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HOW TO DEVELOP BOARD GOALS

By Barry S. Bader

It's that time of year again, a time for making New Year's resolutions. For governing boards, each New Year is an opportunity to determine the major areas on which it wants to focus its most precious commodity, its time.

Many governing boards are frustrated because most board meetings and committee meeting agendas are so full of both important and routine business that little time is left over for interactive discussion and questions concerning highly significant or future-oriented strategy and policy issues.

For example, one hospital has struggled for years to maintain a positive bottom line. Its board monitors management's aggressive pursuit of operational improvements, including revenue cycle enhancement and group purchasing arrangements to control supply costs. The proverbial "elephant in the room," on everyone's minds, but never discussed, is whether the hospital can survive on its own or must seek a strategic partner through merger, sale, or affiliation. Yet the board has spent almost no time discussing this question, as the hospital's financial condition weakens. The CEO has raised the issue, but gently, because the board might misread his analysis as an admission that he can't run the organization successfully.

At another hospital, margins are good and revenues are growing, but some physicians are opening competing ventures and want rich compensation for on-call coverage, while other physicians seek the security of hospital employment. The landscape is rapidly changing, and management responds to crises and opportunities, but the board has never taken the time to ask the questions, "What is our vision for hospital-physician relationships? What is our strategic plan to achieve that vision? Should we continue to be reactive, or adopt a proactive stance, relying on steps such as actively recruiting hospital-employed physicians or building an aligned, multi-specialty medical group?"

In these instances, and on virtually every board, the practice of establishing annual board goals can rebalance the board's time. Goals help directors reduce emphasis on the routine matters and increase discussion of significant issues that are critical to the organization's viability and achievement of excellence.

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Establishing Board Goals Can Help

For years governance experts have recommended the technique of adopting board goals, yet boards have a hard time translating this recommendation into action. Many don't understand the difference between an ongoing board responsibility, such as monitoring financial performance or overseeing clinical quality and patient safety, and a board goal. Others mistake the goals contained in the organization's strategic plan for the board's goals.

A board goal is a topic, a specific major action item, or a critical area of board responsibility that deserves special, intense attention from governance and management – over and above the board's performance of ongoing responsibilities. Board goals may reflect priorities in the strategic plan, or they may reflect emerging issues or policy matters that are not specifically addressed in the current plan.

Here are examples of the three types of board goals:

Type 1 Board Goal: An area, topic, or question for major study or oversight

Examples:

- * Long-term vision for hospital physician relationships.
- * How to increase physician engagement in quality and strategic planning.
- * Impact of changes in cardiac care technology on our future plans for growing these services.
- * Innovative methods of serving a growing uninsured population.
- * Achieving breakthroughs in quality improvement.

Type 2 Board Goal: A specific, major action item requiring significant board work.

Examples:

- * Determine whether to build a new hospital or renovate an existing one.
- * Decide whether to pursue the Malcolm Baldrige National Quality Award.
- * Adopt new multi-year strategic plan.
- * Adopt a board policy on physician competition.
- * Adopt and implement a new policy on CEO goal-setting and compensation.

Type 3 Board Goal: An area of board responsibility to receive special attention

Examples:

- * Activities to strengthen the balance sheet.
- * Engagement of the full board on quality and

patient safety.

- * Oversight of community benefit.
- * Strengthening the parent board's relationship with the foundation board in order to enhance philanthropic efforts.

Using Board Goals

A board should limit itself to a small number of annual goals or focus areas. One truly big goal may be enough; more than four or five is probably too many.

To determine its goals, the board should engage in a brainstorming discussion in which every member of the board and senior management suggests possible goals. Then the board can choose its priorities, or it can delegate the final choice of goals to its executive or governance committee.

The next step is to incorporate the goals into an annual board work and education plan. (See Great Boards, Winter 2005, "10 Ways to Improve Board Meetings," for a discussion of how to establish an annual board work plan.) Discussion and education pertinent to the goals can be incorporated into the board's work in a variety of ways. A board that uses a consent agenda to dis-

miss efficiently can spend half or more of its meeting time on an in-depth discussion of a board goal at most of its meetings. A board committee or special task force might be asked to engage in preparatory work prior to full board discussion. Management might be asked to present a white paper or background articles to inform the board before discussions. Outside speakers and consultants may be invited to lead educational sessions pertinent to the goals. One or more board goals could be a significant focus at the board's annual retreat or a mini-retreat.

One of my clients refers to board goals simply as "our Topic A issues." In other words, these are the critical few matters on which the board can make a real difference in time spent now to enhance the organization's sustainable viability and fulfillment of its mission. Consider making the adoption of board goals a New Year's resolution for your board.

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