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Top Reasons Why Boards Underperform

1. Inadequate Board composition/competencies
2. Conflicts of interest not addressed
3. Insufficient/untimely information
4. Lack of Board orientation and training
5. Inadequate frequency of meetings
6. Dysfunctional boardroom behaviors



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1. Inadequate composition/competencies

- ✓ Trustee selection process not informed of skill sets needed on governance body
- ✓ Trustee skill set not aligned with institutional need
- ✓ Lack of trustee orientation
- ✓ High number of ex officio positions limits selection of other expertise
- ✓ Difficulty in finding individuals who have time and ability to serve
- ✓ Insufficient representation of constituencies of service

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1. Inadequate composition/competencies

What can be done?

- ✓ Establish a list of expertise needed/desired on the Board
- ✓ Request Bylaws revision if necessary
- ✓ Inform Board-appointing body of expertise needed
- ✓ Engage consultants/invitees (with voice but not vote)
- ✓ Provide trustees with opportunities to enhance their governance expertise
- ✓ Arrange Board member orientation
- ✓ Adopt systematic Board training

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2. Conflicts of interest not addressed

- ✓ Conflict of interest is episodic, not structural. It pertains to one decision at a time.
- ✓ If handled appropriately, does not compromise a person's ability to continue functioning as a trustee.
- ✓ COI declarations may exist, but no process for managing occasions when COI potentially present.
- ✓ The Board is responsible for managing conflicts of interest.
- ✓ Board may need to implement separate declaration of confidentiality.

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2. Conflicts of interest not addressed

What can be done?

- ✓ Adopt 4 step process for conflict of interest management:

1. **Define** (Create/circulate the policy)

2. **Declare** (Obtain/submit annual declaration)

3. **Decide** (Determine when COI is present)

4. **Document** (Record how COI is handled)

- ✓ Rehearse how the process would work.
- ✓ Remind and review at subsequent Board meetings.
- ✓ Adopt/implement declaration of confidentiality.

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3. Insufficient/untimely information

- ✓ Limited access to or understanding of governance documents
- ✓ Irregular and late dissemination of reports
- ✓ Lack of “situational awareness”
- ✓ Irregular frequency of Board meetings
- ✓ Irregular attendance of trustees
- ✓ No trustee investment in pre-Board preparation

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3. Insufficient/untimely information

What can be done?

- ✓ Determine nature and frequency of reports from management
- ✓ Establish Board committees for more detailed review of information
- ✓ Distribute as much information as possible well in advance of Board meeting for advance review by trustees
- ✓ Keep a copy of agendas and minutes for personal use only
- ✓ Ask questions. Do not assume everyone else knows.

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4. Lack of Board orientation and training

- ✓ No “On-boarding” process for new trustees.
- ✓ Limited or non-existent board member training.
- ✓ No access to governance documents.
- ✓ Sudden and major turnover in Board membership.

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4. Lack of Board orientation and training

What can be done?

- ✓ Adopt basic trustee orientation program.
- ✓ Respect trustee rights: access to management, access to information, right to informed voting.
- ✓ Develop a Board policy manual.
- ✓ Provide access to governance documents.
- ✓ Adopt a systematic program of board education.
- ✓ Conduct Board tour of institution facilities.
- ✓ Hold Board meetings on site.
- ✓ Amend Bylaws to create staggered terms and/or term limits for Board membership.

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5. Inadequate frequency of meetings

- ✓ Governance oversight conducted too infrequently
- ✓ Trustee loss of institutional memory
- ✓ Tends toward imbalance in governance and management roles

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5. Inadequate frequency of meetings

What can be done?

- ✓ Ensure that frequency of Board meetings complies with regulatory agencies and governance documents.
- ✓ Maintain/update an annual schedule of Board meetings.
- ✓ The Board can increase the frequency of meetings as felt necessary.
- ✓ Amend governance documents, if necessary, to permit electronic meetings on short notice.
- ✓ Require management to provide periodic update to trustees between widely timed Board meetings.

