

# *Governing Boards and the Efficiency Trap*

## *Intentional Board Governance*

**Appalachian Health Leadership Forum  
A Program of the Center for Rural Health Development**

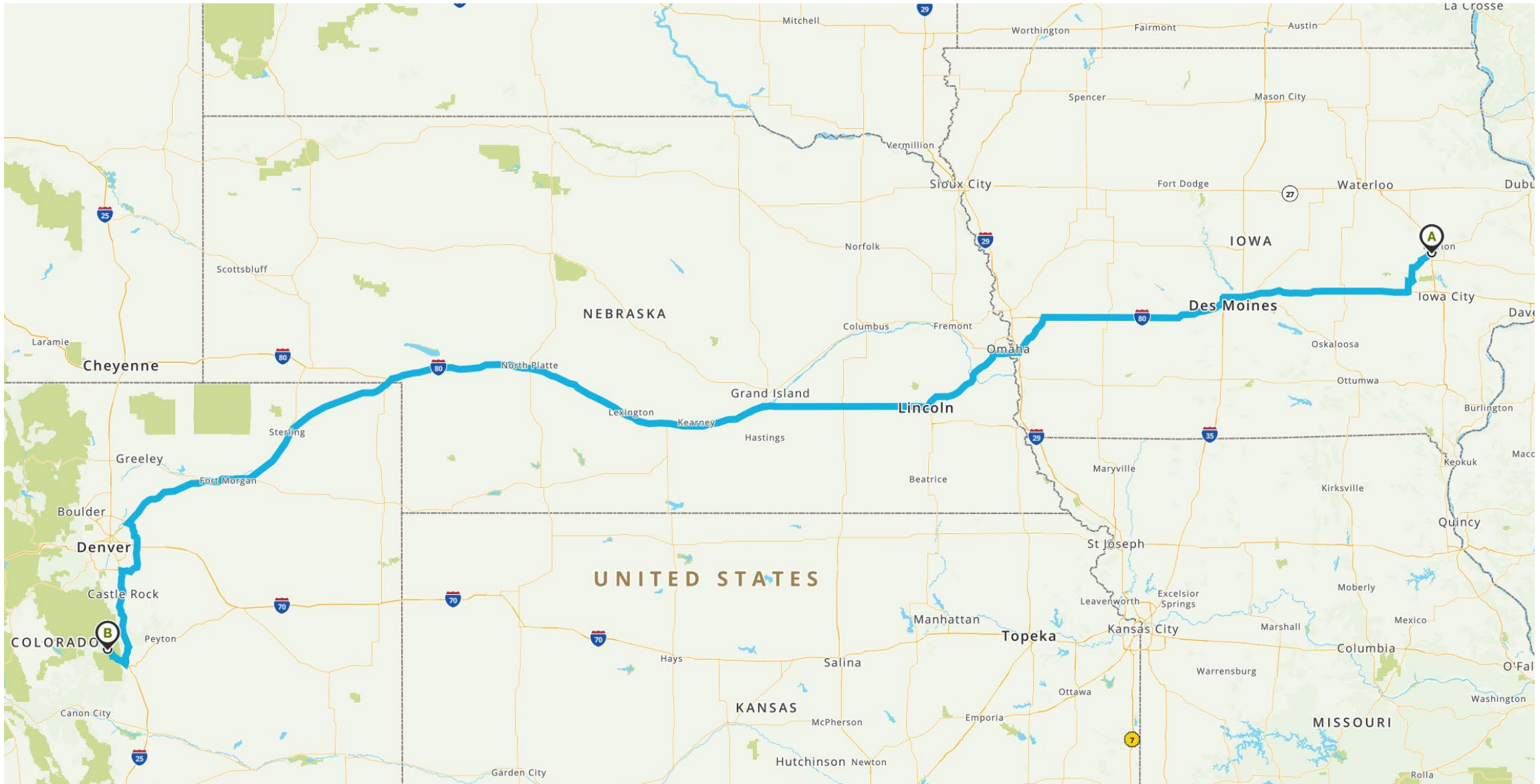
**April 27, 2024**

**Cathy A. Trower, Ph.D.**

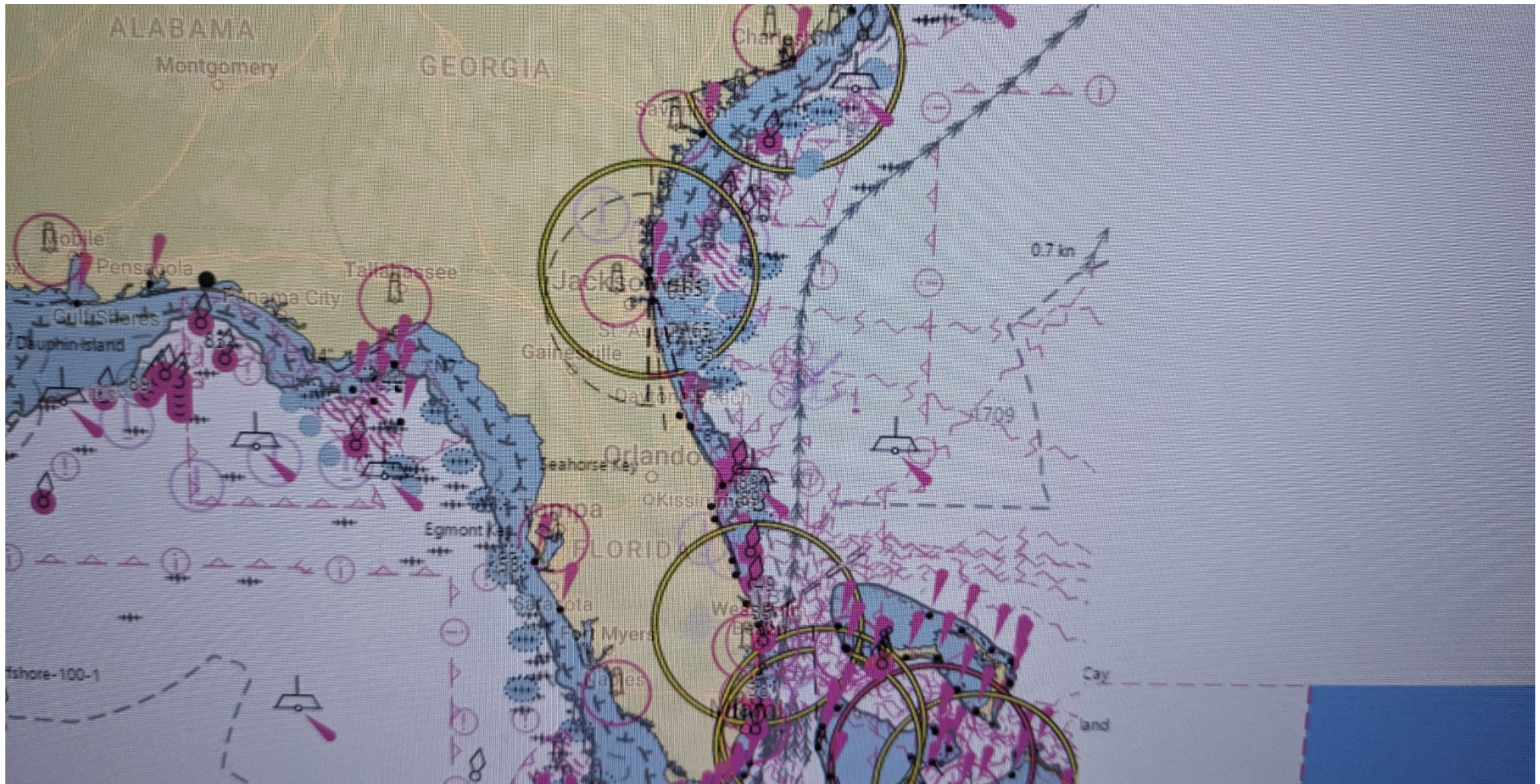


# Map v. Compass













*Sailing into the Wind*  
Dan Wright





*Smooth Sailing*  
Robert Bissett





*In the Doldrums*  
Erica Nordberg





*Weathering the Storm*  
Karen Robinson



# Major Issues

- Poverty
- Unemployment
- Affordability
- Lack of housing, childcare, transportation
- Government underpayment for care services
- Access to quality healthcare
- Health disparities
- Workforce
- MORE!!



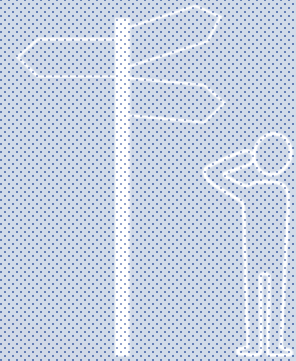


# VUCA

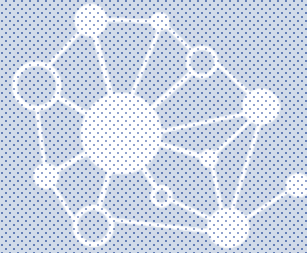
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VOLATILITY



