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This newsletter provides governance support professionals with information and expert opinions in the area of hospital and health system governance and gives updates on services and events at The Governance Institute.

The Board Governance Platform: Elevating Board Performance

By Dottie Schindlinger, BoardEffect

Over the last decade, a sea change in governance has quietly taken hold in healthcare boardrooms across the country. Boards have begun to transform their primary role from one of providing fiduciary oversight and ensuring regulatory compliance, to one of driving the success of the institutions they serve. As this change has taken hold, board members and the staff who support them have turned to technology to support their efforts—with an eye towards freeing directors to focus their energies on the big questions of the day and limiting the distraction of dealing with "minutiae." Governance-related software solutions, often referred to as "board portals," provide a stable platform to help elevate board performance and propel the institution's success.

High-Performing Boards

The demands on healthcare boards to perform well are staggering. From understanding the impact of a changing population, to having a handle on the regulatory landscape, to planning for the ramifications of the Affordable Care Act, healthcare boards and executives have never faced a more complex set of competing demands. Directors and senior management must be able to spot issues on the horizon, recognize their implications, and create a solid plan well in advance of their arrival. To perform in this new reality, board members and senior management must have significant talent, discipline, and focus—and they must work harder and smarter than ever before.

Take, for example, the experience of KishHealth System in DeKalb, Illinois. Debbie Sells, executive assistant to the CEO, who has been with

KishHealth for over 25 years and has worked directly with the board for 13 years, has experienced a dramatic shift in the board's work firsthand. "In the past a board member's commitment was basically to review meeting packets and attend meetings," Sells said. "The expectation now is that board members expend a significant amount of time becoming educated on the healthcare industry and political landscape in regard to healthcare and governance. They attend conferences, read numerous articles and newsletters, and participate in e-learning. These exposures contribute to more robust, informed board leadership."

In *Governance as Leadership: Reframing the Work of Nonprofit Boards,* Richard Chait, William Ryan, and Barbara Taylor provided a vocabulary for defining this expansion of responsibilities that sets apart high-performing boards.[1] They describe three "modes" in which boards function in order to reach the highest levels of performance:

- **The "fiduciary" mode**, where the board's focus is on providing fiscal accountability, stewardship of assets, and serves as "sentinels."
- **The "strategic" mode**, where the board's focus is on ensuring the organization has a successful strategy, and serves as a strategic partner to senior management.
- **The "generative" mode**, where the board's focus is on serving as "sense-makers"— determining which issues the organization should grapple with, questioning

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[1] Richard Chait, William Ryan, and Barbara Taylor, *Governance as Leadership: Reframing the Work of Nonprofit Boards*, New Jersey: John Wiley & Sons, Inc., 2014.

assumptions, asking probing questions, and framing the problems that need to be addressed.

While boards must operate in all three modes, Chait's research showed that organizations with boards functioning regularly in the "generative" mode provide more value to their organizations than those that restrict their activities to only the "fiduciary" and "strategic" modes. "Generative" boards are more nimble and more proactive—but operating in this mode also requires a greater investment of board members' time and brain-space. This, in turn, demands that organizations provide tools that optimize collaboration and transparency and also minimize distractions for board members.

The Board Governance Platform

Fueled by the evolution in board work since the mid-2000s, board governance software emerged to help meet the new demands on board members' time. By 2011, estimates were that half of all institutions were already using a board portal system, with another 30 percent predicting adoption would occur within the next year.[2] In The Governance Institute's 2013 biennial survey 67 percent of respondents said they use a board portal or are in the process of implementing a board portal or similar online tool.[3] At first, these systems were designed primarily to address the basic need of streamlining the creation and delivery of board meeting documents. Yet, as the work of boards has increased in sophistication and complexity, so too has the governance-related software that supports them.

The experience at KishHealth bears this out. Sells described that the initial impetus for KishHealth to begin using a board portal was to increase the efficiency of board meetings. "About five years ago, our newly formed governance committee led the effort to make the board meetings more meaningful and productive. Our board meetings used to be all about listening to committee reports. The governance committee wanted board members to become more engaged and better informed." The group implemented board governance software to enhance productivity. "We appreciate that board members get their materials

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[2] KPMG Audit Committee Institute, *Corporate Secretary Survey*, June 2011.
[3] Kathryn C. Peisert, *Governing the Value Journey: A Profile of Structure, Culture, and Practices of Boards in Transition,* 2013 Biennial Survey of Hospitals and Healthcare Systems, The Governance Institute.

faster, so they have more timely information. They can now review the board meeting materials in stages as things are published, without having to wait for every single report to be filed," Sells said.

Over the years, as the board's work has grown in complexity, KishHealth's need for solid board governance software have expanded. Sells uses the flexibility of her board governance platform, BoardEffect, to set up new committees, change board members' committee assignments, provide permissions to select board members to perform specific tasks, and provide important information to the right people. For Sells, it's a far cry from where they started. "Before we went electronic, board members weren't allowed to review old meeting materials since we used to have to shred the paper board books after each meeting," Sells said. "With the board portal, they can review archived meeting materials, bylaws, policies, board education materials, healthcare articles, and more at any time. They now have access to the resources they need to inform themselves."

The best board governance platforms are nimble enough to keep up with evolving board demands, while at the same time helping boards raise their levels of performance in each governance "mode"—fiduciary, strategic, and generative.

Ruth Warren, senior executive assistant of Ozarks Medical Center, who has served as the primary staff liaison to the board of directors for over 30 years, experienced this evolution firsthand. "When we first implemented a board portal, we were seeking improved efficiency with the distribution and availability of board material, the reduction of paper documents, and increasing the security of information," Warren said. "But the portal has also greatly enhanced the work of the board. Members are able to access information at any time, not only current meeting information but also information and documents from past meetings. If a question arises during a meeting, past information can be retrieved immediately. All board members have access to all committee reports, not just those they serve on, and they can review it at their convenience." This improved access to information has empowered the board to spot trends, gain historical perspective, and become more proactive in their decision-making process.

But the changes happening in the wake of board governance platform implementation aren't limited just to the board members—the staff members who support the board are seeing their roles change in fundamental ways. Over the past three years, the job that Warren has spent 30 years

doing has changed significantly—allowing her to focus more of her time on board engagement and communication instead of document preparation. "The time it takes me to prepare for a meeting has been greatly reduced. I can add a document electronically in seconds rather than making copies for mailing in advance as well as for the meetings. If there are any additions, a day or two before a meeting, I can notify members that the information has been added to the portal, which is more secure than sending by email. Additionally, prior meeting information, minutes, and documents in the board manual are available for their reference at any time," said Warren.

While boards clearly can operate in all three governance modes without software, the board governance platform makes it possible for boards to operate routinely in the "generative mode," reach higher levels of performance, and produce better outcomes for the institutions they govern.

The Governance Institute thanks Dottie Schindlinger, Executive Vice President of Market Development at BoardEffect, for contributing this article. The Governance Institute has partnered with BoardEffect to provide a board portal for its members. For more information about the board portal, please call (877) 712-8778.