Moving Your Board from Good to Great

Great health care boards primarily focus on enabling their organizations to create innovative solutions that address community needs for improved health and well-being. They also address regulatory, competitive, resource and other challenges that sometimes may seem daunting, but these do not divert them from their primary purpose. While times of significant change can create organizational inertia as leaders and trustees wait for the next onslaught of obstacles and challenges, great boards help their organizations move beyond a victim-focused mindset to a success-oriented one that focuses on being a winner.

Boards can help their organizations confront the rapid, transformational changes under way in health care. They must keep their organizations focused on their mission to meet community health needs, encourage collaboration and generative thinking with internal and external partners, and engage in governance practices that foster disciplined oversight and decision-making processes.

A benchmarked, practiced and disciplined board process combined with regular self-assessment and robust reflection on process and outcomes are key determinants for great board performance and sustainable organizational success.

In *The Board Book*, author William Bowen, former president of the Mellon Foundation and Princeton University, writes, "Governance ... is a team sport, par excellence, and individual members must understand that boards have a collective oversight responsibility. ... Nonprofit boards, in turn, have much to learn from disciplines characteristic of corporate boards — especially the routine use of benchmark data and the constant monitoring of discrepancies between planned outcomes and actual results."

Bowen concludes: "Appropriate governing arrangements can enable the CEO-board partnership to operate smoothly, and ... facilitate both the exercise of courage and effective forms of collective decision-making. ... Being explicit about conventions reduces awkwardness and increases the odds that responsibilities will be discharged appropriately. ... Experience has helped me overcome an ingrained distaste for spending time thinking about matters of process when substantive issues are more interesting ... and I have come to believe that the upfront investments of time and energy needed to put good mechanisms in place can pay large dividends."

PAST IS NOT PROLOGUE

Many health care governance processes have been fashioned on a long-standing tradition of strong CEO direction and minimal collaboration between the chief executive and trustees. While this approach may have worked in a more stable past, it is ill-equipped to deal with the transformational changes now being accelerated by health care reform.

Effective leadership requires boards and CEOs to work together as a high-performing team. The process involves tapping into the collective intelligence and energy of the board, the executive team and key stakeholders to make better decisions faster and to generate new and better solutions to achieve the ambitious performance, quality and cost goals that characterize successful organizations.

"As the new CEO of Shore, it was clear to me that the tools, processes and skills the entire organization had developed, including our board, were appropriate in the environment we came from, but not for the health care environment we were facing," says Ron Johnson, president and CEO of Shore Medical Center, Somers Point, N.J. "I believed that flexibility and

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speed in our decision-making would be critical to our future. We provided the board expert resources and the board rose to the occasion, looked in the mirror and stepped boldly into a new world of structure that framed processes, which resulted in consistent generative discussions and collaboration."

Gerald Corcoran, Shore Medical Center's board chair, agrees. "Our board and CEO regularly collaborate about the tough issues — we meet these issues in an open and constructive manner," he says. "Our meetings are more focused on discussion rather than on information-sharing and we have achieved a dynamic culture of respectful challenge and collaboration."

DISCIPLINE REQUIRED

Understanding and managing board dynamics and group decision-making is a process that must be continuously improved, because the ability of people to work in teams and to make decisions is not a static skill. What people learn and apply constantly changes and affects the way they view each other and the issues and challenges they are addressing. Therefore,

decisions is one of the most difficult things for a group to do, particularly in high-stress environments. In his 2013 book, *You Are Now Less Dumb*, author David McRaney discusses several misconceptions that create obstacles to overcome to achieve better group decision-making and performance:

• "The misconception: The larger the consensus, the more likely it is correct. The truth: A belief is not more likely to be accurate just because many people share it." Many good boards are trapped by this common fallacy, which can contribute to their being marginally successful.

• "The misconception: You alter your opinions and incorporate new information into your thinking after your beliefs are challenged with facts. The truth: When your deepest convictions are challenged by contradictory evidence, your belief gets stronger." How many times have you heard "we've always done it that way" at a board or committee meeting? It is very difficult for groups with long tenure and history to honestly deal with deeply held group convictions, yet these convictions can cause poor decision-making.

it becomes to abandon it." This sunk cost obstacle is also a major reason why organizations can't get past current operations to focus on the future. Hanging on to cherished traditions and practices that led to success in the past can be a significant obstacle to future success in a different environment.

