

BOARDROOM BASICS

Transforming High Performing Individuals Into a High Performing Board

Often boards are comprised of intelligent, well-rounded, high performing individuals, yet the full board does not function effectively. Improving the collective performance of the board requires a targeted commitment to board culture and expectations.

Good governance requires more than recruiting the right board members. Without the proper guardrails in place, boards with highly qualified members can operate as an ineffective team that at best provides mediocre leadership. The more dysfunctional the board is, the more potential there is for harm to the organization and ultimately the community served.

Why Culture Matters

The way a board conducts itself sets the tone for how the board acts, how it engages in its work, how trustees relate to one another, how decisions are made (or not made), and how effective the board is in advancing the hospital's ability to achieve its mission and vision.

While board conduct is a critical first step, the real power is in creating a board culture that sets the tone for the entire organization.

Board culture is more broad than conduct. Governance culture is a set of attitudes, practices and norms that shapes how the board operates. It dictates decision-making, accountability and power dynamics. It manifests formally in board meetings and structures, and informally through organizational behavior and leadership styles.

Clearly Defining Board Expectations

Every board has norms for how leaders communicate and meetings operate. Sometimes the norms are unspoken and ill-defined, creating confusion. Clearly defining board expectations is the first step to setting the tone for a strong board culture. While every board is different, there are some underlying principles of

board meeting conduct and process that should be universal.

Code of Conduct. Every board should have a code of conduct that is reviewed and signed by board members annually. The code serves as a framework for professional behavior and governance standards. Codes of conduct specifically articulate how the board should interact, such as keeping the hospital's interests at the forefront, coming to meetings prepared, engaging in inquisitive dialogue, welcoming varied perspectives and committing to confidentiality.

A clear code of conduct allows leaders to lean into process, which helps with uncomfortable conversations. The tool allows the board chair or governance committee chair to identify a specific item that is not being followed and challenge a board member who isn't acting in a way that is consistent with top performance.

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Our Perspective: Strengthening Board Leadership Across South Dakota

The South Dakota Association of Healthcare Organizations (SDAHO) recognizes that our members serve not only their organizations, but also their communities in a variety of leadership and governance roles. Supporting effective board leadership is a key priority, and SDAHO offers a range of educational resources designed to strengthen governance and organizational success.

Throughout the year, SDAHO provides both live and on-demand learning opportunities to keep healthcare leaders informed and engaged. Upcoming programming includes:

June 2, 2026 – Governance 101: Getting the Fundamentals Right

Presenter: Todd Linden

This session focuses on the core principles of effective governance, including fiduciary responsibilities and the duties of care, loyalty, and obedience. Attendees will also explore best practices for board meetings, agenda development, and decision-making to enhance board effectiveness.

In addition, the **Rural Health Leaders Conference (June 24–25, Pierre, SD)** will feature:

Working More Effectively with Your Board

Presenter: Pamela R. Knecht

This session will examine practical strategies to strengthen board–management partnerships, including board composition, onboarding, meeting effectiveness, and fostering strategic discussions in an increasingly complex healthcare environment.

SDAHO also offers ongoing resources through the **Trustee Resource Center** (<https://trustees.sdaho.org/>), providing tools for both new and experienced board members. Micro-learning videos cover key topics such as governance design, partnerships, the business of healthcare, and advancing organizational mission.

As healthcare continues to evolve, strong, informed boards are essential. SDAHO remains committed to equipping members with the knowledge, tools, and education needed to lead effectively and support high-performing organizations across South Dakota.

To learn more about SDAHO’s educational offerings, visit <https://members.sdaho.org/events/>

Upcoming Education

May 11 - Chasing Comfort: The Hidden Dance Between Pain and Dependence

May 12 - Home Health Hot Topic: Home Health QAPI Program

May 13 - Interventional Pain Management Strategies in Refractory Cancer Related Pain

May 14 - Responding Effectively to Cybersecurity Incidents

May 21 - Leading Through Loss

May 28 - From Macro Forces to Main Street Hospitals: Translating National Healthcare Trends into Local South Dakota Realities

Do you have ideas for future issues of *The Trustee Quarterly*?