UNCERTAINTY



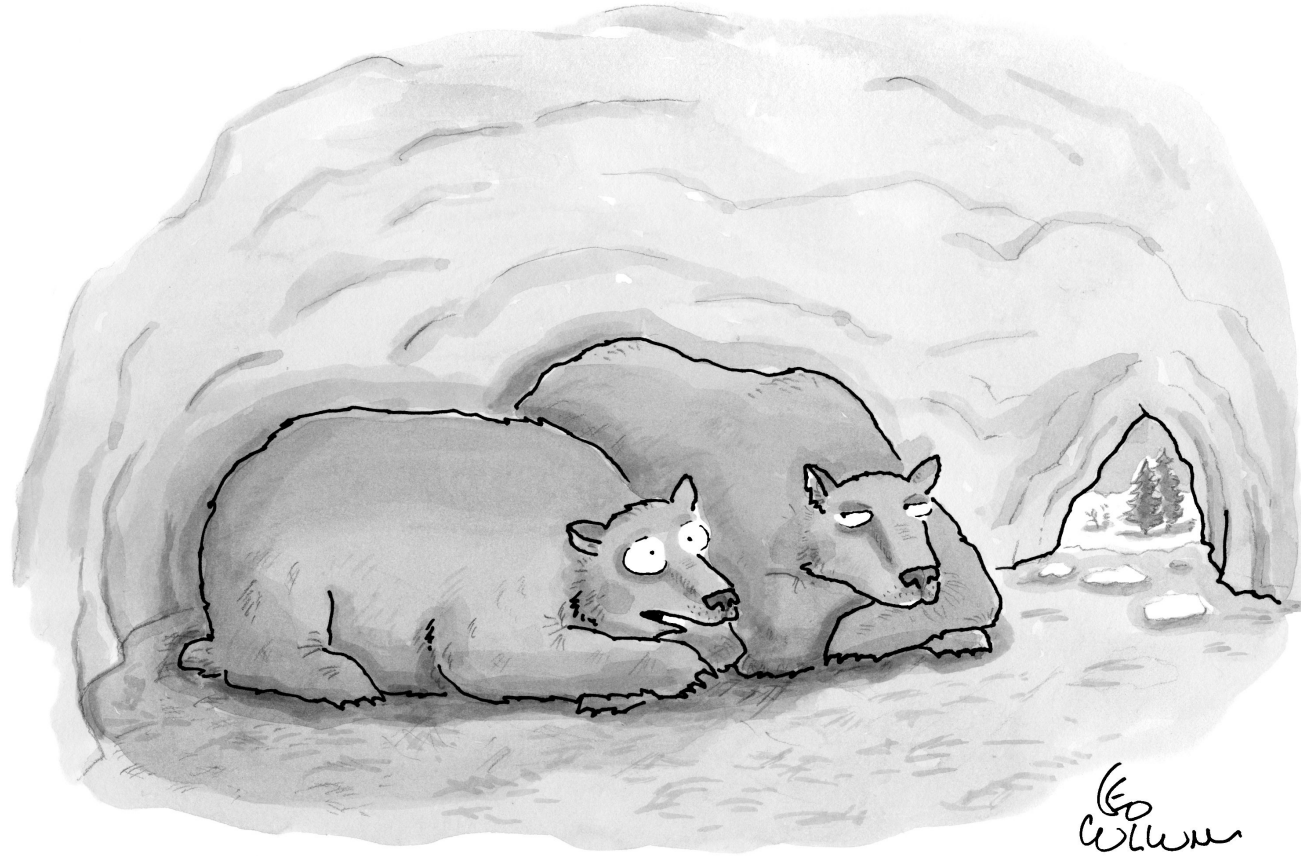
COMPLEXITY



AMIBIGUITY

*Volatility: a tendency to change quickly and unpredictably*

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*"If I knew what our 401k was doing maybe I could sleep."*



*\*(Radical) uncertainty: concerns events whose determinants are insufficiently understood for probabilities to be known or forecasting possible.*

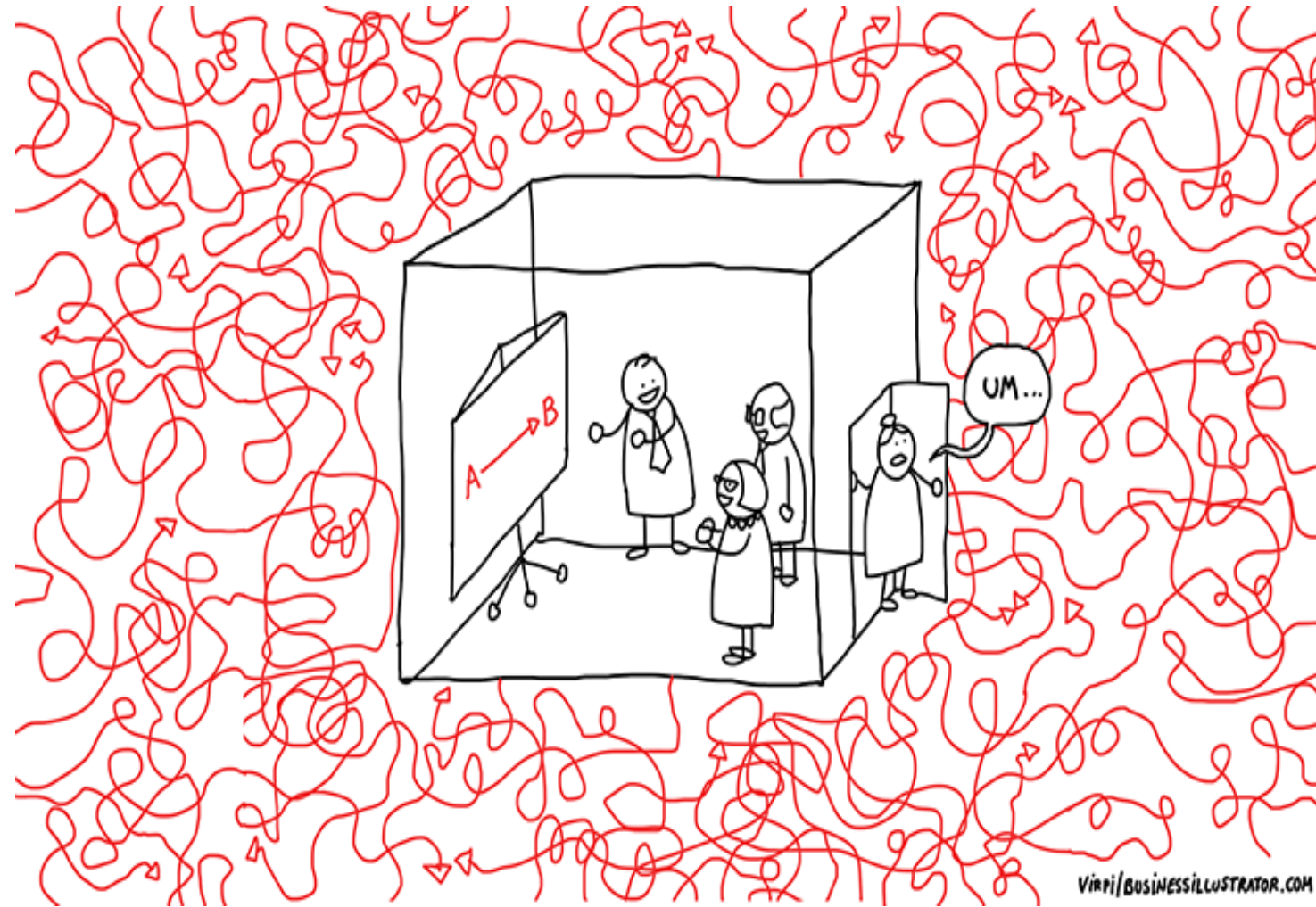
\* Kay, J. and King, M. (2020).  
*Radical uncertainty: Decision-making beyond the numbers.* New York, NY: W.W. Norton & Company.



"Political and economic uncertainty make long term planning difficult. Let's stick to ordering lunch."

# *Complexity: many different and connected parts*

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*Ambiguity: able to be understood in more than one way;  
multiple meanings; people see the issue differently*









# Efficiency and Effectiveness



# Describe an Efficient Board Meeting

1. **It starts and ends on time.**
2. **There is an agenda with time allotments which are honored.**
3. **It is well-led—the Chair matters.**
4. **Participants stay focused on the time and task.**
5. **It is report-driven (typically PPT decks).**
6. **There is little dialogue.**
7. **Parliamentary Procedure is strictly adhered to.**

Worked fine in the land of maps.



