, effectiveness in achieving goals and efficient use of resources. Board members are usually community members who have a significant personal interest in the public benefits of the organization.

Although the results-based board monitors performance, it is not involved in day-to-day operations. It is similar to a policy governance board in this sense, and in its focus on organizational goals and objectives.

Committees used for monitoring and auditing the performance of the board, CEO, and organization typically include an executive committee, a governance committee, an audit or risk management committee, and a quality assurance or program audit committee.

The results-based board differs from the traditional board in four key ways:

1. It uses committees to do the board's work rather than to review management activities.
2. The general focus of the board is on governance responsibilities rather than on operational matters.
3. The general focus of the board is on results (i.e., input efficiency, outputs and outcomes).
4. There is a full partnership between the board and CEO; neither the board nor the CEO dominate the relationship.

Board types or best practices?

No single approach to governance has proven suitable for every organization. General insights can be derived from an analysis of the strengths and weaknesses of specific models or typologies. But no matter which approach is used by an organization, if it is to be effective, actual practices must be adapted to the specific circumstances of the organization.

What matters most

There is a growing convergence of expert opinion that the most effective boards, regardless of the size, complexity or mandate of their organizations, concentrate their attention on those matters that are crucial to success or survival; that they focus on measurable results within defined timetables; that they engage in regular monitoring of the manner in which business is conducted, the efficient use of resources and the achievement of objectives; that their decision-making is transparent; and, that they provide proper accounting to key stakeholders.

In the metaphor of Juran's assumption, they focus their attention on 'the critical few, rather than the trivial many' ...regardless of whether these are operational, management, or governance (strategic or fiduciary) issues.

The most successful boards, within this framework, develop a collaborative partnership with senior management; seek agreement between key stakeholders on vision, values, goals and expectations (tempered by the reality of available resources); ensure clarity with respect to roles and responsibilities; establish constructive processes for resolution of conflicts and conflict of interest; and cultivate an organizational culture characterized by trust, teamwork, mutual respect, flexibility, adaptability, and responsiveness in the face of the ever-changing realities, resources and needs of consumers.

*Mel Gill is president of [Synergy Associates](#), Consultants in Governance and Organizational Development, and the author of *Governing for Results: A Director's Guide to Good Governance*. Contact him at mel.gill@synergyassociates.ca.*



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The Many Failings of the Carver Board Governance Model

By Tom Coyne

A 2009 report prepared for the Ministry of Education of the Canadian Province of Ontario stated the following: “Although there is little research and limited experience to provide direction to school boards in exercising a mandate for improving student achievement, there is an emerging consensus that boards need to establish high expectations for student outcomes, establish strategic directions for improvement, assign resources to support strategies and hold the system to account by regular performance monitoring” (*School Board Governance: A Focus on Achievement*).

This description of the key elements in the school board governance process generally aligns with descriptions used in the private sector, such as this one, from the global organization of management accountants: “governance is the set of responsibilities and practices exercised by the Board and executive management with the goal of providing strategic direction, ensuring that objectives are achieved, ascertaining that risks are managed appropriately and verifying that the organization’s resources are used responsibly” (*Enterprise Governance: Getting the Balance Right*).

More specifically, virtually all board directors of private sector companies would agree that their governance responsibilities include the following:

- Set Direction
 - Establish purpose, goals and metrics
 - Evaluate and approve the organization’s strategy for achieving these goals, and critical decisions
- Allocate Resources
 - Approve the allocation of resources and decision power needed to efficiently and effectively execute and adapt this strategy (including hiring a CEO, regularly evaluating his or her performance, and providing advice and coaching as necessary)
- Control Risk
 - Set boundaries on acceptable organizational behavior
 - Ensure legal and regulatory compliance
 - Establish early warning indicators for strategy failure and emerging threats to organizational survival
 - Anticipate, assess, and approve actions in response to major threats to organizational survival and goal achievement

- Monitor Performance
 - Regularly review results against goals and boundary conditions, and intervene as necessary
 - Regularly review risk indicators and the continuing validity of key strategy assumptions
 - Verify the accuracy of reports and other disclosures to stakeholders

In contrast to most private sector companies' governance approach, Jeffco, like some not-for-profit organizations, has in the past used what is known as the Carver or "Policy Governance" model (when capitalized, it is Carver's trademarked scheme). John Carver is a clinical psychologist who devised what he calls the perfect approach to governance. He has built a significant business training organizations on how to implement his approach, and also teaching consultants how to do this.