Our goal is to provide you with the information and knowledge you need to lead your hospitals forward in today’s rapidly changing environment. Tell us what you think, and what you’d like to see in future issues of *The Trustee Quarterly*.

Write or call:

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SDAHO Enterprises was developed to pursue valued services and increase non-dues revenue. Overall goals and objectives of providing revenue to supplement SDAHO strategies and providing support and benefit to members.

Sample Code of Conduct

A clearly defined Code of Conduct sets the framework for professional behavior and governance standards that lead to meaningful board discussion and outcomes. Board members should review and sign the Code of Conduct annually. Key components often include:

- Ensuring that decisions are always made in the best interest of the hospital and those you serve.
- Demonstrating prudent judgment in the stewardship of resources.
- Being willing to accept responsibility for the organization's performance, both good and sometimes not good.
- Always keeping a focus on the mission and vision.
- Focusing on strategic leadership and policy, not micromanagement.
- Coming to meetings fully prepared, engaging in dialogue, and considering all points of view during board discussions.
- Ensuring a collaborative spirit of teamwork and cooperation.
- Being inquisitive and pushing the organization to continuous growth and excellence. Challenging the status quo.
- Not discussing operational concerns or issues with employees or members of the medical staff without the knowledge of the CEO.
- Being compliance savvy.
- Welcoming varied perspectives and experiences.
- Recognizing that conflict of interest avoidance is everyone's job, not just the person who has the conflict.
- Committing to confidentiality.
- Committing to personal and overall board learning and development.
- Ensuring clarity and commitment to community needs through active engagement.
- Always keeping quality and safety at the core of everything you do.

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It also provides a roadmap for new board members, and sets expectations for potential future board members during the recruitment process.

Board Engagement Expectations.

Boards should have clear expectations about what it means to be an engaged board member. This extends beyond the meeting code of conduct.

The expectations are best if they are specific, such as meeting attendance,

participation in ongoing education, committee requirements, participation in community events and participation in organizational events and philanthropy activity.

Specific expectations are unique to every board. They can be tracked over time, which allows transparency within the board.

For example, a board might require attendance at two annual community functions and two organizational

events (such as a townhall meeting or retirement party).

Rather than asking board members to be “prepared for board meetings,” boards can clarify the expectation by using specific descriptors, such as “when reviewing agenda items to prepare for meetings, write questions and thoughts in advance of board meetings on action items.”

The Role of the Board Chair.

Ensuring professional conduct is one of

the board chair's primary roles. The culture is impacted by all board members, the leadership team, and anyone else who regularly interacts with the board. However, the board chair, more than anyone else, is a catalyst for instilling the values and principles that drive a strong board culture. When it's truly effective, governance culture survives changes in board chairs, trustees, and administrations.

Creating Meaningful Agendas

Meaningful agendas are structured to maximize time on the most important issues and to encourage engagement.

Include Action Items. Powerful agendas don't simply list meeting discussion items. For each agenda item, they include the purpose (such as review and approve or make a decision) and action items or questions to address, when relevant.

Use a Consent Agenda. A consent agenda is used to cover the routine actions that require board approval without any discussion (such as committee reports, previous meeting minutes and review of contracts). Consent agenda review typically occurs at the beginning of the meeting, and the entire consent agenda is

Techniques to Encourage Deep Dialogue and Discussion

- **Silent Start:** Pose a question to the board to consider before the discussion starts. Allow 3-5 minutes for board members to ponder the questions and write their thoughts down. Once the silent time is over, go around the room and share what came to mind until all of the ideas are out.
- **Counterpoints:** Assign a protagonist and an antagonist to a specific topic that needs deeper dialogue and thinking. Encourage a debate between the point-counterpoint.
- **Breakout Sessions:** Divide the board into smaller groups to focus on a specific topic, allowing for more open discussion and countering the potential for "groupthink." After the sessions, bring the full board together with brief presentations from each breakout group.
- **Simulations:** Act out a particular scenario or situation to provoke discussion about the potential benefits and pitfalls of a decision.