# Describe an Effective Board Meeting

1. It starts and ends on time.
2. There is an agenda with time allotments (but with flexibility).
3. It is well-led—the Chair matters.
4. Participants stay focused on the time and task.
5. There are goals/a sense of purpose; participants know why they are in the meeting and what needs to be accomplished.
6. It is thematically-driven; the primary topics are clear with enough time to cover them.
7. There is real dialogue, including consideration of multiple views.



# Describe an Effective Board Meeting

8. Great questions are posed.
9. There are no sidebars, no proclamations.
10. A variety of techniques are used to ensure an inclusive culture of participation.
11. The board exercises fiduciary, strategic, and generative thinking and asked questions appropriate to the topics at hand.
12. The board stays in its governance lane.
13. There's a 'parking lot' for other topics possibly relevant for another time.
14. The goals are achieved, highlights are summarized, and next steps described.

# Many boards are more efficient than effective

## Issue:

Boards meet periodically, and when they meet may not be in sync with critical events occurring at the organization.

## Strategies:

- Reconsider the routine board meeting calendar to consider the work ahead for the year.
- Calendar the known board work (e.g., budget, election of officers, board member rotations off and on, CEO/ED assessment).
- Anticipate work ahead for the year and add strategic 'deep dive' time quarterly.
- Allow flexibility to add Zoom meeting(s) in between, if needed.
- Ensure CEO/ED communique between meetings.
- Have and Executive Committee that can meet and make some decisions in between meetings if the board cannot be convened.



# Many boards are more efficient than effective

## Issue:

Boards are comprised of very busy volunteers, who represent a variety of backgrounds with different motivations, propensities, and patience for service on nonprofit boards.

## Strategies:

- Have terms and term limits.
- Be thoughtful about who you recruit for board, considering not just demographic variables, but also skills, competencies, and experiences.
- Interview prospects carefully to understand motivation and commitment.
- Anticipate turnover and think ahead about who you'll need on the board.
- Keep a fresh pool of potential board members and cultivate talent.
  - Have a 'farm' team (courtship before marriage).

# Many boards are more efficient than effective

## Issue:

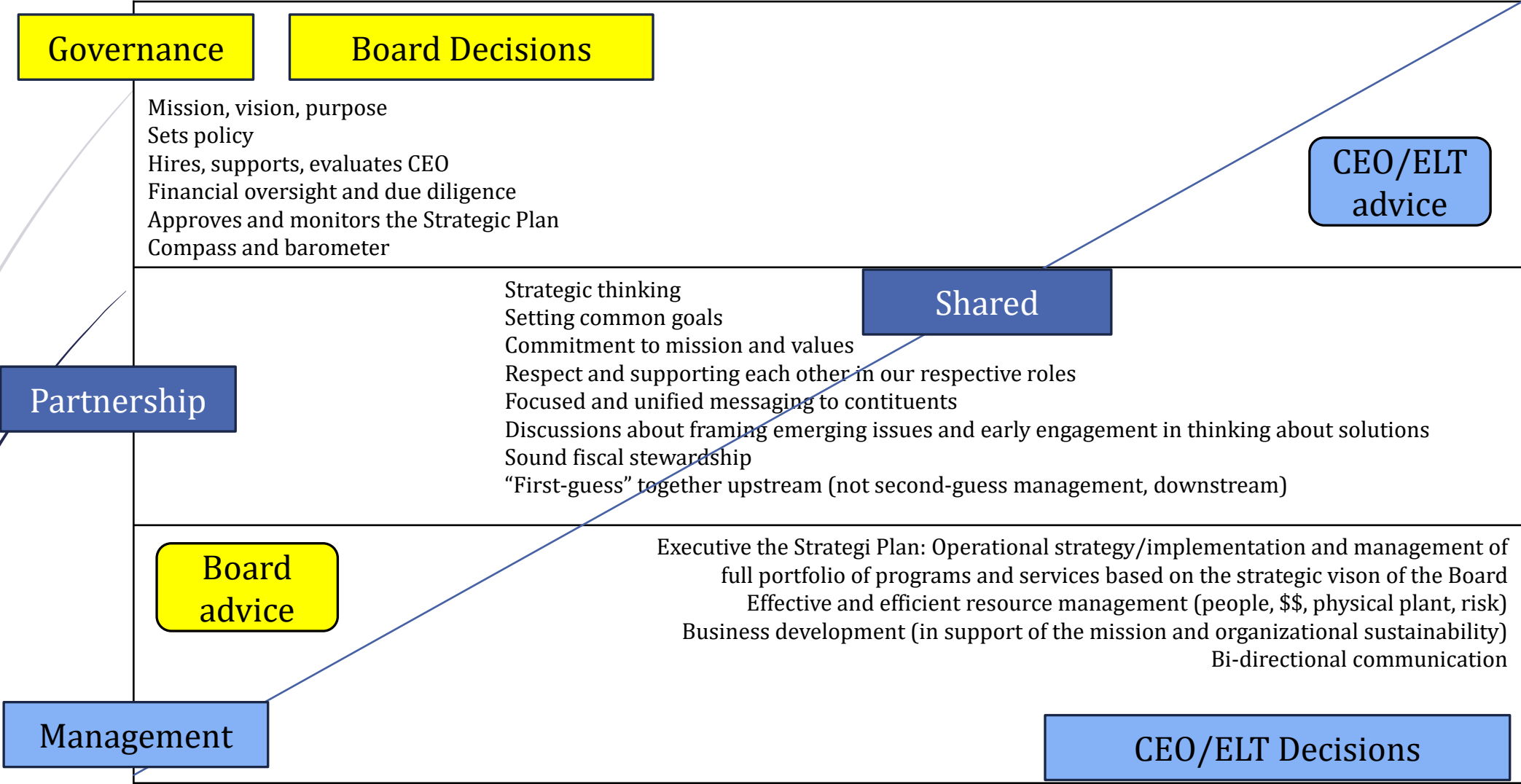
Boards are comprised of part-time amateurs overseeing the work of full-time professionals; governance is not their “day job.”

