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Fundamentals of Best Practice Governing Board Self Assessment



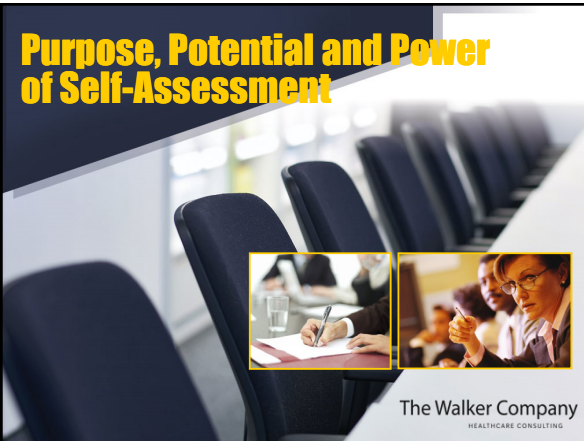
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KnowledgePoints

- **Why governance self-assessment is essential**
- **How to develop and administer a board self-assessment**
- **How to evaluate individual trustee performance**
- **Key areas of self-assessment focus**
- **How to analyze and report findings and facilitate improvement**

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Purpose, Potential and Power of Self-Assessment



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Putting Your Current Board Self-Assessment to the Test

- ✓ **Conduct annually?**
- ✓ **Full board participation?**
- ✓ **Anonymous?**
- ✓ **Full board review the results of the self-assessment?**
- ✓ **Actionable and measurable plans for improvement?**
- ✓ **Communicate the results of the self-assessment?**

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Key Outcomes of a Successful Board Self-Assessment

- **Defines the board's most critical success factors**
- **Secures anonymous and insightful trustee input**
- **Creates an opportunity to address major issues**
- **Clearly demonstrates where the board is in and out of alignment**

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Key Outcomes of a Successful Board Self-Assessment

- Objectively assesses the degree of trustee understanding
- Uncovers governance deficiencies
- Identifies opportunities for leadership improvement
- Helps administration better understand and respond to the board's needs

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Tips for Ensuring a Successful Process

Conduct your self-assessment prior to your annual retreat

Two approaches to design and implementation

Design, implement, compile, analyze and present internally

Utilize outside consultants with experience using tested and proven tools and processes

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Typical Self-Assessment Areas



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Five Steps to Board Self-Assessment Success



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1 Define Your Governing Performance Criteria

- Define the areas to be measured, ensuring appropriateness to leadership needs
- Determine measurement method
- Include opportunities for comment and explanation
- Include thought-provoking questions

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The Five Levels of Board Performance

Level 5

I **entirely agree** with this statement. We **always** practice this as a part of our governance. Our performance in this area is **outstanding**.

Level 4

I **strongly agree** with this statement. We **usually** practice this as a part of our governance, but not always. We perform **well** in this area.

Level 3

I **moderately agree** with this statement. We **often** practice this in our governance, but we are not consistent. We perform **fairly well** in this area.

Level 2

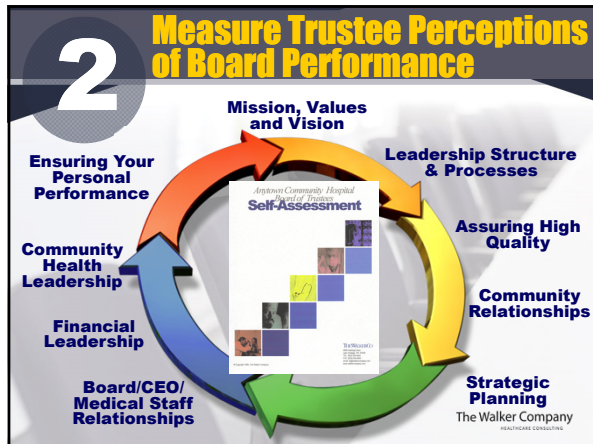
I **moderately disagree** with this statement. We **inconsistently** practice this as a part of our governance. We **do not perform well** in this area.

Level 1

I **disagree** with this statement. We **never** practice this as a part of our governance. We perform **very poorly** in this area.

Not Sure: I do not have enough information to make a determination about our performance in this area.

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Rating Committee Performance

Specific criteria and goals

Additional ideas for governance improvement

Committees may do their own evaluation, and/or the board may evaluate committee performance

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Governance Issues and Priorities

- Highest priority for the board**
- Board's strengths to maximize**
- Board's weaknesses to overcome**
- Significant trends**
- Critical factors to address**

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Measuring Individual Performance

- Views of overall board performance and individual performance may differ**
- Introspective look enables a focus on good leadership essentials**
- Peer assessment is a good way to evaluate personal performance**

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The Peer Leadership Assessment

- Planned, organized focus on the essentials of good governance**
- Peer impressions of colleagues' skills and performance**
- Combines governing and personal attributes**
- Confidential, intended to enhance trustee awareness of improvement opportunities**

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Board Reluctance to Peer Assessment

