

Kentucky Trustee

For Kentucky Hospital Governing Board Members

Summer 2024

BOARDROOM BASICS

Cultivating a Vibrant Governance Culture

The board's culture sets the tone for the top of the entire organization. While many boards have a "code of conduct" for board meetings, the culture is broader than the expectations for conduct. It is the greater influence in how the board functions, engages, and ultimately leads the hospital or health system.

Board culture is broader than board conduct. The board's culture is a set of attitudes, practices, and norms that shape how its governance functions. It includes how decisions are made, how accountability is defined and maintained, and how power is distributed and exercised. Governance culture manifests itself in formal ways, such as in board meetings, through bylaws, and governance structures. It also presents in informal ways, including organizational behavior, leadership style, and organizational values.

Why Board Culture Matters

A positive board culture fosters an environment where open discussion, diverse viewpoints, and constructive debate are encouraged.

The Board Sets the Tone. Board culture is often mirrored throughout the organization. A board that values transparency, accountability, and sustainability will encourage similar values throughout the hospital family.

Boards with a strong performance-oriented culture can drive the organization to achieve its strategic goals and improve its overall performance.

The Right Culture Fosters Innovation and Adaptability. Boards that cultivate a culture of innovation and adaptation can better steer their hospital or health system through inevitable changes in the environment.

Similarly, a board that values diversity of ideas

and inclusiveness will likely lead to a more robust discussion of issues, which can result in more innovative solutions and a better understanding of patient and stakeholder needs.

Culture Impacts Recruitment and Retention. An effective board culture can help attract and retain top talent within the board and the hospital. High caliber people seek out environments where good governance is a priority.

What's Expected of a High Performing Board: The Basics

Every board is different, but there are some underlying principles of board meeting conduct that are, or should be, universal. Some boards have a pledge that is signed by every board member outlining these principles. This is

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PRESIDENT'S NOTEBOOK

The KHA team has been busy this summer advocating on behalf of member hospitals on multiple fronts.

Staff members have testified before Interim Joint Committees in Frankfort to support the 340B program and to bring funding to the Kentucky Trauma Program. KHA is also working with the state's business community to develop partnerships and support for hospital initiatives.



Nancy Galvagni
President and CEO

To keep you up to date on KHA's activities and provide an opportunity for you to discuss your biggest issues, KHA will host a Fall Listening Tour throughout the state. Watch the events calendar at www.kyha.com for more information.

The KHA Health Policy Conference is another great opportunity for the membership to come together and discuss the challenges facing the health care industry. Kentucky health care leaders can discuss the biggest issues impacting health care and be a part of the grassroots advocacy that will educate lawmakers on how their work affects the patients you serve.

Hospital board chairs and trustees are encouraged to join their hospital leadership team to hear from state and national political experts. The Conference also gives attendees the opportunity to keep Kentucky's elected officials informed about the impact of these changes on the state's hospitals and health care safety net.

Please save Thursday, October 17 on your calendar and plan to attend the KHA Health Policy Conference with your hospital's leaders. We hope to see you there.

Sincerely,

A handwritten signature in black ink that reads "Nancy Galvagni".

Nancy Galvagni
President and CEO
Kentucky Hospital Association

Governance Notebook

KHA Health Policy Conference

Join KHA at the Hilton in downtown Lexington on Thursday, October 17 for the annual KHA Health Policy Conference. This program is a great way for hospital chief executive officers, board chairs, trustees, and staff members to stay informed of legislation that may affect their hospital, facilities, and community.

Visit www.kyha.com and invite your team to attend.

Save May 19-21, 2025, for the KHA 96th Annual Convention

KHA invites you to join your fellow hospital leaders from across the Commonwealth at KHA's 96th Annual Convention, May 19-21, 2025, at The Central Bank Center in Lexington. Save the date now for KHA's premier event.

Do you have ideas for future issues of the *Kentucky Trustee*?

Our goal is to provide you with the information and knowledge you need to lead your hospitals forward in today's rapidly changing environment. Tell us what you think, and what you would like to see in future issues of the *Kentucky Trustee*.

Write or call:

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important because it signifies personal ownership in abiding by the code.

Typical components of a code of conduct include areas such as:

- Attending meetings regularly and coming prepared to fully engage
- Listening carefully to fellow board members and being willing to consider all points of view
- Refraining from micromanagement
- Fully supporting board decisions once the majority decision has been reached
- Continuously learning
- Being inquisitive and pushing the organization to growth and excellence
- Maintaining confidentiality
- Abiding by conflict of interest guidelines
- Serving as a spokesperson or ambassador for the hospital

What's Expected of a High Performing Board: Taking the Next Step

While a code of conduct is a critical first step, vibrant and high achieving boards have expectations beyond practical items such as meeting attendance and confidentiality.