• "The misconception: You celebrate diversity and respect others' points of views. The truth: You are driven to create and form groups and [to] the belief that others are wrong just because they are others." Fear of change and the unknown can be a problem for long-tenured boards presented with opportunities for partnerships or affiliations with other organizations.

• "The misconception: You make sense of life through rational contemplation. The truth: You make sense of life through narrative. ... Narratives that keep your bond together are nearly impervious to direct attack — personal narratives and private mythologies don't flip in an instant — they don't trade places in a single argument — if minds change at all — they change slowly." The histories or unwritten protocols and practices that define a board's culture can be deeply ingrained, especially with long-tenured boards. With careful discussion, practice and application in addressing governance issues, the dictates of past narratives can be changed to effect higher board performance. Accomplishing this requires boards to engage in self-reflection and real work to change the narratives and mental models that drive individual and group behavior.

DE-POWERING CYCLE

Boards engaged in pursuing better performance periodically step back and reflect on their narratives, particularly the dysfunctional stories that have inhibited reasoning effectiveness. When they do so, many find that they have become caught in a de-powering cycle. De-powering results from situations that deflate and dissipate the power boards need to function effectively. Examples include:

> *The histories or unwritten protocols and practices that define a board's culture can be deeply ingrained.*

improving the reasoning process that precedes good decision-making and rigorously practicing it is key to leadership effectiveness, especially in a dynamic, stressful environment.

Under stress, negative emotions hijack a person's ability to reason well. There are several situations in which trustees can take positions that preclude listening to other points of view and decrease effective dialogue and decision-making: when they are angry with each other or their executive leaders; when they are upset about past perceived unfair or inappropriate reactions; when there are unresolved conflicts; or when they take sides.
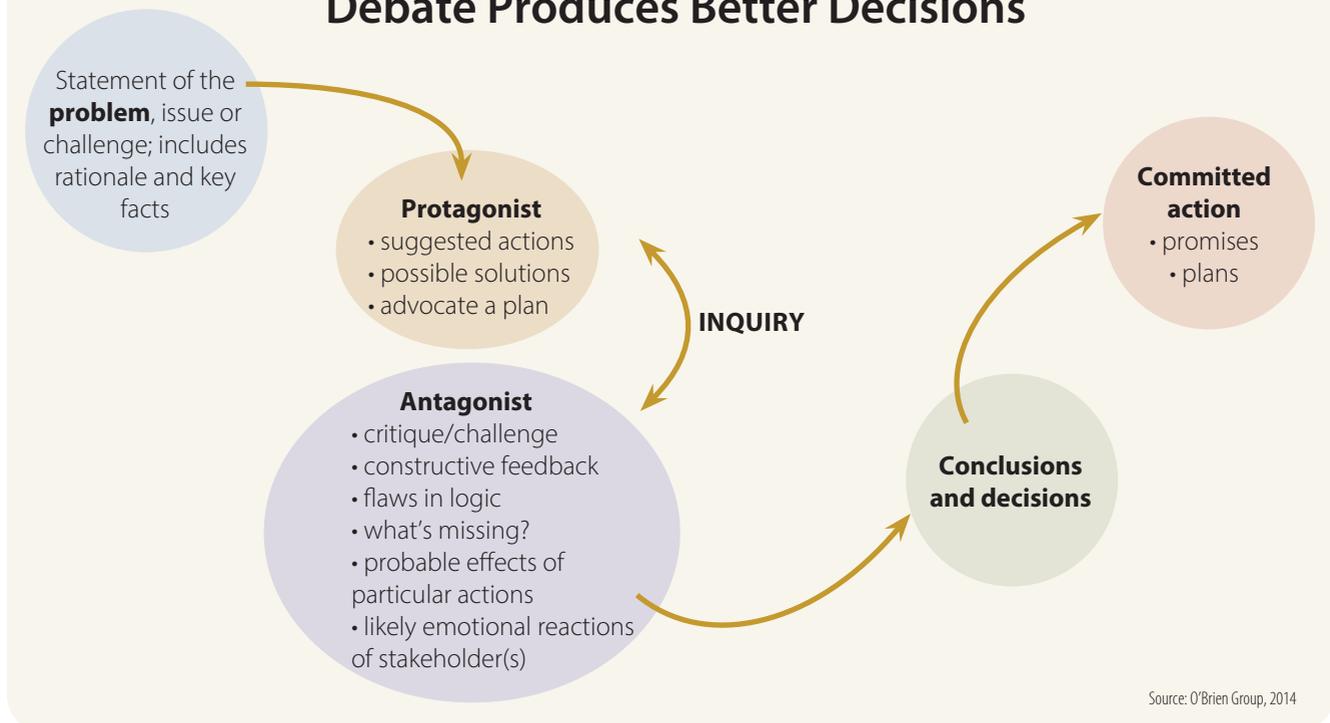
Changing the ways people make