There are a few key elements of the Carver model: (1) the Board is responsible for devising statements that describe the purpose/goals ("ends") the organization must achieve (hence Jeffco's "Ends Statements"); (2) the Board is responsible for hiring a CEO to achieve those ends; (3) the Board also devises "Executive Limitations" to constrain the behavior of the CEO and the organization; and (4) the Board is responsible for regularly and rigorously monitoring the CEO's performance compared to the Ends and Executive Limitations. Beyond that, the "means" by which the Ends are to be attained are wholly up to the CEO's discretion, and any attempt at Board oversight over them runs the risk of being met with complaints that this represents "micro-managing."

As you might imagine, Carver's approach has received a substantial amount of criticism. For example, in his paper "The Promise of Governance Theory: Beyond Codes and Best Practices", Carver states that "Corporate governance exists for one reason and one reason alone: to ensure that shareholders' values, as informed by knowledgeable agency, are transformed into company performance. To the extent a board fails in this, no matter how many other useful things it accomplishes, it has failed. To the extent it succeeds in this, no matter that it accomplishes nothing else, it has succeeded." To say that this view strikes many regulators, judges, corporate counsels, and providers of directors' liability insurance policies as unrealistic is an understatement. It is no wonder that the Carver approach has found few supporters on private sector boards (see, for example, "*The Policy Governance Model: A Critical Examination*" by Alan Hough)

More specifically, criticisms of the Carver model include:

- (a) Its failure to drive organizational results unless the Board strictly monitors Ends achievement and Executive Limitation compliance, which many boards do not;
- (b) Its tendency to create excessively powerful CEOs;

(c) Its overly rigid focus on the CEO being the board's only employee. For example, audit firms report to the board; similarly, in the case of a proposed management buyout, whistleblower complaints, or other potential conflicts between the board and management, prudence, case law, and regulation, particularly in a post Sarbanes-Oxley and Dodd-Frank environment, often requires boards to hire outside advisors;

(d) The limitations it imposes on a board's ability to offset management's natural tendencies towards overoptimism, overconfidence, confirmation bias, and conformity;

(e) Its tendency to weaken information flows to directors, and thus undermine their ability to perform their fiduciary duties;

(f) Its lack of transparency with respect to critical decisions, many of which are made by the CEO out of view of the board (and, in the case of school districts, out of view of the public as well);

(g) "The danger that the board and staff feel disconnected from each other. With the separation of roles, board members lose their understanding of programs because of a lack of program details. Staff may be resentful or dismissive of board decisions when they perceive the board as remote and without understanding of implementation realities. The staff may also feel disempowered to contribute to the direction of the organization";

(h) Its denial of the benefits of director expertise to organizations ("Great demands are made on management, who require the necessary skills to implement the ends set by the board. Weaknesses and inadequacies on either side can not be compensated for through mutual-help and team-like activities between staff and board, since it is thought that this would result in a confusion of roles"); and,

(i) Carver's rigid and damaging separation of ends (determined by the board) from the means (i.e., strategy and budget) of achieving them (determined by management), which is particularly unrealistic in a complex, uncertain, and fast-changing environment.

In sum, John Carver is a psychologist who tried to design the perfect system of governance. Unfortunately, as has been true throughout history of other attempts to engineer a social utopia, this one too has fallen short when confronted with reality.

Carver's approach to budgets is particularly problematic; as he notes, in a Policy Governance system, "typical budget approval [by the board] isn't necessary"...the board doesn't do blanket approvals of budgets, program

designs, or compensation plans.” These are all within the power of the CEO to determine, subject to the negative constraints set forth in the Executive Limitations. Rather, Carver apparently believes that having a board define an Executive Limitation that tells the CEO to “avoid financial jeopardy” should provide sufficient guidance for acceptable resource allocation.

