

Becoming A High Performance FHT Board

**QIIP Presentation
March 28, 2011**

**James R Nininger, Chair
Community for Excellence in Health Governance**

Background

- Governance does matter
- Governance is becoming more difficult
- Governance is less than optimal in many organizations
- Board performance can be dramatically improved

Governance Weaknesses in Healthcare Organizations

- Lack of clarity around accountability
- Lack of consistent understanding of roles and responsibilities
- Lack of appropriate mix of skills to fulfill full scope of responsibilities

Source: Quigley and Scott 2004

Governance Weaknesses (2)

- Infrequent board turnover due to lack of term limits
- Inadequate and/or inappropriate information to support decision making
- Lack of board policies and processes to support board in executing its role

Governance Weaknesses (3)

- Lack of alignment among board, senior management and clinical leadership
- Inconsistent approaches to board orientation and ongoing education
- Failure to distinguish between governance and management roles

Moving Forward

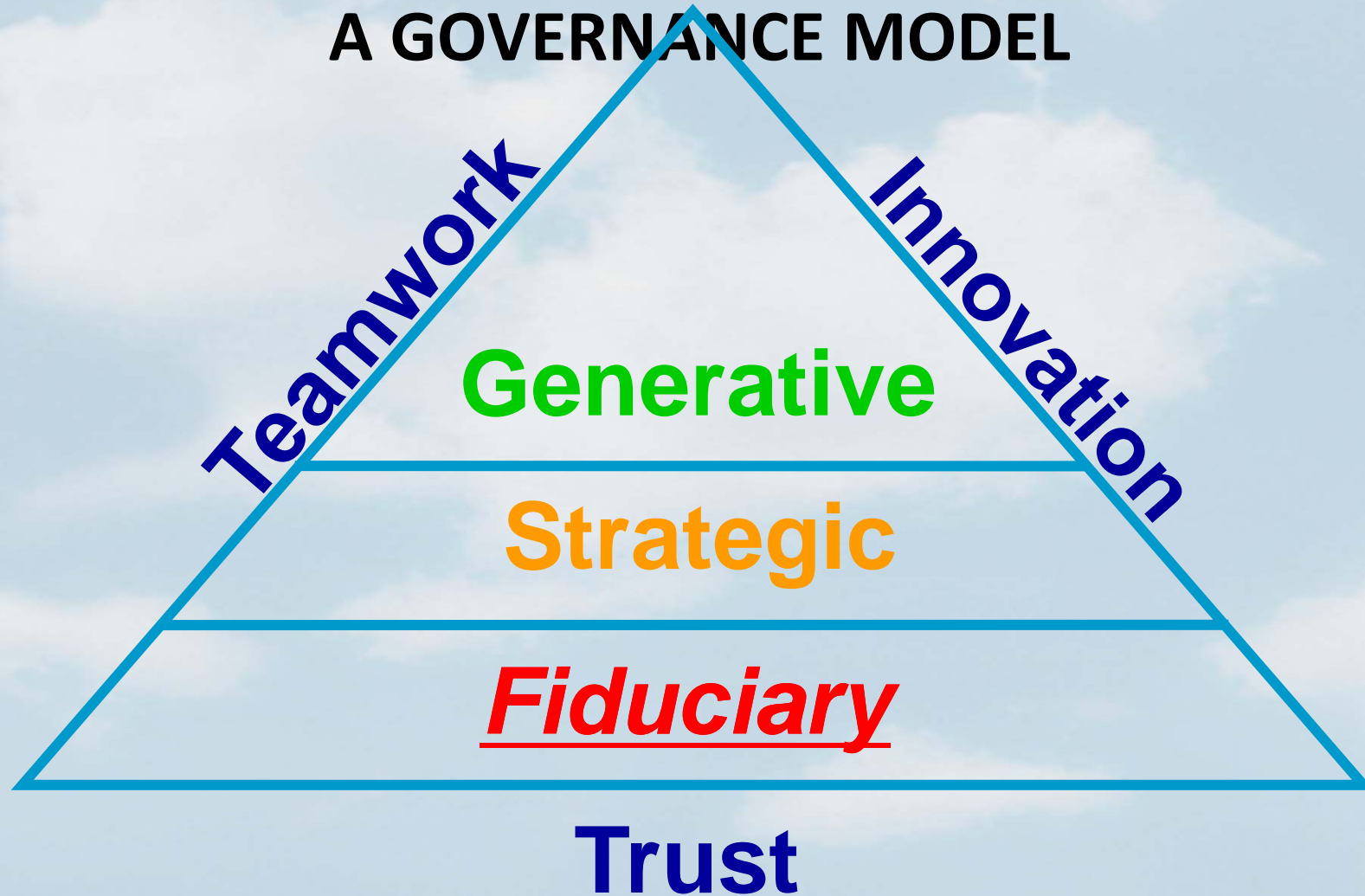
- **Conditions for improved governance**
 - there is dissatisfaction with the status quo
 - there is an image of what governance should be like at its best
 - time and energy is devoted to improving governance
 - follow through with change initiative is essential