## Strategies:

- Help the board understand governance v. operations.
- Make it clear where the board can add value:
  - On committees
  - During meetings
  - As individuals



# Board Roles, Shared Roles, Management Roles



# Many boards are more efficient than effective

## Issue:

Boards have limited information and time available (during meetings and between meetings) to think about and work on the complex issues the organization faces.

## Strategies:

- Keep board members informed between meetings.
- Ensure that board materials are sent 7-10 days in advance of meetings.
- Ensure the right amount and type of information; use dashboards and executive summaries.
- Tee up questions for board members to think about in while they are reading the board packet.





# Collective Wisdom

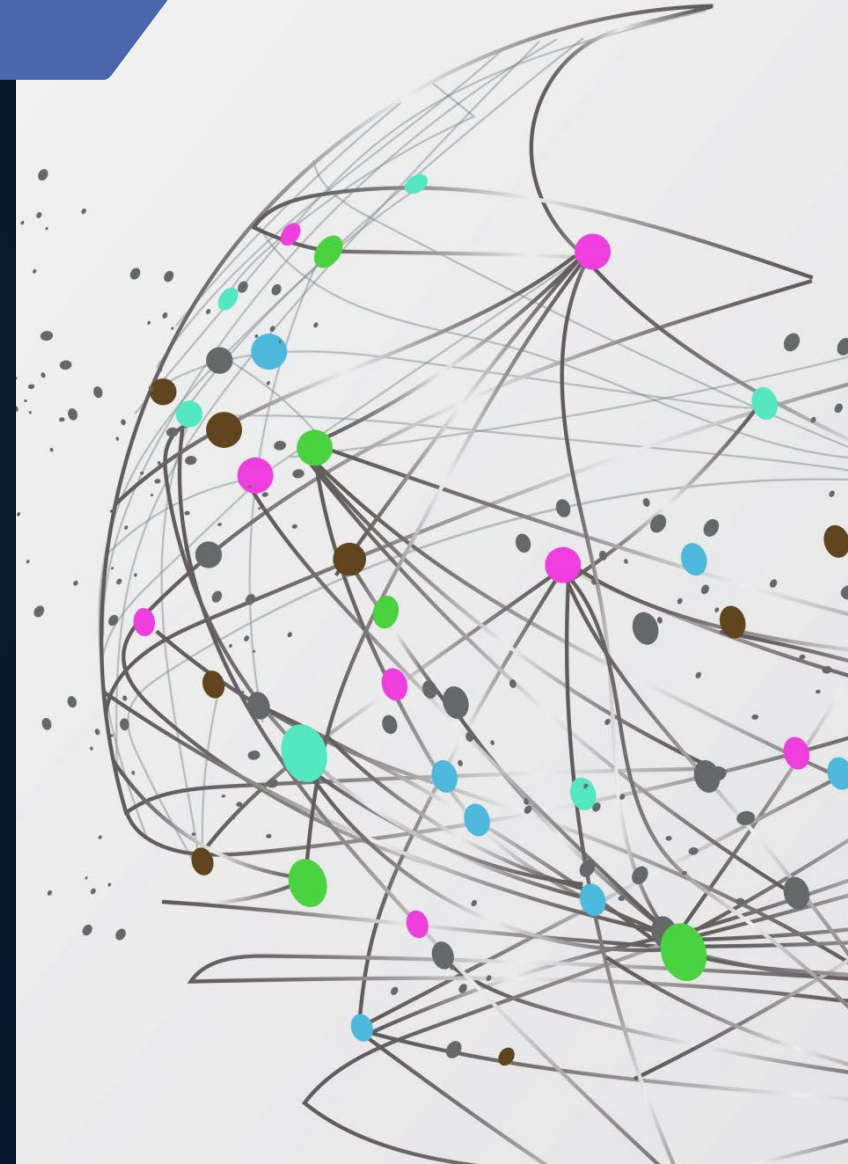
# What is collective wisdom?

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- ▶ The sum of experiences, insights, and lessons learned.
- ▶ Everyone shares information and knowledge.

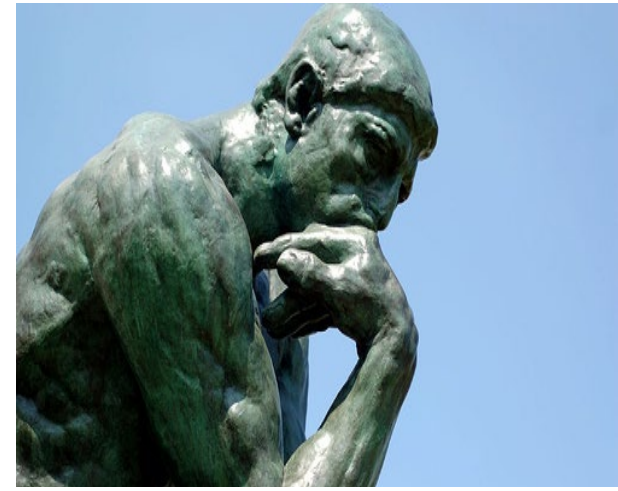
## Tapping collective wisdom:

- Allows the group to see blind spots and identify gaps
- Enables better sense-making, framing, and decision-making
- Improves board efficiency and effectiveness
- Helps avoid group think
- Optimizes critical thinking
- Makes board service more engaging and enriching
- Ensures greater ROI (Return on Involvement)
- Enhances partnership with CEO and staff leaders
- Maximizes governance impact



**SPEED ROUND:  
5 MINUTES**

**Table Groups:  
What impedes critical thinking at  
board meetings?**



**Table Groups:  
What impedes dialogue at  
board meetings?**







Trustees are  
in passive  
mode 67% of  
the time at  
meetings.