Frankly, I would not have gone so deeply into the unique views of Carver on governance if there were any evidence that the use of his model produces superior performance compared to other governance approaches. But there is not. Hence, it has been critical to go into the shortcomings of the Carver/Policy Governance model in some detail, as they seem to be an important historical contributor to the mix of serious problems facing Jeffco schools today.

Tom Coyne is a political Independent. He chairs the Wheat Ridge High School Accountability Committee, is a member of Jeffco’s District Accountability Committee, and has worked on corporate performance improvement issues for more than 30 years.



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Effective governance: the roles and responsibilities of board members

[Don L. Arnwine](#)¹

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Running a health care organization is a team sport. It is very important that all members of the team—whether on the medical staff, in management, or on the board—understand the role of governance and what constitutes effective governance. Many misunderstandings about the roles of boards exist. Many people think that board members are paid, for example, which is not true.

Don L. Arnwine

My interest in the subject of governance began when I became chief executive officer (CEO) of an organization that was to establish a major health care and medical educational program in West Virginia. Five organizations merged to create the new organization; 5 boards also merged to create 1 board of 56 members. Two years after the merger, we created a governance committee to study the subject, and that's when my interest in governance began. While CEO of the Voluntary Hospitals of America, which grew from 30 to 850 hospitals during my tenure, I had the opportunity to visit with many boards. More recently, I have given 15

to 20 board retreats annually and have been an advisor to the Governance Institute. If I were allowed to focus on only one subject during the rest of my career, it would be governance.

Governance is fundamental. I have seen good boards become bad boards and bad boards become good boards. I have seen organizations fail because of problems at the governance level. Ineffective governance compromises the ability of the management to succeed. Effective governance, in contrast, greatly assists the organization. Effective governance has the following characteristics: it is efficient, allows a respectful conflict of ideas, is simple, is focused, is integrated and synergistic, has good outcomes, preserves community assets, and leads to enjoyment and personal reward for the individual board members.

In the sections that follow, I review the roles and responsibilities of boards, factors that increase board effectiveness, and the evolution of governance.

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ROLES OF BOARDS

Boards have 3 primary roles: to establish policies, to make significant and strategic decisions, and to oversee the organization's activity.

Policy making

Effective execution of policy is necessary to fulfill the other 2 roles. Policies define focus and differentiate responsibilities among the board, the management, and the medical staff. Well-written policies lead to more efficient board functioning. Instead of having the same matter or very similar matters on the agenda repeatedly, the board can develop a

policy that covers the issue and leave implementation of the policy to management. Boards have approximately 24 hours together each year, spread over regular meetings. It is essential to use that time wisely.

At the same time, board-level policies should be reviewed regularly. At Baylor Medical Center at Irving, where I chair the board of trustees, we asked a staff member to review past board minutes and extract all policies. We then refined and consolidated them. The board now reviews policies annually to see if they are still needed.

Decision making

Decision making involves making choices about the organization's vision, mission, and strategies. Boards make decisions about issues that are strategic and significant, such as whether to enter an affiliation agreement with another organization. As decision makers, boards can also delegate nongovernance types of decisions to others—and would be wise to do so.

Oversight

Oversight is an important function, but boards must remember that the organization is theirs to oversee, not to manage. Some boards cross the line and try to involve themselves in management. Nevertheless, in the oversight role, the board is legally responsible for everything that happens within the hospital, whether in the emergency department, a clinic, or a nursing unit. In the area of quality, for example, the board's oversight role may include setting the tone by stating that the organization is committed to quality; establishing policies related to quality, such as credentialing; ensuring that mechanisms are in place, such as committees, to establish a plan for quality; and monitoring implementation of the plan.

Board committees play an important role in the governance process. It is useful to periodically review the structure and functions of the committees and to ensure that everyone knows what to expect from them.