Conduct is more than how a board acts. It's much more about what a board does. A combination of attributes provides a framework of professional behavior and governance standards that should guide your board in fulfilling your leadership accountabilities.

Characteristics of a Vibrant Governance Culture

- **Trust and Respect:** Candid dialogue, constructive debate, and effective decision making rely on trust and respect among board members.
- **Engagement:** Board members demonstrate their commitment through thorough preparation and participation in governance discussion and decision making. They don't come to meetings unprepared.
- **Mutual Accountability:** Every trustee takes responsibility for the board's decisions and their individual contributions to the board's work. Even when in the minority on a vote, trustees should always unconditionally support the majority.
- **Adaptability:** Adaptability is a hallmark of a thriving board culture. Trustees are able to respond and adapt to new challenges, risks and opportunities.
- **Diversity of Thought and Opinion:** Diverse perspectives are expected at every board meeting as a positive way to challenge assumptions and foster innovative solutions.
- **Inclusivity:** All trustees feel valued and are encouraged to contribute to their fullest potential. This includes strong participation from every board member, but also minimizing the common occurrence of a few trustees dominating the conversation.
- **Collaborative Spirit and Constructive Challenge:** Rubber stamping is not acceptable. Board members are supportive, but also willing to challenge one another and management in a constructive way to enhance decision making.
- **Commitment to Continuous Improvement:** Trustees are eager for personal and overall governance improvement in board processes and performance.

Ethical Integrity. Ensuring that your decisions always are made in the best interest of the hospital and those you serve.

Fiduciary Responsibility. Demonstrating prudent judgment in the stewardship of resources.

Accountability. Being willing to accept responsibility for hospital or health system performance, both good and sometimes maybe not good.

Strategic leadership. Always having a focus on the mission and vision.

Collaboration. Ensuring a collaborative spirit of teamwork and cooperation across the organization.

Conduct is more than how a board acts. It's much more about what a board does.

Compliance. Overseeing the organization's compliance program and monitoring progress and outcomes.

Diversity and Inclusivity. Welcoming varied perspectives and experiences.

Management of Conflict of Interest. Recognizing that conflict of interest avoidance is everyone's job, not just the person who has the conflict.



Informed Decision Making. Expecting and receiving the right information, in the right way, at the right time.

Continuous Improvement. Holding a commitment to constant personal governance and overall board development.

Community Engagement. Ensuring a clarity of community needs through active engagement.

Quality and Patient Safety. Always, always keeping quality and safety at the core of everything you do.

Strategies to Cultivate a Vibrant Governance Culture

Culture can wither and diminish without strong and effective chair leadership. It has to be constantly nourished, or it will die over time. When it's truly effective, governance culture survives changes in board chairs, trustees and administrations. The board chair, along with the rest of the board and organizational leaders, can cultivate a strong culture using the six strategies outlined below.

1. **Ensure Clear Values and Ethical Standards.** The board should have clearly defined values and ethical standards that are integrated into

all aspects of the board's functions.

2. **Regularly Evaluate Board Performance.**

Impactful boards periodically assess board performance to identify areas for improvement and track progress over time. Regular board

assessments are an ideal way to strengthen not only board performance but also nurture the board's culture and contribute to board conduct.

3. **Foster Strategic Thinking.** Some boards focus too much time on the fiduciary duties of oversight and not enough time on strategic thinking. Spending time in strategic discussion encourages a future-focused mindset and a culture of proactive governance.

4. **Invest Time in Building Board Knowledge Capital.** Boards that prioritize learning and development opportunities become more insightful, knowledgeable leaders.

5. **Plan for Governance Succession.** Vibrant boards leverage trustee changes as an opportunity. They conduct a “gap” analysis to determine where future gaps may be in skills, experience, knowledge and perspectives, and plan for how to fill those gaps.

6. **Conduct Regular Retreats.** An annual board retreat ensures the mission, vision, and strategies are carefully reviewed, refocuses the board's attention on the right areas,

Culture Cautions to Watch For

Indicators of a poor board culture can show in various ways. Typically these are underlying issues of governance, communication, and overall board dynamics. Cautions to watch for include:

- ✓ Ineffective oversight
- ✓ Lack of engagement
- ✓ Trustee dominance
- ✓ Resistance to new ideas
- ✓ Poor decision making
- ✓ Inattention to risk management
- ✓ Conflict and tension
- ✓ Absenteeism
- ✓ Lack of strategic focus
- ✓ Lack of diversity
- ✓ Micromanagement

and strengthens relationships between and amongst the board and senior leadership.

