



How to Be an Effective Board Member

March 2018

Target Audience

Current and potential hospital trustees/directors, hospital CEOs and board support staff.

Learning objectives

- Understand the roles and responsibilities of hospital boards and board members.
- Provide a framework for boards to discuss how to improve their governance and meeting effectiveness.
- Understand what should be considered before agreeing to serve on a board.

Board Legal Responsibilities

Principles of nonprofit corporation law standards of conduct:

Duty of Care

The level of competence expected of a board member, commonly expressed as the duty of "care that an ordinarily prudent person would exercise in a like position and under similar circumstances."

Duty of Loyalty

Standard of faithfulness; a board member must give undivided allegiance when making decisions affecting the organization. A board member can never use information obtained as a member for personal gain, but must act in the best interests of the organization. Declare conflicts of interest and do not participate when a conflict exists.

Duty of Obedience

Requires board members to be faithful to the organization's mission. They are not permitted to act in a way that is inconsistent with the central goals of the organization. A basis for this rule lies in the public's trust that the organization will manage funds to fulfill the organization's mission.

Authority to act

- Board members have authority only when acting as a body.
- If you disagree, express your thoughts respectfully before the vote, never after the vote.
- Support board decisions even if you disagree.

- Individual trustees should be advocates for their hospitals, but they are not official spokespersons unless authorized to serve in that capacity.

Hospital structure

- Boards whose hospitals are affiliated with a system must understand their roles and any limitations on their scope of authority. System board must understand their fiduciary responsibility to affiliated organizations.
- Public hospital boards need to understand their legal requirements.

Key Responsibilities of Boards

Appoint, support, challenge and evaluate the CEO.

- Clear separation of governance and management; boards govern.
- Position CEO as leader with employees.
- Make requests for information via the CEO.

Succession planning

- CEO
- Board members
- Refresh regularly

Strategic direction, goals and policies that guide the organization

- Set measurable goals for CEO to deploy.
- Set standards for quality, safety, and operational performance.
- Make strategic decisions.
- Use a work plan that helps ensure that policies and routine action items are on a consistent review cycle.

Quality and safety

- Set culture that no patient or employee should be harmed.
- Ensure process improvement and standardization of work is achieved.

Finances

- Audit (trustee representatives meet with auditors without management present)
- Look forward, not back (don't spend a lot of time on financials other than to monitor trends)
- Some boards have direct responsibility for fund development; understand your role.

Committees

- Focus on what's important (examples may include finance, governance, strategic planning, quality and safety).
- Review periodically to determine whether changes should be made.
- Executive committees can act on behalf of the board if essential, but best to engage full board

Evaluations

- Evaluate board's performance annually (several tools available, including Iowa Hospital Association)
- Evaluate the CEO annually (board, 360) based on quantifiable goals
- Consider evaluations of individual board members (works best with small boards)

- Consider periodic meeting evaluations

Keys to Effective Meetings

Use meeting time efficiently

- Establish guiding principles for conducting meetings (e.g. Robert's Rules of Order).
- Start on time
 - If expectation is clear, board members will be there.
 - Waiting to start until latecomers arrive is unfair to those who are on time.
- Expect directors to read packet before meeting.
 - Distribute several days in advance to allow time to prepare.
 - Don't act on items added at the last minute.
- Use a consent agenda.
- Use dashboard reports.
- Stick to the agenda.
- Put most important agenda items near the top of the agenda.
- Include committee reports for information; don't spend meeting time discussing reports unless action is needed.
- Encourage every board member to participate.
- Avoid side conversations.

Board education

- Initial orientation
- Ongoing education during meetings
- Industry-specific conferences

Things to consider before accepting appointment to a board:

Understand the organization

- What are its mission, vision, values?
- What is its purpose, what it exists to accomplish?
- What is the competitive landscape?
- What collaborations exist with other organizations? Are there opportunities for new collaborations?
- What is its financial condition? What are its funding sources? Are they stable?

Structure of the board

- What are the responsibilities of the board as a whole and of individual board members?
- What are the board committees, and what are the functions and responsibilities of each?
- Who are the other board members?
- How does the organization manage conflicts of interest?
- Does the organization have director and officer liability coverage?

Individual board members' responsibilities

- How do you think I can contribute as a board member?
- How much of my time will be required for preparation, meetings, and special events?
- How are committee assignments made?
- What orientation will I receive?

- Does the organization provide opportunities for board development and education?
- What is the board's role in fundraising? Will I be asked to solicit gifts from others?
- Will I be expected to make a specific annual financial contribution? -- Ideally, you should support the organization if you serve on board.

Governance resources

American Hospital Association
Iowa Hospital Association
Governance Institute
The Estes Park Institute
Board Source
Board and Administrator

Authored By

Sarah Buck
Board Member, Mary Greeley Medical Center and Foundation

Author's Experience

- Current board service
 - Mary Greeley Medical Center, Ames, IA
 - Mary Greeley Medical Center Foundation
 - Friendship Ark, Inc.
- Former member and chair, American Hospital Association Committee on Governance
- Former trustee, Iowa Hospital Association
- 2006 recipient, Iowa Hospital Association Excellence in Governance Award
- Topic Expert Speaker on effective governance: Iowa Hospital Association Governance Forum, Maryland Hospital Association Governance Symposium, Ames Chamber of Commerce and other community organizations.

Questions

Contact Corey Martin, martinc@ihaonline.org, at the Iowa Hospital Association