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RESPONSIBILITIES OF BOARDS

Boards have numerous responsibilities: they oversee management, finances, and quality; set strategic direction; build community relationships; establish ethical standards, values, and compliance; and select a CEO and monitor his or her progress. I believe that the 2 most important tasks are selecting the CEO and establishing the direction of an organization. Although the management team develops the strategic plan, it is the board's responsibility to accept or modify the strategic plan and to set the direction. The board considers elements in the environment—such as growing competition and changing patterns of care—and develops a vision, a mission, strategic thrusts, goals, and tactics that respond to the environment, all the while showing the organization's values.

Financial oversight is a familiar job that boards usually do well. Boards ensure the use of financial controls; ensure that funds are prudently invested, considering cash management, banking, and contracting parameters; and establish policies related to budgets. Their goal is to protect the community's assets. Oversight of the quality area often involves utilization and risk management in addition to continuous quality improvement.

Attention to community relationships is a responsibility unique to not-for-profit institutions. Inasmuch as board members have contact with

the community, they can be sensitive to the expectations and needs of its citizens and bring that knowledge to the board room. The focus is on all those the organization serves: consumers, businesses, elected representatives, payers, and collaborators. Boards are paying more attention to the quality of life in their communities. At Baylor Medical Center at Irving, for example, the board has adopted a community action plan developed by the management team.

The ethical standards of the organization are determined by the behavior of the board. Through its ongoing actions, the board decides what behavior will and will not be tolerated. These actions supersede ethical statements—however important such statements are—in showing an organization's true values. In recent years, compliance issues have risen to board-level responsibility as well, particularly as the media have reported people being sent to jail and organizations and individuals being fined millions of dollars for breaches in government regulations. Compliance is probably the only new issue that has been added to board responsibilities over the past 10 years.

When reviewing these responsibilities, it is important to note that the board as a whole, and not any individual member, has the authority. Further, the board exists only when it is in session. The committee is an appendage of the board, and the board can delegate certain tasks to a committee or an individual, but otherwise an individual board member has no prerogative. Thus, it would be inappropriate for a board member to walk in to a manager's office and ask to review the books or demand certain changes. Such actions, in fact, can cause much disruption. The CEO is the full-time agent of the board and is the only person directly accountable to the board.

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THE “WHEEL OF GOVERNANCE”: 3 INGREDIENTS FOR AN EFFECTIVE BOARD

The wheel of effective governance has 3 spokes: behavior, structure, and expectations. If one of these spokes breaks down, the board will have a flat tire, and the faulty governance process can compromise the organization's ability to move forward.

Behavior

Appropriate board behavior can be defined as functioning in accord with the board's roles and responsibilities. Thus, board members should know the difference between governance and management, see service as a responsibility of citizenship, and find enjoyment in such service. Appropriate behavior also has key characteristics, the first of which is respect—for the organization, the management, the clinicians, the employees, and other members of the board. Respect is basic, but it doesn't always exist. I've seen many boards whose members were antagonistic towards large segments of the medical staff, for example. Such behavior is distracting and counterproductive.

Respect leads to 2 additional behavioral characteristics that are needed: openness in the board discussions and confidentiality. The two go hand in hand. Last year, when I was asked to consult with a CEO and chairman of the board to improve the climate of the board and eliminate the cliques that seemed to be forming, I discovered that the problems had arisen because of breaches in confidentiality. Some board members were speaking casually about board activities among people at their churches or at parties; others felt they couldn't be open because of this breach. The more sensitive the issue under discussion, the more important

confidentiality becomes. As one board chairman used to say, “What you hear here or see here or do here, when you leave here let it stay here.”

Conflicts of interest also fall in the category of behavior. Some people believe that a potential conflict of interest precludes service on the board. Based on such a view, some hospital boards do not include physicians, claiming that they could have a conflict. I disagree with this view. An attorney friend of mine told me that there's no evil in conflict of interest; the evil lies in the hiding thereof. All boards need to have a policy about conflict of interest. Usually this policy requires all members to disclose potential conflicts and to abstain from voting on such matters.