Ensuring a Vibrant Culture is a Collective Responsibility

Everyone involved in governance and leadership is part of the culture team. While the board chair sets the tone, a culture is not built by one individual. All trustees, the CEO and the executive team, members of committees and task forces, external advisers, and anyone who is involved with hospital governance is a factor in helping to ensure that the hospital or health system's culture is vibrant.

GOVERNANCE INSIGHTS

Strategies for Successful Board Meetings: The Role of the Board Chair

While ensuring a vibrant governance culture is a shared responsibility, the board chair, more than anyone else, is a catalyst for driving home the values and principles that drive a strong board culture. The board chair's primary board meeting role is to facilitate deliberative dialogue, ensuring that meetings are a highly effective forum for strategic discussion and decision making.

Prepare in Advance

The board chair should be the most prepared person at the meeting. The chair should familiarize themselves with the agenda and have a clear plan for the flow of the meeting, and be ready to guide the conversation and keep it on track.

Agenda Planning

A well-structured agenda is a critical component of effective board

meetings. The chair should collaborate with the CEO to develop an agenda that focuses on the most significant issues before the board, with the most important information to be discussed first on the agenda. The agenda should be provided to all members in advance, providing enough time to review and prepare.



Time Management

Effective chairs are masters of time management. They ensure that discussions stay focused and on topic. They also ensure that no single issue or person dominates the conversation. They respect everyone's time

and try to prevent the meeting from unnecessarily dragging on. They are mindful of the time allocated for each agenda item and try to ensure all items are addressed.

Foster an Open Environment

The chair should always encourage open discussion, fostering an environment where every trustee feels comfortable voicing their opinions. Chairs can use open-ended questions, or directly ask for input from quieter members. Diversity of thought leads to better decision making. This requires tact, diplomacy, and strong facilitation

skills to ensure that everyone has a chance to contribute.

The board chair

should be the most prepared person at the meeting.

Maintain Neutrality

When facilitating discussions, it's essential for the chair to remain

neutral. This allows for a fair process where all views can be heard and considered equally.

Ensure Effective Communication

Board chairs should ensure that communication is always clear, concise, and understandable to everyone in the meeting. They should also confirm that all members have a common understanding of the issues at hand.

Monitor Non-Verbal Communication

As the facilitator, the board chair should be aware of body language and non-verbal cues which can sometimes say more than words. This can give the chair insights into how board members are responding to the discussion.

Follow a Structured Decision Making Process

The chair should facilitate effective decision making by clearly defining how decisions will be made, whether by consensus, majority vote, or some other method. This can help prevent confusion and conflict later on.

Summarize and Clarify

After each important discussion or decision, the board chair should take a moment to summarize what was decided. This helps ensure everyone is on the same page and reduces misunderstanding.

Post-Meeting Follow-Up

The chair should oversee the follow-up of actions decided during the meeting, assigning responsibility and deadlines as appropriate.

Board Development

The chair should take the lead in board development, ensuring that trustees have the necessary training and resources to fulfill their roles effectively. This might involve organizing board training sessions, providing materials for independent learning, or arranging for external input.

Conflict Resolution

The chair must be skilled in managing and resolving conflicts that may arise during board meetings. They should ensure that disagreements are handled

professionally and diplomatically with respect for all viewpoints, and that they do not derail board meetings from the primary agenda. Strong board chairs encourage trustees to express different views, but ensure that conflict remains constructive and respectful.

Regular Evaluation

The chair should facilitate a regular evaluation of board performance, including feedback on the effectiveness of meetings. This can help to identify areas for improvement and increase the overall productivity of the board.



As the facilitator, the board chair should be aware of body language and non-verbal cues which can sometimes say more than words.

Board Chair Strategies for Success

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|------------------------------------|---|
| ✓ Prepare in advance | ✓ Follow a structured decision making process |
| ✓ Agenda planning | ✓ Summarize and clarify |
| ✓ Time management | ✓ Post-meeting follow-up |
| ✓ Foster an open environment | ✓ Board development |
| ✓ Maintain neutrality | ✓ Conflict resolution |
| ✓ Ensure effective communication | ✓ Regular evaluation |
| ✓ Monitor non-verbal communication | |

Leveraging Your Board Retreat: Creating Board Alignment and Building Relationships

An annual board retreat ensures the board of trustees is focused on the issues that matter the most. It is also an opportunity to engage in robust dialogue and build relationships without the time constraints of a typical board meeting.

Board retreats have always been an essential component of board leadership, but in the post-COVID environment board retreats play an even more critical role. While the benefits of online communication and virtual meetings provided significant value in the initial stages of the COVID pandemic, they also prevented the development of deeper relationships that form through informal conversations and social interactions. Years later, many hospital and health system boards continue to report feeling disconnected from one another and from organizational leaders. A well-planned board retreat is an opportunity for the board to re-focus on its mission, vision, and strategies and to build stronger working relationships.