*"Could I please go back to the rack now?"*



*"We're pressed for time, so we'll be jumping to conclusions."*

# To Enhance Critical Thinking at Meetings

- Send materials 5-7 days ahead
- Include questions for board members to think about as they review materials
  - What important themes cut across the senior leadership team reports?
  - What are your key takeaways? What did you learn?
  - What insights do you have about the projections?
  - Do the underlying assumptions make sense to you?
  - About what are you most optimistic? Perplexed? Concerned?
  - What does the board need to know more about or better understand?
- Ensure enough time at the meeting
- Have questions embedded in the agenda that signify discussion and emphasize critical thinking.
  - Have we framed the issue well?
  - What are the intended consequences? What does success look like?
  - What are some possible unintended consequences?
  - Views of various stakeholders?





*"I know nothing about this topic, but I do have strong opinions."*

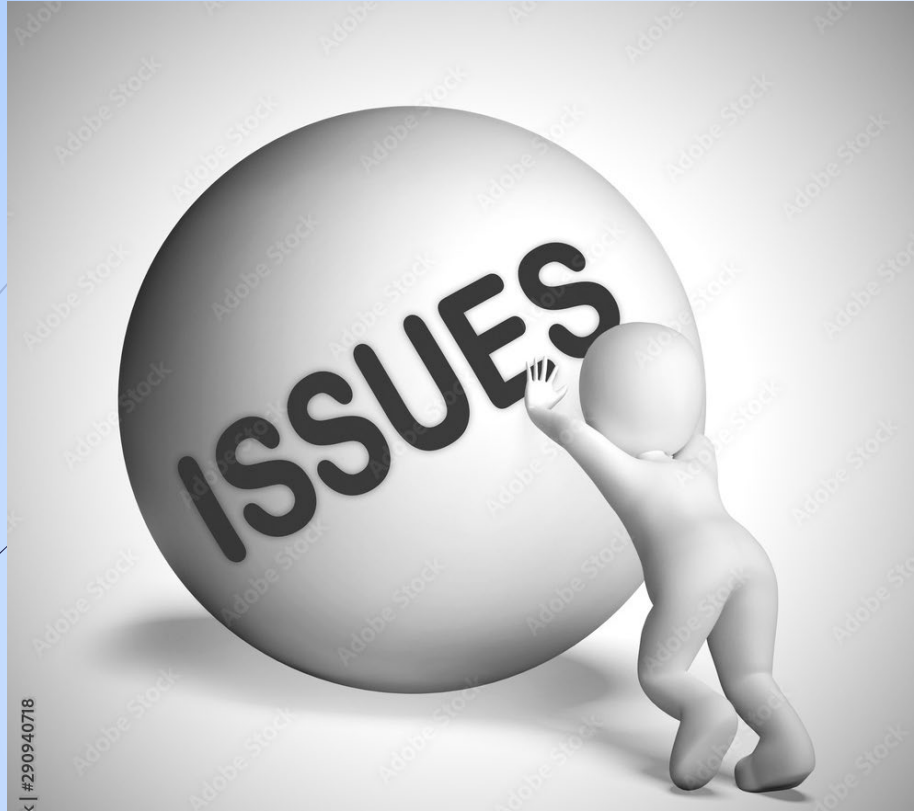


"You can hold your breath all you want, Carl, but we are not going to use your budgeting plan."

# To Enhance Dialogue at Meetings

- Ensure enough time
- Build an inclusive culture where all views are heard
- Ensure devil's advocates/inquisitors
- Explore disagreement/dissent
- Encourage questions; discourage "right" answers and declarations
- Have small group breakouts
- Use case studies and hypotheticals
- Use silent starts
- Distribute leadership





Right Issues in the Right Way at the  
Right Time

# Technical Issues v. Adaptive Challenges

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| Technical issues                               | Adaptive challenges                            |
|--|--|
| Easy to spot                                   | Difficult to identify (easy to deny)           |
| 'Know-how' exists; someone has "the answer"    | There is no right answer                       |
| Can be solved by management                    | Require different lenses/multiple stakeholders |
| Solutions can be implemented quickly, by edict | "Solutions" take time, not by edict            |
| People are receptive to technical solutions    | People often resist even acknowledging         |
| Changes have simple boundaries                 | Changes cut across boundaries                  |
| Can be fixed solo                              | Require collaboration and learning             |
| Have tools and experience necessary to solve   | Needed responses are outside repertoire        |

- ▶ Technical "fixes" exacerbate adaptive challenges.
- ▶ Recognize that there can be enormous pressure on the ED to solve problems quickly and decisively—to treat adaptive challenges as if they were technical problems.
- ▶ Resist the temptation to seek authoritative and absolute "right" answers. If any are found, they are almost certainly solutions to technical problems, not adaptive challenges.

# Healthcare Example

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| Technical issues       | Adaptive challenges               |
|------------------------|-----------------------------------|
| Balancing the budget   | Business model                    |
| Short-term outcomes    | Long-term sustainability          |
| Staff pay              | Staff wellbeing                   |
| Strategic plans        | Strategic thinking and adaptation |
| Mission statement      | Mission relevance                 |
| Declining market share | Value proposition                 |
| Access to care         | Addressing health disparities     |
| Transportation         | Social determinants of health     |
| Staff turnover         | Workplace culture                 |
| Volume                 | Value                             |