- **Governance is a means to an end, not an end in itself**

Governance – A Definition

Governance deals with the leadership, stewardship and oversight of an organization. It concerns itself with the direction of an organization's activities and includes policy making, structure, decision-making processes and accountability mechanisms as well as operating values, behaviours, traditions and other elements of organizational culture.

A GOVERNANCE MODEL



Summary of Fiduciary Mode

- Accountability
- Responsibilities
- Roles
- Structural Considerations
- Composition Considerations

Accountability

- Who are we accountable to?
- What are we accountable for?
- How do we measure our success?
- How do we report our results?

Responsibilities

- Quality Performance
- Financial Performance
- Executive Performance
- Risk Performance
- Board Performance

Responsibilities

Quality Performance

The Board has the ultimate responsibility for the organization's quality of care and patient safety.

Responsibilities

Quality Performance : The Board

- Has a precise definition of quality
- Develops quality indicators
- Ensures quality improvement plan is in place
- Determines review process
- Invests in becoming quality literate

Responsibilities

Financial Performance

The Board has the ultimate responsibility for the financial performance of the organization.

Responsibilities

Financial Performance: The Board

- Specifies key financial objectives
- Ensures budgets are aligned with objectives
- Develops financial indicators
- Approves financial policies
- Ensures financial controls are in place
- Invests in becoming financial literate

Responsibilities

Management Performance

The Board has the ultimate responsibility for ensuring high levels of executive management performance.

Responsibilities

Management Performance: The Board:

- Selects the Executive Director
- Specifies expectations, assesses performance and determines compensation
- Oversees development and succession
- If necessary, terminates the Executive Director

Responsibilities

Risk Management Performance

The Board has the ultimate responsibility for the organization's risk management performance

Responsibilities

Risk Management Performance: The Board

- Identifies key risks facing the organization
- Oversees development of a risk management matrix
- Monitors risk mitigation

Responsibilities

Board Performance

The Board has the ultimate responsibility for the management of its own performance.

Responsibilities

Board Performance: The Board

- Oversees new member orientation
- Ensures effective education for the board and individual directors
- Evaluates its performance
- Oversees board retreats
- Develops its work plan

Fiduciary Responsibilities-Summary

- Financial Performance
- Quality Performance
- Management Performance
- Risk Management Performance
- Board Performance

Fiduciary Roles

- Policy Formulation
- Decision-Making
- Oversight
- Innovative thinking

Structure Considerations

- Deals with board size, committee structure, task forces etc.
- Board size 9-17
- Board determines committee structure
- Committee charters essential

Composition

- Getting the right mix of board members
- Requires a matrix of competencies, experience and community characteristics
- Assessment of gaps and working towards the appropriate balance