Identifying Retreat Goals

The initial stages of pre-retreat planning involve collaboration between the board and senior leadership. Discussions about retreat goals and focus often include the board chair and

the board's Executive Committee or Governance Committee, as well as the CEO and senior leadership team.

Review of the Mission and Vision.

Every board retreat should include a review of the hospital or health system's mission, vision, and values. Sometimes these statements are reinforced as "spot on" and the discussion is brief. If an in-depth discussion and review of the statements is expected, an appropriate amount of time should be built into the agenda.

Retreat Focus. A meaningful board retreat focuses on a limited number of areas. Typically this involves discussing critical issues facing the organization, and updating the strategic plan to reflect the issues and challenges discussed. Conducting a pre-retreat survey or interviews is recommended to hone the retreat focus in advance.

Retreat Attendees. Hospital and health system board retreats always include the full board and senior leadership. Depending on the retreat focus, other stakeholders may be invited to part of the retreat to provide diverse perspectives and insights. This may include members of committees or task forces that do not serve on the full board, medical staff representatives, community representatives, staff representatives, strategic partners, and other key stakeholders. While not required, many organizations hire a retreat facilitator to help gather insights in advance and to facilitate retreat discussion.

Gathering Pre-Retreat Input

Seeking opinions from board members, senior leaders, and medical staff leaders before a retreat helps identify the issues that are most important to focus on. It also helps prepare participants' thinking in advance of the retreat. Leadership viewpoints can be gathered using an online survey or through personal interviews. Areas of focus often include:

- Gauging continued relevance of the mission and vision statements
- Identifying the hospital's strengths, weaknesses, opportunities, and threats
- Defining the most critical issues facing the organization today
- Suggested actions or areas of focus to address the critical issues identified
- Rating the organization's existing strategies and determining if strategies should be modified, removed, or added
- Identifying objectives leaders would like to accomplish at the retreat

The Retreat Agenda

The combination of board and leadership discussions and pre-retreat research should drive the final retreat agenda. The board chair is responsible for keeping conversations on track and within the timeframes assigned for each agenda item.

Breakout Groups. Following full board discussion, breakout groups are an excellent way to engage in deeper deliberation about a select number of topics. Breakout group topics should be identified when the retreat agenda is set, and the composition of each breakout group should be pre-determined. Successful breakout group discussions include:

- A “discussion guide” or list of questions to stimulate group thinking and dialogue
- A moderator or facilitator as well as a note-taker
- A breakout group presentation to the full retreat attendees, followed by group discussion and specific recommendations agreed upon by the full board

Prioritization of Critical Issues and Strategies. The combination of full group and breakout group discussions may result in a long list of key issues and challenges facing the hospital or health system, as well as several strategies to address each of the issues. To focus the organization’s attention on the most important areas, the board should prioritize the most critical issues and strategies.

Sometimes these become evident throughout the discussion, but

oftentimes getting practical votes or counts can help narrow priorities. In order to get feedback from every person, ideas can be prioritized by:

- Using online polling and having members vote real-time using their phones or laptops, or
- Using flipcharts and colored stickers and having retreat participants walk around the room and place stickers next to the items they believe are the highest priorities.

Avoid Micromanagement. It is the board’s job to set the high-level direction for the organization. Once this is set, the board should identify specific metrics to track progress and make modifications as needed, but must avoid the temptation to delve into the logistics of plan implementation.

Building in Social Time

Holding a two-day retreat allows enough time for strategic dialogue and debate on the first day, followed by final decision-making on the second day. It also creates a natural opportunity for informal networking and social activities, which are essential for fostering trust, communication and collaboration. Activities might include an evening dinner with a brief activity; golf, wine tasting, or other outdoor outing; or a community service project.



Post-Retreat Follow-Up

The conclusion of a board retreat should be followed by an initial retreat evaluation as well as follow-up and next steps.

Retreat Evaluation. Conducting a retreat evaluation at the end of a session encourages participants to share their opinions about the effectiveness of the retreat, and provides valuable feedback to improve future retreats. A typical retreat evaluation asks questions about the value of the pre-retreat input; quality of retreat dialogue and discussion; success of the retreat in defining the organization’s goals and future; and if participants feel that the retreat was a valuable use of time.

Documentation and Communication. Following the retreat, a summary report should be developed clearly outlining the decisions made and action plan moving forward. In addition to this internal document, the board can build alignment and transparency by communicating the retreat outcomes and next steps with stakeholders and hospital staff.