What Every Board Should Know: Key Competencies of an Effective Board

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A board and executive working together in an effective manner gives an organization the best chance to be successful in turmoil.

- The challenges behavioral health organizations face today and how this impacts their organization.
- Examine the relationship between the board and senior management
- Propose a shift in thinking that is necessary to be successful in today’s environment
- Ways boards and management can to be more effective
- Learn how using targeted data can help provide the board and administration with information on key performance indicators.
- Attendees will assess how their board is functioning and develop a list of recommendations to improve their board
The Changing Landscape

• Payment reform/Managed Care

• An emphasis on “Access to Care”

• Increased competition

• Outcomes vs amount of service: “Value Based Purchasing”

• Regionalization: “The bigger is better phenomena”

• Innovative technology

• Staffing Shortages
Future will be based on “Value”
How is Value Measured?

> Improved the quality of care and health status of populations being served through redesigning clinical processes, utilizing best practices and measuring outcomes.

> Improved service to people by providing choices and partnerships in clinical decisions.

> Improved access to care and services and delivery of the most appropriate care at the most appropriate time at the most appropriate site.

> Reduced cost for payers.
  > Direct costs for BH services
  > Health care costs in general.
  > Ability to operationalize pay for performance and new payment models.
And Choice
Choice is Measured Differently

- **Consumers/Patients/Customers**: Location, facility appeal, access to care, health improvement, integration with other health providers.

- **Payers**: Who will be in their network, what benefits will they cover, the amount they will pay, payment models they will use, who will provide me with the best value for the $.

- **Providers**: How do all of these changes impact their mission? Do they limit or expand services, public vs private patients, investment in technology, change of clinical practice.

- **New Configurations**: Are partner(s) needed to meet the changing demands? If so, who do we want/need to include in our new business venture? Partner, acquire, restructure?
How can these Challenges Impact Our Organization?

• Financial
  – $ instability, long-term viability.
  – Address budgetary shifts
  – Infrastructure expenditures (Facility/IT)

• Capacity Issues
  – Facility
  – Staffing (recruitment, retention, engagements)

• Clinical
  – New Performance Measures
  – Use of Practice Based Evidence
  – Access Standards
  – Client Satisfaction
  – Changes in Internal Policies
Impact (Continued)

• Increased Need for Data and Information to Support:
  — Decision making at all levels
  — Performance measures
  — Sharing of information

• Potential Loss of Identity and Control
  — Partnerships or mergers
  — Closure
  — Moving from state control to managed care or regional health organizations.

• Greater Understanding of your Value

• Need to Position the Organization for Competition.

• Questions:
  — If given a choice would the people you serve continue to choose your organization?
  — Would our organization be appealing to new customers?
Three Emerging Realities

1. Some organizations who have thrived in the past are struggling with these changes to the point some of them are failing, while other organizations are using this as an opportunity to flourish.

2. Successful organizations tend to have a well-functioning Board of Directors who are working collaboratively with innovative executive management to address these challenges.

3. Successful organizations do not let the fear of change override the potential for positive improvement and opportunity.
To be Effective Many Boards and Executives Need to Shift Their View.

- **You are running a business:** Your product is the service(s) you provide to the population, demographic, articles of incorporation, non-profit mission. (The Foundation)

- **You are in a market environment:** Today’s business environment calls for shifts in clinical practices, business acumen, understanding cost vs price, different management approaches, and competition (The playing field for innovation.)
Board/Executive Relationships

**Board**

- Set the “mission” of the organization.
- Volunteers who have an interest in the organization or population served.
- Expected to attend and participate in board meetings/functions.
- Have the ultimate fiduciary responsibility for the organization.
- Hire and evaluate executive staff who manage the organization.
- Work together with executive staff to establish goals for the organization.
- Share their knowledge and experience.
- Serve as ambassadors for the organization with the community.
- Are not involved in the day to day operations.
- Recruit new Board Members.

**Management**

- Oversee the day to day operations of the organization. (Manage the budget, staffing, ensure policies and legal responsibilities are fulfilled.
- Ensure the mission of the organization is accomplished.
- Is the “face” of the organization with the community.
- Provide the Board with the necessary information to fulfill their obligations.
- Perform as an interpreter of industry trends and the potential impact on the organization with the Board.
- Present the board with potential business opportunities, new lines of services, or organizational change that can impact long-term viability.
Effective Board/Executive Relationships:

Emphasize Communication:

a) Make this a top priority.

b) Use Data where possible to provide reliable information on key performance indicators.

c) Use visual technology/reporting to cut down on lengthy and redundant conversations and reports.

d) Communication goes both ways.

e) Respectful
Run Effective Board Meetings:

a) Board Meetings need to be organized and prioritized to use time and discussion wisely.
b) Agenda’s should be focused with the most important items that need decisions presented at the beginning of the agenda.
c) Balance out the need to make important decisions and program reports.
d) Minutes: Reflect decisions made at the meeting, who is responsible to follow through, and when results will be reported.
e) Board Packets need distribution with enough time for members to review.
f) Information provided needs to be understandable and usable for the board.
g) Sargent at arms: Control Meeting dialogue.
h) Establish working committees of board and staff members: “Don’t do committee work in the Board Meetings”.
i) Start on time and end promptly.
A Need for More Financial Information at Board and Management Levels:

- Consider a Finance Committee
- Current Year Budget: Understandable Financial Statements
- Balance Sheets: Fund Balances (designated and undesignated)
- Projections: Current Income Statement vs Income and Reserves in future years or potential scenarios
- Management: Know your costs by program and service.
Board involvement:

a) Engage the members while still maintaining separate roles for board and management.

b) Establish an orientation process for new board members.

c) Board members bring their experience and talent to the table. When applicable, use their talents and guidance.

d) Recruit new members who have skill sets you need.

e) “Get rid of the dead wood”: Enforce/develop by-laws that address inactive board members.

f) Review information prior to the meeting.

g) Be hyper-vigilant to take items to the Board that will impact the overall viability of the organization and potential opportunities.

h) Get to the meeting on time.
Boards need to provide consistent and timely evaluation of the Executive:

- Establish board policy and procedures for executive evaluation.
- Base the evaluation on measurable goals and objectives.
- Establish the goals and objectives in collaboration between the board and the executive.
Data Presentation

MTM Services
Evaluate Your Board’s effectiveness

Rate your board using a scale of 1 to 5 in the following areas:

1) Not very effective
2) Moderately effective
3) Effective, but needing some improvement
4) Very Effective
5) Somewhat effective
Communication between board members ____
Communication between the executive and board___
Board Meeting organization ___
Use of board meeting time ___
Board packet information and distribution ____
Financial information provided to the board is _____
Data presented to the board _____
Board members engagement _____
Board member experience and opinions are valued _____
Board evaluation of the Executive _____
List at least 3 things you want to take back to your board.
• Warning: Do not throw away what is working, enhance it!
Questions/Comments?

George at NATCON:

• Workshop: Your Most Important Responsibility: Hiring and Evaluating your CEO.
• Lunch and Learn: Board Networking Lunch:

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