

BoardBrief

Prepared for Colorado Hospital Association Trustees

Supercharging Your Hospital's Governance Substructure **How to Build Effective Committees, Task Forces and Advisory Councils**

Board committees, task forces and advisory councils are an essential component of effective hospital governance and leadership. They form the “substructure” that enables the governing board to focus on larger issues of policy, strategy and vision.

If your board's substructures are not able to respond quickly and effectively to strategic issues, they may need an “upgrade.” Even if the board's substructures seem to be operating as expected, these tips will help improve - indeed, supercharge - them to best meet the board's most current needs.

Balancing the Work of the Board

Quite simply, substructures (small, highly focused working groups) empower greater governance effectiveness. When the work of the board is correctly balanced between committees, task forces, advisory councils and the full governing board, the entire board becomes more productive and effective.

Each hospital board is unique, and needs to determine its own “right” balance of substructures to meet its strategic goals, mission, and vision. The size of the board, the expertise and experience of its trustees, and the time board members have to devote to committee work will shape the board's decisions about its structure, substructures and composition.

High-performance boards consistently rebalance their board structures to increase efficiency and productivity and ensure a continual board focus on high-level strategic thinking. That may mean reducing the number of standing committees and replacing them with task forces, work groups, and advisory councils assigned to delve into high priority issues.

Rethinking the full board/substructure balance may indeed change a board's number of standing committees, because too often standing committees are outdated and can inhibit

the success of the board. In fact, many standing committees exist yet meet with no real purpose.

Why do Boards Need Substructures?

Governance substructures are the backbone of any board and truly determine its leadership efficiency. Without its committees, task forces and advisory councils, a board would get caught up in endless research and details, and would not be able to work at the broader, higher level needed for policy-making, strategizing and setting the hospital's future course.

In order for a board to think and act strategically, it must have the ability to draw its substructures together for the purpose of studying an issue, then educating and bringing recommendations to the full board for its discussion, deliberation and action.

Successful boards use committees, task forces and advisory councils to maximize their governance time and energy, enhance their effectiveness, and understand their position, progress and performance in key areas. And they look toward the horizon for opportunities to stimulate hospital improvement and overcome potential challenges. When effective, substructure groups provide the analysis and recommendations necessary for effective and well thought-out full board decisions.

Defining the Three Basic Types of Substructures

The three basic types of governance support substructure groups are committees, task forces and advisory councils.

Governance Committees

The Health Research & Educational Trust (HRET), in a survey of more than 4,800 nonfederal community hospitals in the U.S., found that almost all boards operate to some extent through a variety of governance committees. The average number of committees is eight.

Of the 16 board committees covered in the survey, the five most commonly utilized were:

- Finance/budget
- Executive
- Nominating
- Strategic Planning
- Quality Assurance

39%-55% of boards utilized these committees:

- Audit
- Quality Improvement
- Ethics or Compliance
- Joint Conference/Professional Affairs
- Compensation
- Risk Management

The five LEAST commonly assigned were:

- Governance
- Plant/Facilities
- Personnel
- Fundraising/Development
- Government Relations

Of the 1,586 CEOs and 906 board chairs responding to the survey, nearly 1 in 10 indicated they did not utilize any of the 16 committees listed in the survey.

One of the most important committees to any board is its committee on governance - listed here as one of the least commonly utilized!

1. **Standing committees** focus on fundamental functional areas of primary board responsibility, such as quality and patient safety, medical staff credentialing, audit, board development, etc. They're critical to accomplishing important board work, and much of the board's work is accomplished in the standing committees. The establishment of these committees is often included in the bylaws or board policy manual.
2. **Ad hoc committees and task forces** are typically created to address specific, short-term issues, problems or needs. Typically, once the situation has been resolved or the task has been accomplished, the committee is disbanded. Ad hoc committees and task forces often address issues such as recruiting a new CEO, developing a CEO succession plan, updating strategic plans, assessing community needs and perceptions, or analyzing problems (such as the workforce shortage).

When teams are needed to tackle short-term projects where a full committee is not necessary, an ad hoc committee or task force is almost always the best solution. The benefits of task forces include a tight focus on a single issue, broad participation and unique perspectives derived from the inclusion of staff and community members, and a focus on distinct topics.
3. **Advisory councils** are the third level of board support, formed to provide perspective, expertise and advice on specific issues on an ongoing basis. They often include non-board members, and are an excellent way to involve community members in better understanding hospital challenges and issues.

When Substructures Are Not Working...

If a board's committees, task forces or advisory councils fail to respond to strategic issues and cannot meet the requirements of today's fast-paced, rapid-change health care environment, something is wrong. When substructures don't work it is usually for one of three reasons:

- The group exists simply because it must, due to the board's by-laws or because "we have always had this standing committee" (it may no longer be relevant to the way the board does business);
- The group did not have clear direction or understanding on what it was expected to study and achieve; or
- The group members did not take their responsibility seriously.

If a substructure is not working, it may suffer from poor planning, or simply not fully realize its potential as a key to the greater governance effort. This can be avoided with clearly prescribed board-approved expectations and an understanding that these small groups are truly interdependent with the board.

Each committee, task force and advisory council must have a clear purpose that is tied to the organization's needs and strategic plan.

Helping group members take their work seriously can be accomplished by keeping written records of committee discussions and actions. These records provide a continuous history for committee members, refresh members' memories about goals and minimize confusion for new members.

Accurate records also help settle differences of opinion, keep members accountable in the event of questions about activities or intentions, and serve as a way to report progress to the greater board.

How do you know if a committee is in trouble? Watch out for warning signs, such as:

- Stagnant or inconsequential agendas that don't drive ideas and recommendations;
- Lack of purpose and focus of meetings, materials, work plans and recommendations;
- Composition that doesn't bring the right skills and experience to the table; and
- Lack of committee, task force or advisory council connection to the hospital's mission, vision and strategies.