Source: Adapted from Chait, R. P., Ryan, W. P., & Taylor, B. E. (2005). *Governance as Leadership: Reframing the Work of Nonprofit Boards*. John Wiley & Sons.

approved at one time unless a board member requests that a component be pulled out for discussion. Consent agendas only work if the board receives the materials in advance and everyone reviews it before the meeting. The consent agenda saves important meeting time so that more time is allowed for strategic dialogue and discussion.

Focus on Meaningful Dialogue.

While some reporting is necessary, agendas must balance reports presented by the senior leadership team with deeper dialogue and discussion. If

an agenda item may be contentious or board members are not engaging in sufficient dialogue, consider building dialogue-starters into the agenda.

Leverage Executive Sessions.

Executive sessions are the part of the board meeting that allows the board to handle confidential matters behind closed doors without staff or "outsiders" present. They typically take place following adjournment of the regular board meeting, but they may also take place before or during the meeting.

Executive sessions should always be held with the CEO's support, but the CEO might not be present. Although this can be initially uncomfortable for CEOs, putting the process in place regularly normalizes it. It is an opportunity for the board to give actionable feedback to the CEO and build communication between the board and CEO. Communication





feedback form that is associated with the agenda. Trustees can make notes as the meeting progresses, and leave their feedback form for the board chair or CEO when the meeting ends. This allows for

builds trust, and trust builds performance.

One way to build trust between the board and CEO is to incorporate routine questions about CEO performance into monthly executive sessions. The board can meet without the CEO and ask:

- What are we pleased about with the CEO?
- Are there topics or issues we need more information about?
- Do we have any concerns or problems we need to discuss with the CEO?
- How are we doing as a board in supporting the CEO?

Following the conversation, the CEO can rejoin the executive session to engage in meaningful dialogue about strengths and opportunities.

Meeting Evaluations. Trustees should have an opportunity to give feedback about each board meeting. Some boards do this through a brief written survey at the end of the board meeting. Another option is to have a working

real-time feedback and prevents board members from rushing through feedback at the end of a long meeting when trustees are fatigued.

Cultivating a Vibrant Board Culture

A strong agenda is the technical governance practice that sets the tone for meaningful board meetings. However, underlying challenges with the board culture can continue to present barriers to board effectiveness.

High performing boards are questioning boards. They understand that leadership includes embracing different points of view.

Be Inquisitive. Board members should be encouraged to ask questions and challenge the status quo. Rarely should the board passively approve items on the board agenda and quickly move on to the next item.

Embrace Conflict in a Healthy Way.

Sometimes passive approval happens because the board is not comfortable with conflict. Conflict avoidance can be due to a dominant board member or a close working relationship with the CEO and senior team that prevents the board from wanting to push back. Often, conflict avoidance occurs because board

Creating Meaningful Agendas

- ✓ Include action items, such as the agenda item purpose and questions to address
- ✓ Use a consent agenda
- ✓ Balance reports with dialogue and discussion
- ✓ Use executive sessions to build communication and trust between the board and CEO

members tend to be high achieving individuals who are committed to the mission and community and want to be collegial. As a result, they may skirt problems or issues as they arise.

Having clear expectations and processes in place can help address this. For example, board meeting materials might be too long and cumbersome to review, but board members appreciate the time and effort required to develop them and don't want to say anything hurtful. Once the issue has been identified, the board can work to identify specific guidelines for board meeting packets. This might include specific action items, such as "reports are never more than five pages and include an executive summary with 2-3 key action items for board discussion."

Board members must be reminded about the importance of differences in opinions, and use techniques to draw out different vantage points.

High performing boards are questioning boards. They understand that leadership includes embracing different points of view.