- Some boards are reluctant**
- AHA survey report: only 6% of hospitals nationwide conduct a peer assessment**
- It should be a leading practice**

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Major Benefits of a Peer Assessment

- Board focus on critical individual skills and assets
- Feedback for personal change
- Reality check
- Assists in the trustee recruitment process
- Creates structured opportunity for board chair to discuss performance with colleagues

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Sample Peer Criteria: Governing Attributes

- Builds strong working relationships with other board members
- Builds a strong working relationship with the CEO
- Understands key issues and challenges facing the hospital
- Focuses attention on long-term policy issues rather than administrative issues
- Prepares for active and informed participation in board meetings
- Asks probing and insightful questions intended to further the hospital's progress and performance

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Sample Peer Criteria: Personal Attributes

- Is able to discuss controversial topics effectively
- Keeps an open mind on issues
- Willing and enthusiastic promoter for the hospital
- Meets time commitments
- Thinks quickly and assimilates ideas well
- Displays commitment to the hospital
- Continually seeks to improve his or her leadership performance

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Key Factors to Consider When Conducting a Peer Assessment

- Criteria unique to your board
- Results should be confidential
- Opportunity to provide constructive ideas for improvement
- The right focus helps trustees raise their own personal performance bar

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3

Report Findings and Potential Performance Improvement Areas

1. Compile the results in a database
2. Develop graphs
3. Develop a written report or presentation
4. Present and discuss the results
5. Individual review of peer results

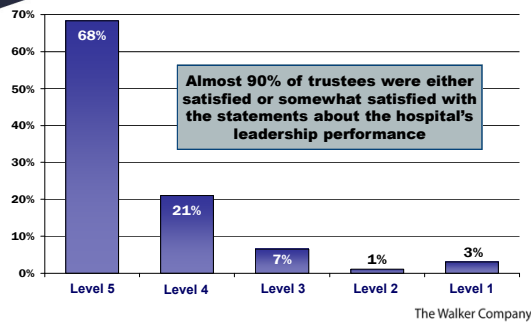
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Your Complete Self-Assessment Results at a Glance

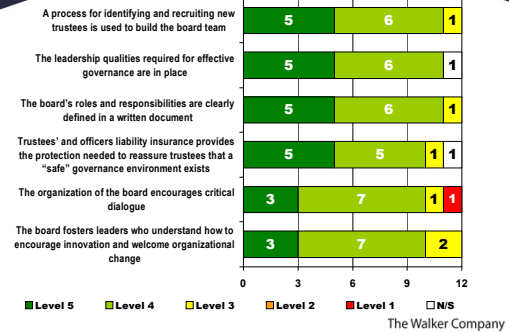


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A Different Look at Your Composite Results



Determining High and Low Performance, and Consensus



Report of Assessment Findings



4 Develop a Board Performance Improvement Plan

Key to success is action taken as a result of the assessment

The process should:

- Be a catalyst for change
- Stimulate board discussion
- Result in the development of a governance improvement action plan

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Using Your Self-Assessment to Create Meaningful Governance Gain

Typical improvement plan components:

- ✓ Initiative description
- ✓ Priority, using consistent scale
- ✓ Projected outcomes
- ✓ Resources required and potential costs
- ✓ Start and end dates


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Sample Governance Gain Planner

- Simple, easy to use
- Enables sorting by importance, category, responsibility, and more

Governance Gain Planner									
Priority Key									
Priority 1 (circle): Critical to achieve, accomplishment is vital to governance and leadership success.									
Priority 2 (square): Very important to achieve, accomplishment is a major factor in governance and leadership success.									
Priority 3 (triangle): Important to achieve, accomplishment is a significant factor in governance and leadership success.									
Index	Category	Current Performance	Target Performance	Priority	Responsible	Resources Required	Cost	Start	End
1	M.V.V.	SAMPLE: Make the mission, vision and values statements more prominent during board meetings and throughout the board decision-making process.	Increased emphasis on the mission, vision and values at the highest level. Mission-driven board decisions.	Board Chair	None	1/1/16			
2	Structure & Process	SAMPLE: Hold a board education session, make an external speaker to present current issues and trends and facilitate a discussion about the impact of current trends on the organization and potential ways for the organization to respond to these trends.	Increased board member knowledge about current issues and trends facing the organization. Improved decision-making ability. Increased confidence in decision-making.	CEO	\$5,000	7/1/16	7/1/16		


5 Communicate and Promote Your Process and Accountabilities



- Build understanding of hospital challenges
- Strengthen employee and community trust
- Share with employees first

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5 Communicate and Promote Your Process and Accountabilities



- Deepen understanding of the board's commitment
- Raise awareness of the challenges faced
- Demonstrate the high standards the board holds itself accountable for

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Action Agenda

1. Analyze assessment process and methods, and determine improvement opportunities
2. Ensure complete understanding and buy-in to criteria and process
3. Make full participation a board policy
4. Continually seek ways to improve

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