

Healthcare Board of Trustees – The Board of Trustees is a key client and Cherye Morgan LLC is most interested in serving board leaders that are interested in pursuing a comprehensive array of governance development services, including governance education, governance resources and toolkits, board performance self-assessments, analysis of governance structures and practices. For all industries including healthcare, some of the top concerns for all Boards are expressed in the following 3 questions:

*The first key question: From a **Risk Management Perspective**, how does an organization determine the difference between an opportunity and a threat?*

Before addressing the difference between opportunities and threats; consider the following questions: *Can the organization's senior managers identify the top ten risks that the organization faces, as well as the strategies being employed to address each of these risks? Could all board members explain the organization's approach to risk management?* In most organizations the answer is No.

A board that wants effective risk management oversight should focus on at a minimum the following to assess its performance:

1. *Does the company's risk profile reflect its risks?*
2. *Is the company continuously improving its risk management capabilities?*
3. *Is the board focused on making sure the lines of defense are strong?* The lines of defense are the primary risk owners, the risk management and the internal audit functions.
4. *Is the board's risk appetite the same as top executives'? Does the board understand the CEO's appetite for risk?* This is a critical strategic issue!
5. *Is the organization's risk culture encouraging the right behavior?* The board needs to be alert for dysfunctional behavior and confident it's providing timely input on critical risks.
6. *Is there evidence the organization is undertaking appropriate risk?*
7. *Has the organization integrated risk management with core processes; is risk management a stand-alone appendage for the CEO and the C-suite, or is it integrated in the organization?*

Foundational to ensuring that these questions are addressed is a sound governance structure that is in place for risk management, with well-defined roles and open dialogue regarding risk. This is an area of increasing importance for boards and it needs to be closely related to the corporate strategy. Such risk management oversight will involve oversight of the accountabilities and responsibilities for managing risks, specifying the types and degree of risk that a company is willing to accept in pursuit of its goals, and how it will manage and balance the risks it creates through its operations and relationships.

The amount of risk, on a broad level, an entity is willing to accept in pursuit of value is often termed “*risk appetite*.” It reflects the entity’s risk management philosophy, and in turn influences the entity’s culture and operating style. The “*risk appetite*” guides resource allocation, assists the organization in the alignment of its organization, people, and processes by designing the infrastructure necessary to effectively respond to and monitor risks.

2. *The second key question: From a **Talent Alignment perspective**, what do we need to know to best close the gaps between strategy and talent?*

This is a huge topic for boards today because of the rapid pace of change and needs of leadership today. Typically, there is a good amount of lead time for any transformational innovation, but once it takes hold it tends to be exponential. Boards need to be able to anticipate the needs of their organizations and have a plan to execute successfully in the market. Boards needs to step up in a different way and think with a different level of expansiveness, involvement and opportunity building mindset. The day of boards just

evaluating based on what's happening today is not enough, it takes years to build those outcomes. It's not just about identifying problems, but also about an awareness of your industry and what it will take to build capability to execute on strategy. Boards need to ask the right questions (not just regulatory) that help to improve leadership. They need to look at the world and create a lens that the CEO would not have complete access to without the board of directors combined diversified perspectives.

*3. The third key question: From an **Information Overload perspective**, how do we assure that we are asking for and receiving the most meaningful information to connect the dots regarding the boards leadership and board responsibilities?*

Access to information is a huge cost for businesses especially when you are buried in data and do not have meaningful information to provide the necessary oversight to make responsible operations or board decisions. Boards and their senior leadership should be asking: *What does the information say? What does it mean? And how do we use it?* Whole businesses are changing, and boards must adapt and step up to a different kind of leadership, anticipating what will create value, how that impacts the organization, and evaluating if the right leadership is in place to make those pivotal operating decisions on a day-to-day basis. Boards of the future must look forward in a different way and think with a different level of expansiveness, involvement and opportunity building.

Additional questions all board members should be able to answer the following questions that relate directly to their roles and responsibilities:

- 1. What is the board's fiduciary duty?*
- 2. What is the difference between the organizations mission, values and vision?*
- 3. What are the roles and responsibilities of the board and how do they differ from management?*
- 4. How does the board ensure that quality is truly the main priority of the organization?*
- 5. How does the board ensure the correct issues are discussed in the correct way at the correct time?*
- 6. How does the board ensure strong and effective executive leadership?*
- 7. What is the board's responsibility for strategic planning for the future?*
- 8. How can the board be visionary in an era of uncertainty and transformation?*
- 9. How does the board hold itself accountable for continuous leadership development and improvement?*
- 10. What's the board's role in building trust and connections with its community?*
- 11. How does the board ensure strong collaboration and partnerships with the medical staff?*
- 12. How should the board gauge the organizations' financial performance?*
- 13. What does it mean to be an effective advocate for your organization?*
- 14. How does the board ensure successful leadership for tomorrow?*
- 15. How does the board ensure continuous growth in its critical leadership knowledge?*
- 16. How does the board keep conflict out of the boardroom?*
- 17. What are the most prominent health needs in your community?*
- 18. What is the board's responsibility for ensuring the best care for all patients?*
- 19. What is community benefit and what's the board's role in ensuring it?*
- 20. What is population health and why is it significant?*
- 21. What is the board's responsibility for ensuring a positive workplace culture?*
- 22. What is the board's accountability for ensuring the correct organizational structure?*
- 23. What should board members know about new health care reform payment structures and value-based care?*

Our team at *Cherye Morgan LLC* have the experience and are ready to work with your board to help build the competence to answer confidently the questions and priorities outlined here.