• "The misconception: You set attainable goals based on a realistic evaluation of your strength and weaknesses. The truth: You protect unrealistic attitudes about your abilities in order to stay sane and avoid despair." How many boards have never conducted an evaluation of their performance or have done so and not acted on improvements, yet believe they are doing a good job of governing?

• "The misconception: You make rational decisions based on the future value of objects, investments and experiences. The truth: Your decisions are tainted by the emotional investments you accumulate; and the more you invest in something, the harder

Debate Produces Better Decisions

Statement of the problem, issue or challenge; includes rationale and key facts

Protagonist
- suggested actions
- possible solutions
- advocate a plan

INQUIRY

Antagonist
- critique/challenge
- constructive feedback
- flaws in logic
- what's missing?
- probable effects of particular actions
- likely emotional reactions of stakeholder(s)

Committed action
- promises
- plans

Conclusions and decisions

Source: O'Brien Group, 2014

• Breakdowns in communication, unfilled expectations and broken agreements within the board, between the board and the CEO, and between the organization and stakeholders.

• Disappointment, anger, fear, hurt and angst causing trustees to either assign blame, attack or avoid engagement, which results in a decision-making process that is devoid of communication, dialogue and engagement in problem-solving.

Boards that want to reverse this tailspin reflect on the de-powering cycle and identify the problems on which to focus. Take, for example, a board that has determined it engages in little or no dialogue and suffers incomplete or poor communication. These dialogue deficits result in incomplete reasoning, leading to poor problem-solving and decision-making. Boards facing this problem could ask themselves:

• **Why doesn't our board engage in dialogue at meetings?** Discussion may reveal that this occurs because dialogue has already happened, either with a small group of board members outside the meeting or by an executive team that only brings fully formed solutions to the board. Signals of a serious problem can be seen when some-

one tries to speak or ask a question that interrupts the planned dialogue and is then viewed as being divisive, diversionary or duplicitous.

• **When real dialogue does occur, why does it lack clarity?** Some causes of this problem include issues not being framed properly or disparities in the amount of information that individual board members have been provided.

• **Why do we have lingering dissatisfaction about organizational performance?** One cause may be no real definition of what constitutes satisfaction, other than traditional financial and incentive measures. Lack of alignment in how the board and executive team define success is often at the core of such dissatisfaction and usually results from not having disciplined discussions about success.

• **Why is there ongoing tension during meetings, causing board members to pass the buck or to go on the attack?** The de-powered nature of dysfunctional relationships seeks resolution, but at the expense of others.

The good news is that boards and CEOs can reframe their narratives and opinions of each other to avoid the dialogue vacuum. This requires robust

assessment and reflection about the narratives that support the vacuum. As the assessment identifies the obstacles to real dialogue, each issue can be discussed, individuals can "own" their stories about each other, and they can begin to generate more interest in others' assessments and ideas.

Three practices that boards can employ to get at the issues that undermine attempts to improve board performance are:

1. Put ideas on trial, not people

Debate can clarify thinking and lead to better decisions [see Debate Produces Better Decisions, above].

What can be done when a board discovers it engages in little or no constructive dialogue or debate? Potential causes and tips for improvement:

• *Issues and recommendations are not clearly and efficiently stated.* Boards must understand the information upon which their decisions will be based and should defer decision-making until clarity is achieved.

