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Building Bonds: Pathways to Better Board/CEO Relationships



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Knowledge Points

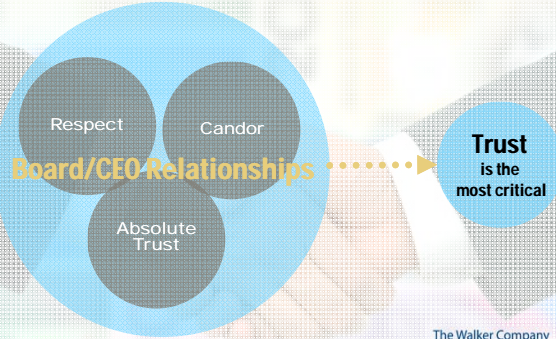
- Success factors in fostering a dynamic board/CEO relationship
- Building mutual trust
- CEO compensation and evaluation
- Discussion points

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Fostering a Dynamic Board/CEO Relationship: What Creates Success?



Trust: The Most Vital Ingredient



Respect Candor

Board/CEO Relationships

Absolute Trust

Trust is the most critical

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How Do You Build Trust?

- Rely on one another for support, consultation and advice
- Complement one another's strengths and responsibilities
- Positive rapport and a close professional relationship

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How Do You Build Trust?

- Understand what motivates each trustee
- Be aware of any gaps in trustees' understanding
- Encourage trustees to learn and ask questions

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When Its Good...

- Confidence in the CEO
- Confidence in the Board's Ability
- Board and CEO Work Well Together
- Address the Right Issues in the Right Way at the Right Time
- Sense of Command
- Fulfillment and Satisfaction

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When Its in the Relationship ICU...

- Second-Guessing
- Questions About Focus, Intent and Appropriateness
- Coalitions and Factions Form
- Decisions are Tabled

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Creating Success: Mutual Needs

- Communication is Clear, Crisp, Concise and Accurate
- Board and CEO Are "On the Same Page"
- Board Understanding of its "Strategic Place"
- Sense of Synergy

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What the Board Needs...

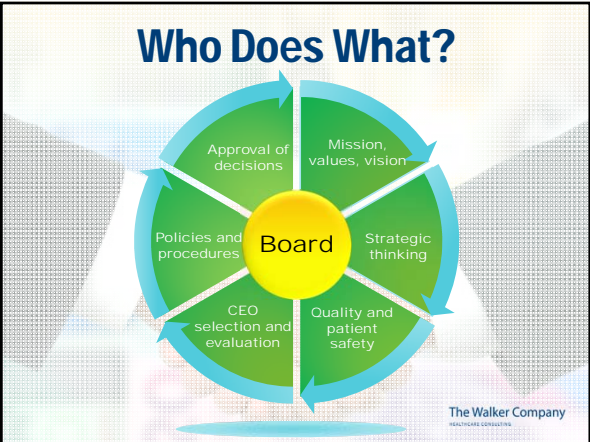
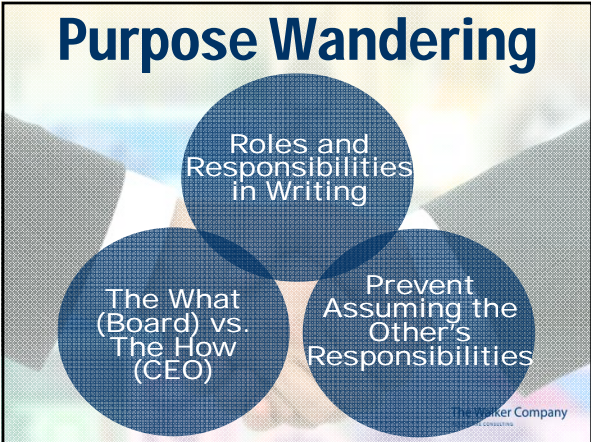
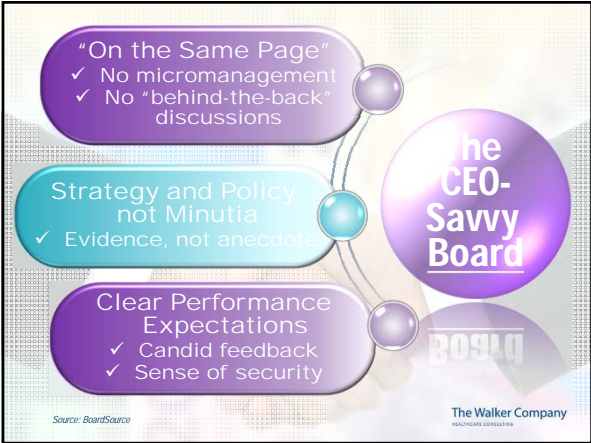
- Understanding of emerging issues
- Understanding of barriers to success
- Crisp, clear and concise overviews
- Avoid tendency to "wander"