Focus on Strategy. Boards often have a tendency to wander into micromanagement. Often, board members are strong individual leaders or executives, and are used to being in charge and having direct involvement in operations. Board education creates awareness about this challenge and reinforces the importance of focusing on strategy and policy. Board agendas can clarify the board's role by listing specific questions for the board to focus on when discussing a topic.

Focus on Continuous Improvement

Board education is key to shifting the culture. Boards that prioritize learning and development opportunities are more insightful and knowledgeable leaders. Education may include:

- Brief governance education at every board meeting, such as discussion of an article trustees read in advance
- Quarterly education that is provided in-person or remotely
- Education incorporated in the board's annual retreat and/or board attendance at an external annual education session

In addition to regular board education, a well-defined new trustee orientation and mentoring program is important to set the tone.

A critical part of continuous improvement also includes regularly conducting a board self-assessment. Periodically assessing board performance to identify areas for improvement and track progress over time is an ideal way to strengthen not only board performance but also

nurture the board's culture and contribute to board conduct.

Governance as Leadership

High performing boards demonstrate generative leadership. The concept of "governing modes" was first introduced in the book *Governance as Leadership: Reframing the Work of Nonprofit Boards*. The authors encourage boards to rethink their role as leaders, and define governance as leadership in three modes:

- Fiduciary, or the traditional compliance-oriented role
- Strategic, with a greater focus on strategic thinking and performance
- Generative, where the board is a thought partner that challenges assumptions and determines alternate ways of framing issues

The board's culture, including the techniques for encouraging deeper dialogue, staying out of operational weeds, ongoing board education and continuous governance improvement, are all aspects of generative leadership. Generative thinking is about more than focusing on strategy. It requires boards to think differently, making sense of an emerging and transforming environment and the potential implications. For rural hospitals, this kind of generative thinking is essential to meet high expectations stemming from the Center for Medicare and Medicaid Services' focus on rural health transformation.

This article was written based on interviews with Barb Lorsbach, President, governWell; Todd Linden, President, Liden Consulting; and Larry Walker, President, The Walker Company.

Characteristics of a Vibrant Board Culture

- **Trust** that allows for candid dialogue, constructive debate, and effective decision making
- **Preparedness** so that trustees are ready to participate in governance discussions and decision making
- **Every trustee takes responsibility** for the board's decisions. Even when in the minority on a vote, trustees should always unconditionally support the majority
- **Adaptability** to new challenges, risks and opportunities
- **An expectation for diverse perspectives** to challenge assumptions and foster innovative solutions
- **All trustees feel valued** and are encouraged to contribute to their fullest potential
- **Passive oversight is not acceptable.** Board members are supportive, but also willing to challenge one another and management in a constructive way to enhance decision making
- **Governance improvement** is a priority for individuals and the board as a whole

GOVERNANCE INSIGHTS

Key Take-Aways from the AHA National Governance Report

The American Hospital Association’s recently released National Governance Report provides insights about how hospital and health system governing boards are structured in the United States. The updated survey is an opportunity for organizations to compare their board’s structure and governance practices to national trends.

In January 2026, the American Hospital Association (AHA) released its 2025 National Governance Report. The report summarizes board practices and trends in seven areas, including: board composition, board structure, board selection, board culture, board evaluation, performance oversight, and board orientation and education.

When reviewing the numbers, it is important to remember that the statistics represent current practices in health care and not necessarily benchmarks for best practices. In some areas boards are making progress, and in others there is significant growth needed for hospital and health system boards to become high performing.



Board Composition and Structure

Board sizes have declined slightly over the past ten years. The average board size for all combined boards is 12. System and subsidiary boards report an average of 14 board members, while freestanding boards report an average of 9 board members.

More boards are including members from outside of their organization’s service area. In 2024, nearly one-third of all hospitals reported having outside board members. The numbers are highest for system boards (56%) and lowest for freestanding boards (18%).