**NOT THESE**

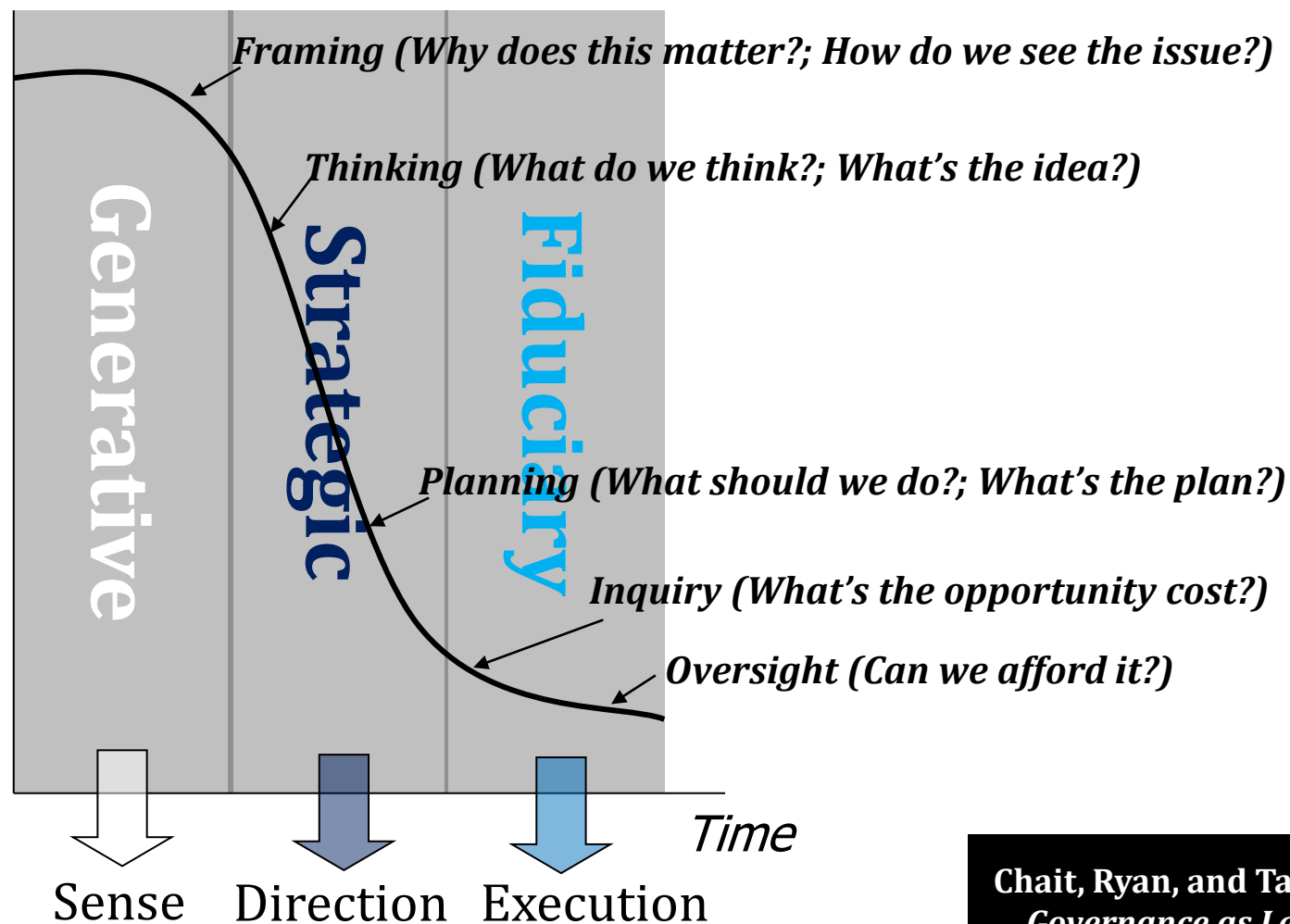
**SPEND BOARD TIME  
ON THESE MATTERS**



# The “Generative” Curve

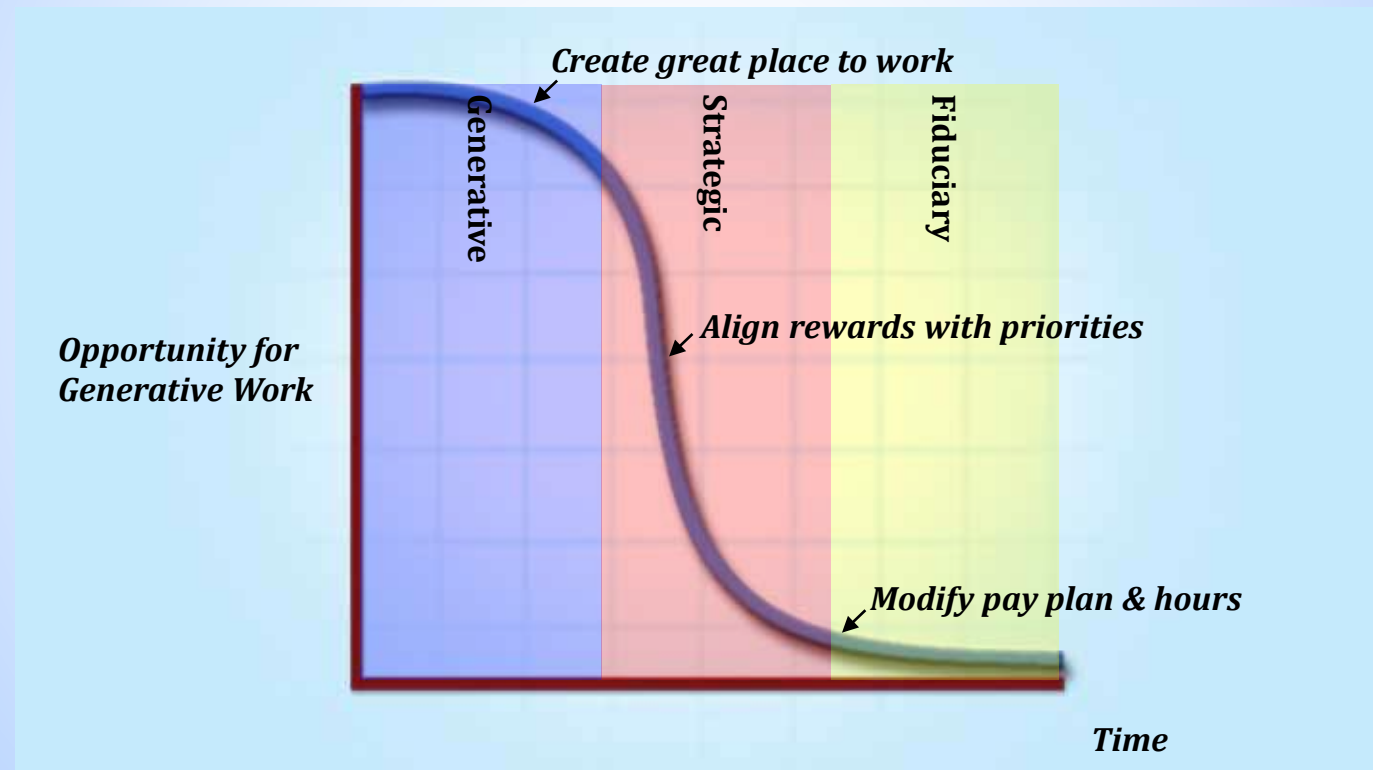
*Opportunity  
for  
Generative  
Work*

**COMPLEX, ADAPTIVE  
WORK REQUIRES MORE  
TIME UPSTREAM**



**Chait, Ryan, and Taylor (2005)**  
*Governance as Leadership.*  
BoardSource and Wiley.

# How do we reduce turnover among nurses?

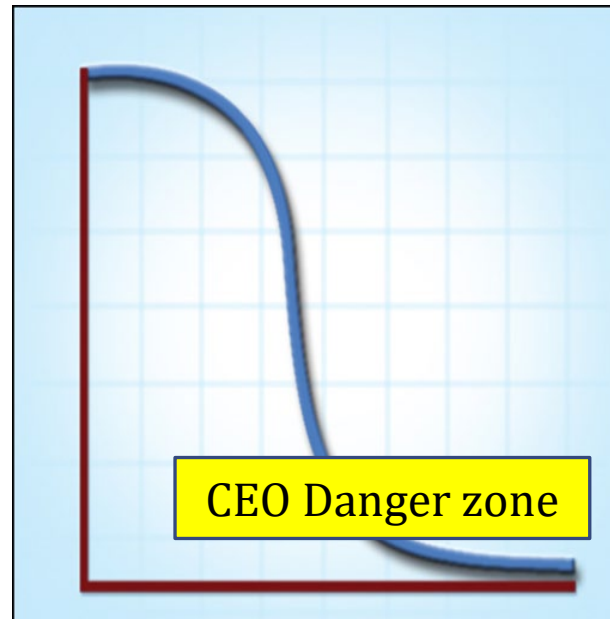


## In Theory



- Bounded technical issue
- Relatively low stakes
- Scripted by staff
- Preferred course is clear
- Committee / Board handled, not engaged
- **What could go wrong?**

## In Reality



- Committee or Board engages issue
- Staff bristle or resentful
- Tug-of-war ensues
- Committee or Board demurs or disengages
- Time and energy wasted
- Marginal value added





- Invite the committee or board to “first-guess” upstream with you (not “second-guess” downstream)
- Substitute substantive issues and questions for minutia
- Committee or board more engaged and collective brain power is tapped
- Mitigates personal agendas and power plays

### QUESTIONS FOR COMPELLING BOARD CONVERSATIONS

What principles should underpin our work?

How do we think about risk with this scenario?