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6. Dysfunctional boardroom behaviors

- ✓ Defective social dynamics
 - ✓ Not safe to talk
 - ✓ Groupthink (dominance of one person's ideas)
 - ✓ Inappropriate role distinctions between governance and management
 - ✓ Inefficient use of time
- ✓ Neglect of fiduciary obligations



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6. Dysfunctional boardroom behaviors

What can be done?

- ✓ Conduct Board discussion of boardroom dynamics
- ✓ Encourage participation of all trustees
- ✓ Discuss ideas without demeaning personalities
- ✓ Examine alternatives/challenge assumptions
- ✓ Use secret balloting (open voting can create fear)
- ✓ When atmosphere gets tense, take a break
- ✓ Affirm dissent but not ridicule or scorn of individuals
- ✓ Configure room so that all can see and hear each other
- ✓ Respect parliamentary procedures
- ✓ Conduct periodic Board self-evaluation

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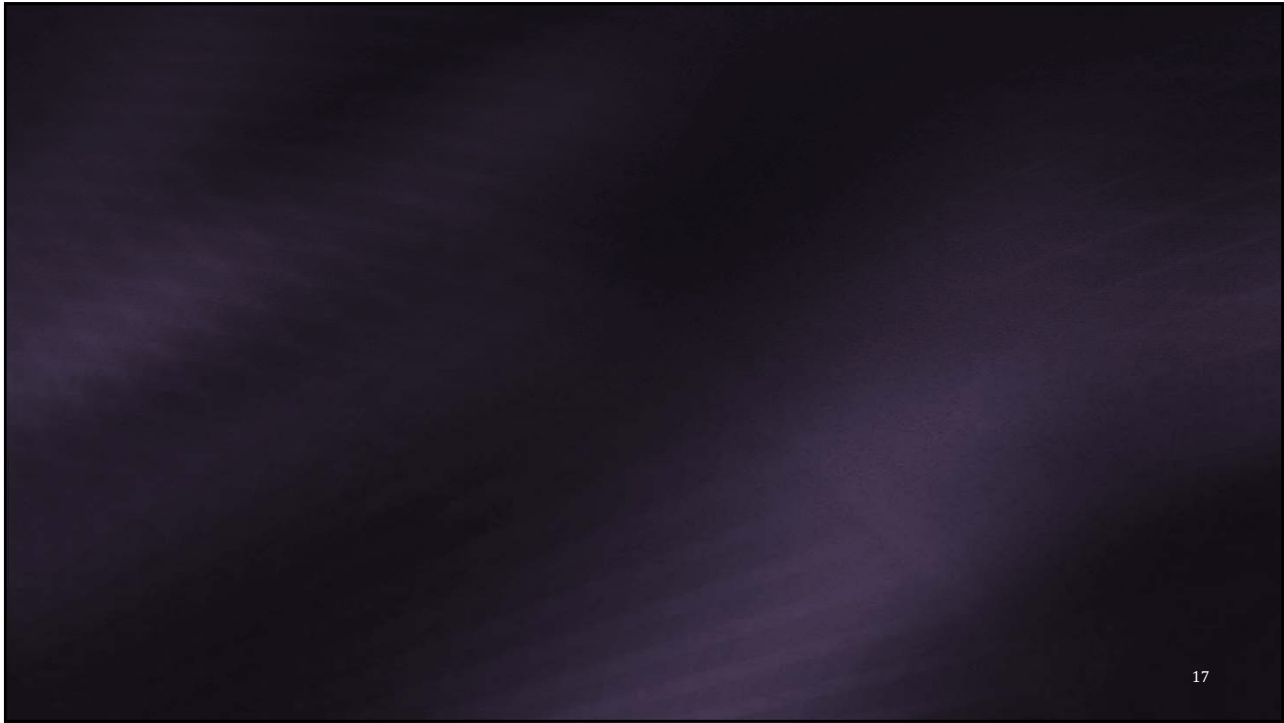
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Achieving Board effectiveness and efficiency



1. Address one or two deficiencies at a time.
2. Begin with the easier challenges.
3. Select matters having broad consensus for improvement.
4. Set specific and time-based objectives.
5. Analyze and appraise performance.
6. Systematize Board training and evaluation.
7. Never give up! Continued exercise builds strength, accuracy and excellence.

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