How Do Successful Substructures Operate?

High performance committees, task forces and advisory councils streamline decision-making, educate the board, and enable better understanding of critical issues. They enhance overall board and individual trustee effectiveness and help prepare leadership to understand and lead through the challenges of the future. And they leverage board time for the most important and pressing strategic and policy discussions and decisions.

In addition, solid governance substructures enable deep, penetrating analysis and development of alternatives and recommendations that boards wouldn't have the time and resources to accomplish alone. They also provide an excellent

opportunity to "test drive" and groom new leaders, ensure that the board's time is used most effectively, and ultimately facilitate the hospital's strategic success.

As boards reach out to forge stronger community connections, governance substructures offer an avenue to achieve that objective.

It is important for boards to keep an open mind about standing committees and work groups, and continually assess each group's productivity and effectiveness. The existence of any committee, task force or advisory council should be a response to the current health care environment, both on the national and local levels.

These groups should be resources designed exclusively to enable the board to better address its strategic challenges and fulfill its strategic plans. As boards reach out to forge stronger community connections, governance substructures offer an avenue to achieve that objective.

Consider Zero-Based Planning. It is important for boards to look carefully at their existing committees, task forces and advisory councils and ask, "Are these groups helping us do our work as a board?" Also, ask, "Why do we have these committees? What purpose do they serve? What would happen if they ceased to exist?" This is called "Zero-Based Substructure Planning," and is a good place to start.

Supercharging requires the board to consider what support it needs, how its current committees, task forces and advisory councils serve these needs, and what structures it would create if starting from "zero," or from scratch, in its substructure formation.

When setting up committees, key factors to consider include:

- Keep committees' focus sharp and avoid work that is too broad to be successfully addressed;
- Avoid perpetuating outdated structures. Begin fresh every year by carefully assessing what committees are in place, and what others may be needed;
- Ensure the connection between committee work and how the board utilizes that work; and
- Evaluate substructure effectiveness as part of the board's annual self-assessment, reviewing each committee's current role, contribution to governance success and future potential.

Develop Charters. Every substructure, whether committee, task force or advisory council, must have a charter that describes its purpose and responsibilities, how it is to be organized, how frequently it will meet, and how it will report its

findings. Creating a charter gives direction and purpose, as well as a clear point of reference; without a charter, the group may lose its sense of purpose, its efficiency and its effectiveness.

A typical charter is brief and to the point. Important to include are sections on:

- Purpose and authority, succinctly and briefly outlining the primary role of the group;
- Composition and requirements, which define the number of individuals required to serve the group, who selects them, the experience required of potential members, and the projected meeting schedule;
- Duties and responsibilities which delineate the specific accountabilities of the group and serve as the basis for performance evaluation; and
- Reporting responsibilities, which define to whom or what group the substructure reports.

Require Agendas that Tie Directly to the Charter. Whether operating as a committee, task force or advisory council, the substructure will not be successful unless it ties its agendas to the group's charter and purpose. Each agenda should be set up to assure that the group is gathering, building and preparing for presentation information the board will need to help it make informed decisions.

Encourage Participation by Every Member. Every group member should be certain he or she is taking an active role in the meaningful work of the group, thereby maintaining a clear, strategic focus that fits with the broader work of the board.

The group as a whole, and each member individually, should hold itself accountable for its performance, be able to regularly report meaningful progress on its work, and should use its meeting time to challenge assumptions, debate various points of view and come to consensus on recommendations to be forwarded for board consideration.

Making it Happen: Key Steps to Supercharging Committees

Below are six simple steps to supercharge committee performance, dedication and drive:

- **Form a governance committee to determine governance needs.** The governance committee is perhaps the board's most critical committee. This group's

number one job is to improve the efficiency of the board by examining how the board functions, how board members communicate, and determine if the board is meeting the expectations and objectives of the organization. This committee examines current substructures and their work, and makes recommendations for changes to anticipate future governance needs.

- **Develop substructure policy objectives.** By determining the policies and objectives of committees, task forces and advisory councils, members will have a better understanding of how the groups function, how their work relates to the board's needs, and how success is measured.
- **Compare and evaluate all aspects of the board's substructures and their functions with those of other hospital boards.** By comparing its organizational substructures to those of other high-performance hospital boards, board members can determine ways the purpose, scope, and structure of the hospital board's support structures may be improved.
- **Determine resources required.** Supporting the work of board committees, task forces and advisory councils may require resources, including time, money and people. Determining those needs will help create groups that have the manpower, financial resources and time to accomplish their goals.
- **Assign committee responsibilities.** By discussing and approving the responsibilities of its various substructures, the board makes certain that the groups are focused on board-approved work that connects to and supports governance success.
- **Evaluate performance and update structures.** The board should periodically evaluate the performance of all committees, task forces and advisory councils, and determine their ongoing value to supporting the work of the board.

Conclusion

Creating and sustaining a strategic board is a demanding job. A well-formed, well-managed, high-performance governance substructure should facilitate effective governance.

Well-built substructures never encourage "rubber stamping" of their recommendations, and do not attempt to do the work of

administration or get involved in the jobs of staff members. They do not function as a "board within a board," and they never exist any longer than their charge requires.

Well-built substructures do streamline and speed decision-making by bringing detailed, focused information and recommendations about critical issues to the board for its deliberations. These substructures are perfectly clear about their roles and deliverables, and are always created because of need, not habit.

They keep in mind their strategic connection to the board's work, focus upon their purpose, maintain appropriate processes, structure and organization, and are not afraid to press hard to address the unique needs of their board in very specific areas.