Another behavioral element is distinguishing between the important and the unimportant. The board has limited time. If it spends hours and hours on trivial matters, it won't be able to address significant and strategic matters.

Finally, the board needs to work for consensus. In not-for-profit organizations, members don't “vote their shares,” with one individual being able to carry the day. Instead, boards work by reaching a common understanding of the issues, dealing with the options, choosing one, and unanimously supporting the decision even if an individual initially voted against it. Unity on the final decision is essential; if it does not exist, some people will take advantage of the discord and create problems. Team players are needed, people who join the board because they support the organization's mission and values. Board members do not participate to implement individual agendas but to help the organization effectively meet its responsibility in the community. The “goodwill quotient” is exceedingly important, and these behavioral aspects will contribute significantly to that.

Structure

Boards may not pay much attention to structure, thinking that it is covered in the bylaws and requires no further comment. Nevertheless, problems often arise from structure rather than behavior. For example, I've encountered several boards in which the chairman had served for a30 years, and members were discontented and ready for someone new. Many board bylaws do not address tenure. Whether the term limit is 2 or 3 years or something different, it is helpful if everyone knows what to expect. Dissatisfied members know that they will be able to vote for someone else, and volunteers may be more willing to take on the role of chairman if they know it is for a designated period. Other issues may concern the frequency of meetings or the size of the board.

I believe strongly in agenda creation and management. Since the board's deliberations are determined by the agenda, that one document relates closely to the board's effectiveness. The agenda can be organized into 3 categories: items for information, items for action, and items for strategic discussion. This agenda organization helps members know what is expected of them and eliminates worry, for example, about having to vote on an item that is just for information. If executive committees and task forces are appropriately established and charged, the board can trust their efforts and avoid recreating what happened at a committee meeting. Committee suggestions and other smaller, non-controversial action items can be grouped into a "consent agenda," requiring only one motion and one vote. Background information on items in the consent agenda can be provided in the board book sent out before the meeting. Use of a consent agenda saves time and allows the board to focus on the most significant issues.

Structure also includes the nomination of new members. At Baylor Medical Center at Irving, we keep a matrix that indicates current members' skills in 8 essential areas. If attrition occurs, we look at the matrix and determine which skills are needed most. While the list of

desired characteristics of board members developed by the Governance Institute is long (*Table (Table11)*), it is understood that every board member will not have all the attributes. The average hospital board—now 12 members—is smaller than it used to be and includes physicians (both internal and external to the community).

Table 1

Desired characteristics of board members

I. Knowledge

- Understands and subscribes to the organization's mission and values
- Understands the economics of health care and the plan and budgets required to achieve the organization's mission
- Knows the organization's current financial position
- Understands community demographics and needs
- Knows how to build partnerships with other community groups
- Understands the complexity of the organization's challenges
- Has a grasp of medical information, technology, trends, and consequences
- Knows the difference between governance and management
- Knows how to be a “team player”: when to listen and when to speak up
- Sees social/volunteer service as a responsibility of citizenship
- Understands real estate, physical facilities, and land development

II. Skills

- Can work to build consensus
- Can work with and be supportive of administrative and clinical staff
- Is adept at strategic and financial planning
- Has strong communication skills
- Can deal with diverse groups and ideas in a constructive way
- Can interpret financial information
- Has experience in a field or endeavor that contributes to the disciplines that affect the organization, i.e., insurance/managed care, medicine, law, finance/banking, real estate, marketing, information technology, public policy, corporate management, etc.
- Knows how to differentiate the important from the unimportant

III. Attitudes and personal characteristics

- Feels that collaboration is necessary for success
- Possesses openness and honesty
- Subscribes to and practices a high moral standard
- Is optimistic but realistic
- Values personal growth and learning, particularly covering matters confronting the board and the organization
- Sees self as a servant leader
- Accepts that the board has the authority and that individual board members have none (unless delegated by the board)
- Is personally challenged by what is best for the organization and the community
- Can be decisive and comfortable with large-scale decisions
- Accepts that change is our constant companion

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Expectations

The final spoke consists of expectations or, more specifically, board members' knowledge of what is expected of them and what they can expect from others. One of the best ways to clarify expectations is to have new members sign a letter that outlines those expectations (*Table (Table22)*). Such a document also makes it easier to remove a board member if, for example, his or her attendance has been poor. It also serves to clarify the requirements of board membership when approaching a potential volunteer.