• *Information shared within and outside the board process is inconsistent.* Boards should bring to light the inconsistencies and defer decision-making until clarity is achieved, in-

sisting that the full board, not just selected members, be privy to all information needed for board decision-making.

• *Facts are complex, confusing or irrelevant.* Boards should require the facts to be stated simply and ferret out confusion or irrelevancy before decision-making begins.

• *Tension and overt personalizing characterize any inquiry.* Boards should require civil discourse. While they should not avoid creative tension, boards should diffuse tension that is divisive or focused on individuals.

• *A protagonist states a position without suggested actions or possible solutions.* Boards should ask protagonists to contribute to solving problems, not just stating them.

• *Antagonists are locked into personalization as they critique and challenge, causing disruptive tension and negative emotions.* Boards must make it clear that ideas, not people, are on trial.

• *Feedback from antagonists is not constructive and is devoid of alternatives or solutions.* Boards should make it clear that the antagonist's role is to add value constructively.

• *Flaws in a protagonist's logic are not mentioned.* Boards must employ and demand logical reasoning and different points of view. Failure to expose flaws in logic compromises effective decision-making.

• *Just before decision-making occurs, there are still things that remain unsaid.* Boards should routinely demand clarity about issues that impact a decision. Failure to have all relevant items on the table at decision time is a failure of the board's duty.

• *Decision-making does not consistently reveal the effects that particular actions have on stakeholders or fails to identify the stakeholders.* Boards make poor decisions when they don't understand this.

2. The Left-Hand Column

Try the following exercise to evaluate board interactions.

• Start by selecting a recent, specific situation in which you interacted with another member of the board or management in a way that did not produce either learning or results.

• Next, divide a sheet of paper into two columns. Write a sample of the exchange you had in the right-hand column. Select the part of the conversation that was the most troubling.

Then, in the left-hand column, write what you were thinking or assuming but not saying at each stage of the exchange. Ask yourself these questions: I behaved as if my assumptions were true; are they really? Did I avoid dealing directly with my assumptions about the other person and the situation? What did the avoidance cost me (or what did not get valued or recognized) regarding the relationship and a clear course of action for the board? Am I willing to go back and confirm my assumptions with the person or group? What will I do now?

Consistently doing this exercise will hone your ability to notice your assumptions while you're creating them — you can then choose to pull them into or out of an interaction. However, when it comes to performing your duty for the board, things left unsaid and assumptions that aren't clarified can result in poor decisions that can become problematic.

3. Should to Could

Use this exercise to identify breakdowns in interactions within the board. Changing "should" to "could" can improve performance.

• Make a list of the top interaction breakdowns with which the board is dealing, from trivial to catastrophic. Typically, any trustee can immediately come up with two or more. These can involve upsets, complaints, brooding concerns about unmet expectations, broken agreements and disruptive conflicts.

• Choose one breakdown to work on, and list the actions observed. Write out all the "shoulds" associated with the interaction and the corresponding breakdown — the things that should have been expected of those involved. You now have the story of the breakdown. Note: The bigger you perceive the breakdown to be, the greater number of "shoulds" you should be able to identify.

• Replace "should" with "could." For example: "Harry should have attended the finance committee meeting. He didn't — Harry could have attended the finance committee meeting." Remember that you are dealing with your emotions about Harry's behavior: Harry wasted time in the board meeting because he was unprepared about information he would have gotten at the committee meeting.

Now, for every should/could conversion, make a note of the actions the board might consider to help the other party take the appropriate action.

In nurturing teamwork, instead of proclaiming that a particular breakdown should not be happening, better leaders ask what could be done to help mend it. They create a pathway for action by asking what could be done to empower others. "Shoulds" bring negative emotions; "coulds" are associated with positive emotions. Start small and build from your experience in doing this exercise. And remember, your colleague "could" do something differently, if you "could" do something to help. This is the alchemy for sustainable excellence.

RETHINKING YOUR THINKING

While there are many ways to re-empower your board to achieve better performance, these three methods illustrate that people's performance and the psychology of group decision-making are critical to higher board function. Time is needed to effect change, explore, reframe, practice new behaviors, iron out dysfunctional ones and contribute energy to make the board the best it can be. **T**

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