How do we define success?

What risk will we take to achieve it? What will we not risk and why?

Are there consequences to this that we're not seeing? Where are our blinders/blind spots?

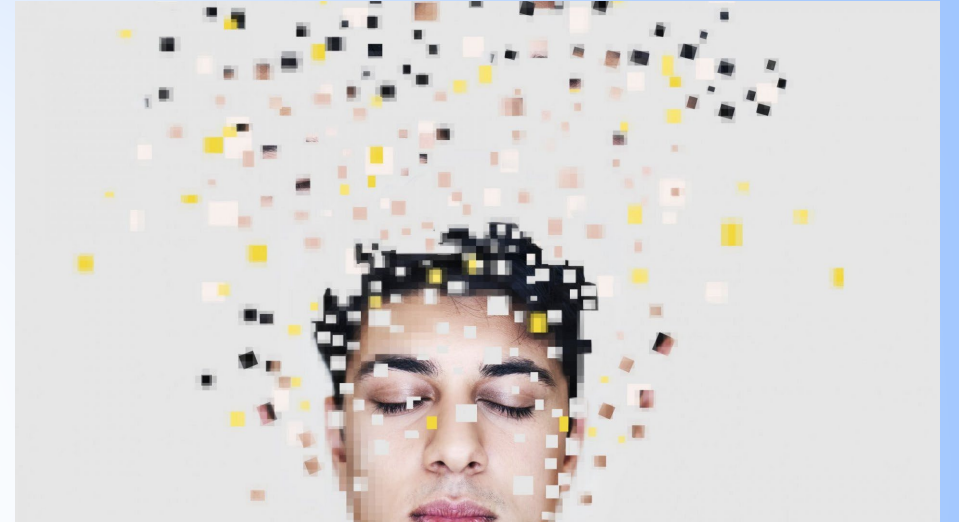
Are we being short-sighted? What do we mean by a long-term orientation?

What's really going on here? What else?

# Governing in a VUCA Environment

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- Requires applying a different set of lenses to issues—seeing them as evolving, not static; understanding their complexity; being open to new parameters, assumptions, and environmental changes.
- Staff and Board leaders:
  - Ensure efficiency and effectiveness
  - Make sense of the situation and context by asking thoughtful questions and engaging in dialogue about those questions
  - Spend time problem-finding and framing
  - Tap collective intelligence (not just technical expertise)
  - Ensure the formulation or *optimal* not *best* approaches
  - Spot and name potential pitfalls, “see around corners,” course-correct
  - Are accountable for co-determined outcomes
  - Keep the focus on adaptive challenges, not just technical problems



Thoughts, Takeaways, & Questions