Table 2

A sample board service commitment letter*

I, _____, recognizing the important responsibility I am undertaking in serving as a member of the board of trustees of this organization, hereby pledge to carry out in a trustworthy and diligent manner the duties and obligations in my role as a board member.

The organization will be governed by individuals selected for their experiences and personal attributes. No individual will be selected because of his or her membership in or representation of any particular constituency. Once selected, each individual shall be required to fulfill his/her fiduciary duty with care and loyalty in the best interest of the system and the people it serves. The following characteristics will be utilized in selecting people to serve.

My role: I acknowledge that my primary roles as a board member are 1) to contribute to defining the organization's mission and governing the fulfillment of that mission, and 2) to carry out the functions of the office of board member as stated in the bylaws.

My role as a board member will focus on the development of policies that govern the implementation of institutional plans and purposes. This role is separate and distinct from the role of the chief executive officer, who determines the means of implementation.

My commitment: I will exercise the duties and responsibilities of this office with integrity, collegiality, and care.

Pledge

- To establish as a high priority my attendance at all meetings of the board and committees on which I serve.
- To be prepared to discuss the issues and business addressed at scheduled meetings, having read the agenda and all background material relevant to the topics at hand.
- To maintain the confidentiality of what is said or seen at board or board committee meetings.
- To work with and respect the opinions of my peers who serve on this board.
- To always act for the good of the community and the organization.
- To represent the organization in a positive and supportive manner at all times and in all places.
- To observe the parliamentary procedures and display courteous conduct in all board and committee meetings.
- To refrain from intruding on administrative issues that are the responsibility of management, except to monitor the results and prohibit methods that conflict with board policy.
- To avoid conflicts of interest between my position as a board member and my personal life. If such a conflict does arise, I will declare that conflict before the board and refrain from voting on matters in which I have conflict.
- To support in a positive manner all actions taken by the board of trustees even when I am in a minority position on such actions.
- To agree to serve on at least one committee or task force and participate in the accomplishment of its objectives.
- To participate in the annual strategic planning retreat, board self-evaluation programs, and board development workshops, seminars, and other educational events that enhance my skills as a board member.

If, for any reason, I find myself unable to carry out the above duties as best I can, I agree to resign my position as a board member.

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*Modified from Gillis J. *1995 Board Member Manual*. Gaithersburg, Md: Aspen Publishers, 1994.

In return for their service, board members should expect respect, a proper orientation, proper flow of communications, advanced preparation for board discussions, judicious use of their time, educational opportunities, and the opportunity to contribute. In addition, boards should be able to expect “no surprises.” Boards will be comfortable with the CEO if they feel that he or she is being open with them. More than anything else, surprises damage the board's comfort level; members worry that other important matters are not being communicated. Finally, the board member can expect to participate in a board that is well led, informed, experienced in proper board function, well sized, properly motivated, consistent, a unit, and respectful of management and professionals.

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THE EVOLUTION OF GOVERNANCE

The focus of governance has evolved. When hospitals were being built after World War II, roles focused on stewardship, civic duty, and fundraising. Today, the focus is on management oversight, financial management, and community response. The focus of the future is on strategic performance. The board needs to ensure that it has the right expertise around the table to deal with critical issues of the time. Today, for example, boards may need expertise in information technology, just as in an earlier era they needed expertise in architecture and construction. Other critical issues to be addressed by boards today include declining reimbursements, physician relationships, consumer and community relationships, and philanthropy.

If boards understand their roles and responsibilities, have a proper structure including well-chosen members, exhibit appropriate behaviors, and know what is expected of them, they can live up to the challenges of

the future and keep health care organizations on track for the good of the community.

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OTHER FORMATS