May Your Hospital be Blessed With a Quality Board of Directors

by Jan Jennings

Over the past thirty-five years I have had the privilege of serving wonderful men and women on hospital boards of directors. Properly selected, educated and motivated, they can make an enormous difference in the achievements of the local hospital or health system. During this period of time I have served as a hospital chief executive officer four times and worked with dozens of boards of directors in a consulting capacity. The challenges facing the healthcare industry today have made the governance process much more important that at any other time in history.

Here are three board characteristics I have observed that can facilitate or disable an organization:

- Careful Selection: Because of the positive nature of the experience, I feel I can name the Children's Memorial Medical Center, in Chicago, as an institution that really worked hard at identifying the best and the brightest business and civic leadership to represent the hospital. The process was agonizing in its attention to detail. The results were spectacular. The board of directors insisted on first class talent, good board discipline and, of course, achieved the distinction of being one of the top ten children's hospitals in the United States.

  Unfortunately, I have seen this process neglected in several important ways. Once I saw the Chairman of the Board select someone to chair the nominating process who *he thought* was one of the weakest directors. The selection process became sloppy. Personal cronies and dilettantes were invited to join the board of directors and the environment became amateurish and toxic. The complexity of the American hospital, however small, cannot thrive with directors who do not understand or work in equally complex environments. The local hardware store manager, community pharmacist, middle manager from a large company simply will not have the keel depth to thrive in the boardroom of any hospital. If you look at the best hospitals in America, whether they are small community hospitals, large hospitals, academic medical centers or large multi-hospital systems, you see board members who are equal to the challenge. When you find

hospitals that are in "deep weeds" they frequently have a board of directors to match their circumstance.

- Avoiding Conflicts of Interest: In this era of extraordinary public scrutiny, even the appearance of a conflict should be grounds for disqualifying one from board service. The four areas where there is a lot of "gray" are in individuals who serve as hospital legal counsel, the hospital's public accountant, supplier or the bank officer representing the commercial interests of the hospital. Boards of directors who adhere to the highest possible standards, rather than simply adhering to minimum standards, are much safer from temptation and the bright light of public criticism.

  I have seen people move from one of these positions of service directly to the board of directors and, in short order, they change. To protect a "book of business" with the hospital they no longer remain objective and a different and less constructive form of behavior gains momentum. Instead of providing the CEO with "off the record" advice and counsel, they are tempted to share the same information to the "seat of power" on the board as "in the know" information. This is powerfully toxic. This change is not intentional or malicious, necessarily, it just happens. I saw a circumstance in which the Hospital CEO was visited on his first day of service by a hospital board member and asked to buy a piece of property the hospital did not want or need. The answer "No" bought the new CEO a permanent enemy and critic.

- Treating the Hospital CEO as a Partner: Most Hospital CEO's today serve on the board of directors by virtue of their office. When the CEO is nurtured along as an equal on the board there is nothing he or she cannot achieve. The CEO should be at the middle of the board process providing staff assistance to the board policy making and oversight efforts. Probably my best experience in this regard was serving the Millard Fillmore Health System in Buffalo, New York. I made a lot of mistakes, but the board of directors took a personal interest in bringing out the best in my performance. They were quick to criticize, but always face to face and in a constructive manner. They were *invested* in my success.

  When the board of directors begins meeting without the CEO in attendance, it is time to polish up the resume. One CEO has related an experience with a hospital board chairman who, on a personal level, he really liked. However, the board chairman would regularly criticize the CEO with remarks that were so vague the CIA would not be able to decode the messages. The CEO asked for examples and to his shock and amazement . . . there were none! The board chairman was apparently a really bright fellow who was simply way over his head. In retrospect, what he was really saying was that the CEO's "style" was different from his "style" and he really was into, well, "style." The more the CEO pushed the board chairman's performance (not his style) the greater the frequency of meetings of board members from which the CEO was excluded. God Almighty could not survive such an environment.

Most hospital board members and hospital boards are superb and dedicated community servants who do so for the benefit of their community and at no compensation or personal benefit. These three characteristics are guideposts for boards to use in assuring the success of their institutions. Before dismissing them as overly simplistic or a keen perception of the obvious, consider the possibility that if these three principles were adhered to we probably would not have fifty percent of all U.S. hospitals losing money and the hospital industry would not be suffering a quality and safety crisis of epic proportions.

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