Final Considerations

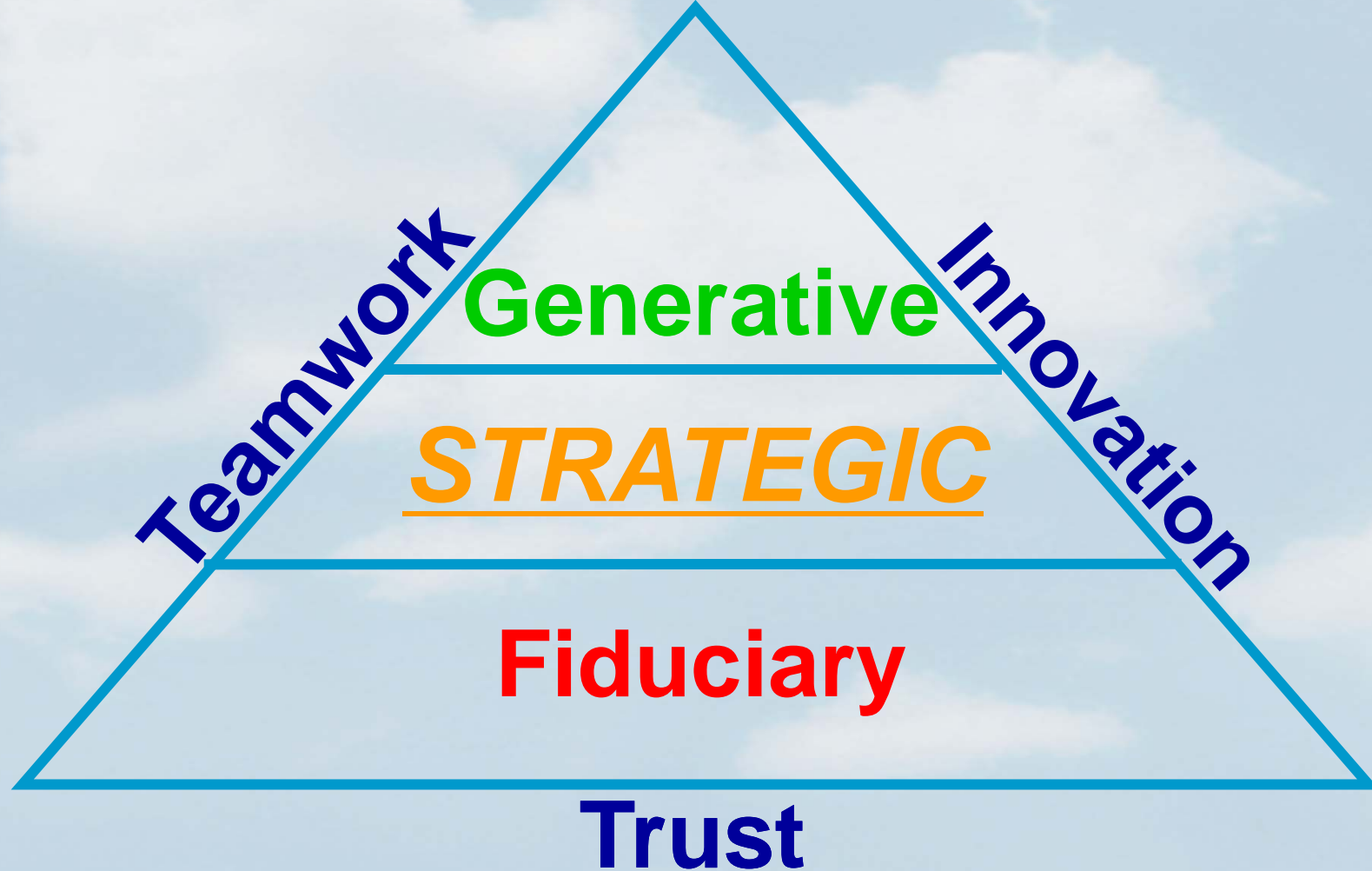
Governance and Management

- Board determines what is to be done
- Board 'steers'
- Board delegates implementation to management
- Management determines how work gets done
- Management 'rows'
- Management reports on performance

Final Considerations

- Duty of Loyalty
- Duty of Care
- Roles and responsibility statements for board, Chair, individual directors, CEO
- Statement of governance principles

A GOVERNANCE MODEL



Strategic Overview

One of the board's key responsibilities is to provide the overall direction for the organization

Strategic Overview (2)

- If done well, all actions will flow from the strategy and it will be a unifying force
- If not done well, ‘anything goes’ becomes the mantra and there is no unifying force