Board members are getting older. The majority of board members are ages 51-70, but the percentage of board members ages 71 and older continues to increase. Freestanding boards tend to have the highest percentage of board members under 50.

The presence of clinicians on boards has declined slightly. While nurses are the bedrock of hospital

operations, only 5% of all boards include a nurse.

More than one-third of boards do not have term limits. Term limits play a critical role in bringing in fresh perspectives and energy to the board.

Key Take-Aways

- Boards are being conscientious about their size and including outside perspectives
- Aging board members and the slight decline of clinicians on boards are areas to watch
- Lack of term limits is concerning

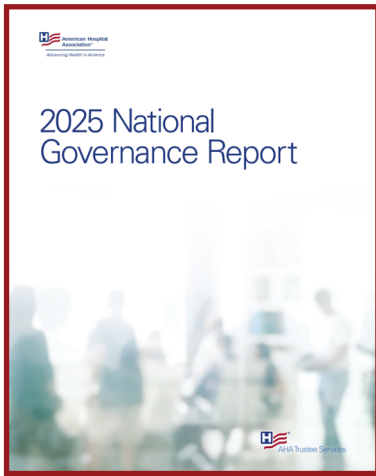
Board Culture and Performance

Meeting frequency varies, with the majority of system boards meeting four times a year while freestanding boards meet 12 times a year.

System board meetings are long. While subsidiary and freestanding hospital boards report that meetings last 1-2 hours, the majority of system boards report that a typical board meeting is five hours or longer.

The majority of boards spent between 25% and 50% of their time on active discussion, deliberation and debate. Many boards report spending less than 25% of their meeting time on dialogue. This has not changed much since 2014.

Over half of boards report that executive sessions are included in every agenda. A significant majority of CEOs participate in at least a portion of these sessions, and many participate in the entire session.



Nearly half of system board members report spending more time on board work and related activities when compared to three years ago. Subsidiary and freestanding boards report less change.

One-third of boards have not conducted a board self-assessment in the past three years. The practice of conducting board self-assessments has declined. Those who conduct assessments report using the results to improve performance; however, the assessment criteria may not be rigorous. The most common criterion assesses whether board members meet attendance requirements.

More organizations have a CEO succession plan in place than in previous years, but forty percent still report no formal succession plan.

Most boards have an authority matrix that clarifies management vs. governance oversight and accountability.

Clinical quality, patient safety and service quality/patient satisfaction are the most common metrics used to evaluate organizational performance.

Key Take-Aways

- The length of system board meetings may hinder the quality of engagement and discussion.
- Despite system boards reporting long meetings and trustees reporting more time spent on board work, it appears discussion and dialogue is limited.
- Low rates of board self-assessments mean boards are not committing to understanding their roles, identifying gaps in performance, and developing improvement plans that lead to meaningful dialogue and generative discussions.
- The use of an authority matrix is a strong indicator that boards are paying attention to avoid micromanagement.
- Every board should have a CEO succession plan in place. Subsidiary and freestanding boards are less likely to have one at all, which sets potentially fragile communities up for a rocky transition at a time when strong leadership is essential.

Board Orientation and Education

Almost one-third of boards have no job descriptions for any roles.

More than eight in ten boards have a formal new board member orientation, but less than one-quarter

have a formal orientation for new board chairs.

The percentage of boards requiring continuing education has increased, but still only one-third of boards require education.

The most common frequency for organized board education is quarterly. Most continuing education is delivered at board or committee meetings.

Key Take-Aways

- Organizations without job descriptions for board and committee members create confusion around roles and expectations.
- Responses imply that governance education is not a priority for most boards. Ongoing education is essential for boards to engage in meaningful debate and make informed decisions.
- While it's positive that 81% of boards have a new board member orientation, every board should have this as a basic building block. In addition to educational materials, pairing a new board member with an experienced board member mentor is recommended.

To access the AHA 2025 National Governance Report, go to <https://trustees.aha.org/2025-national-governance-report>.