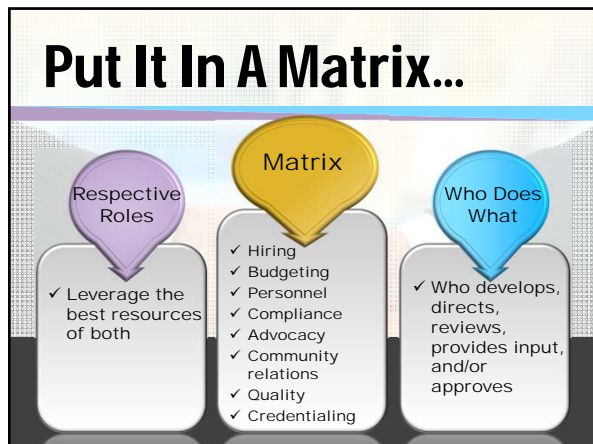
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What the CEO Needs...

- Information and perspectives the board requires to lead with purpose and vision
- A curious board
- Energetic participation, creative thinking, willingness to challenge the status quo

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- Ineffective board meetings:
 - Poorly planned agendas
 - Wasted time on routine reports
 - Emphasis on operational details
- Mundane details have little strategic impact
- Focus on vision, values, policies, and strategic leadership

The Board Meeting: The Center of Relationship Success or Failure

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- Be fully-informed
- Agendas geared toward the strategic future
- Engage in rich discussion and dialogue, assess outcomes, and participate in ongoing education

The Board Meeting: The Center of Relationship Success or Failure

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Use the 25/75 Rule

- No more than 25% of time on past issues
- At least 75% dedicated to the future
- CEO Role:
 - Materials in advance
 - Partnership with the board chair

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The First Five Minutes After Count, Too

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How Did We Do?

- Did we focus on the right issues?
- Did all members participate in an active way?
- Did we develop our "knowledge capital"?
- Seek additional comments

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Executive Sessions Are an Opportunity to Strengthen Communication and Relationships...

- Confidential matters behind closed doors
 - Typically following adjournment
- Personnel Investigations
 - CEO performance
 - Legal and finance
 - Highly confidential topics
 - Dependent on laws
- Opportunity to openly and confidentially share opinions among board members

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...But Should Not Be Misused

- Address only pre-determined issues
- Avoid discussions that could occur in a regular board meeting
- Not an excuse to avoid difficult topics and conversations
- Not to hide board deliberations behind closed doors

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Rules of Engagement

- Short and highly focused
- Not "under the radar"
- Not an anecdotal free-for-all
- Summary of the session to the CEO

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CEO Compensation and Evaluation: A Critical Component

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It's An Opportunity to Build Trust and Focus on Organization-Wide Goals

- Maintain clear expectations and ensure regular review
- CEO's performance tied to hospital goals
- Maintain an organization-wide focus, link compensation to goals
- No conflict of interest

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What's Important In the Compensation Assessment?

- Organizational performance
- Challenges and risks addressed by the CEO
- CEO compensation compared to peers

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What's Important In the Compensation Assessment?

- Position volatility
- CEO's tenure
- Implications of the loss of the CEO

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Discussion Points

How "trustful" is your board/CEO relationship?

- Ways to improve?
- Barriers?

Major responsibilities?

- Clear delineation of authority and responsibility?
- Gray areas?

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Discussion Points

How "board savvy" is the CEO? How "CEO savvy" is the board?

Do board meetings strengthen relationship?

Do process and policies encourage what is most important, and meet IRS requirements?

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