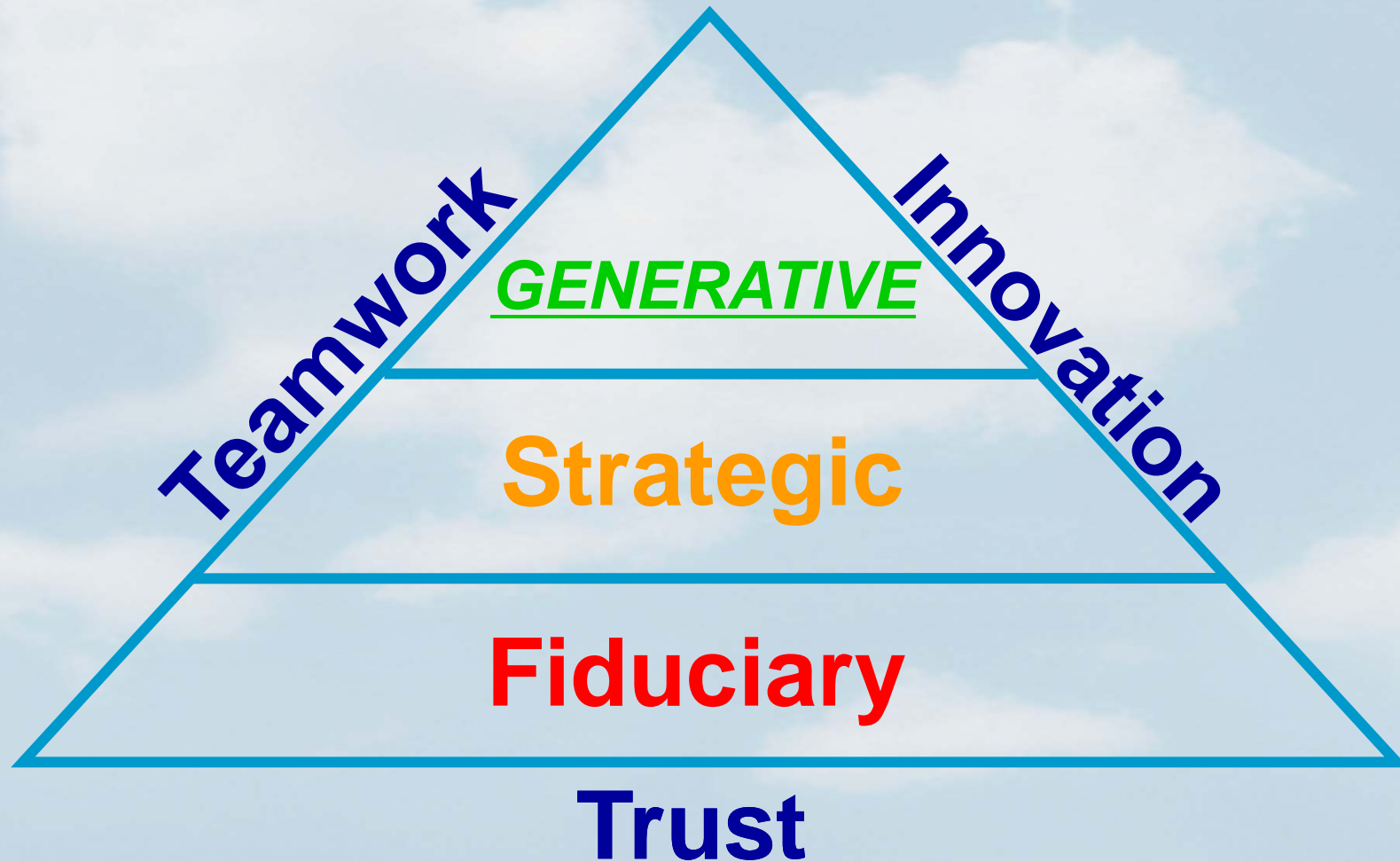
Strategic Overview (3)

- A good strategic plan is as much about saying what the organization will not do (or do less of) as what it will do
- Strategy is hard work and there are lots of pitfalls along the way

Strategic Components

- Vision
- Mission
- Values
- Strategic goals
- Organizational strategies
- Implementation timetable and plan

A GOVERNANCE MODEL



INNOVATION

A culture of innovation

- Getting the board to think outside the box
- Being open to new and different ways
- Experimentation is encouraged
- A trusting environment is critical
- On going learning is understood

GENERATIVE THINKING

- Creating the space for the board to think and dialogue deeply
- It is the important work of problem framing and this precedes problem solving
- Getting from A to B requires a deep understanding of A

GENERATIVE THINKING (2)

How does this happen

- Board and management working together
 - Requires fusion of thinking, not a division of labour
 - No clear lines of authority
 - Grapple together to make sense of an issue

The Board's Culture

WHAT MAKES GREAT BOARDS GREAT

**IT IS NOT RULES AND REGULATIONS, IT'S THE WAY PEOPLE
WORK TOGETHER**

WHAT DOES THIS MEAN?

CREATING A CLIMATE OF TRUST AND CANDOR

FOSTERING A CULTURE OF OPEN DISSENT

Source: Sonnenfeld 2002

References

- The High Performance board, Principles of Nonprofit Organization Performance, Pointer and Orlikoff, Jossey-Bass, 2002
- Board Work, Governing Health Care Organizations, pointer and Orlikoff, Jossey-Bass, 1999
- Governance as Leadership, Reframing the Work of Nonprofit Boards, Chait, Ryan and Taylor, Wiley, 2005
- What makes Great Boards Great, J. Sonnenfeld, Harvard Business Review, November 2002
- For further information contact jrnininge@rogers.com

CONTACT

James R. Ninninger PhD

Chair, Community for Excellence in Health Governance

jrninninger@rogers.com

For more information on CEHG,
please visit www.myhealthboard.ca
or e-mail us at info@myhealthboard.ca

(c) 2010 The Community for Excellence in Health Governance.
Please email us for permission to reproduce.

