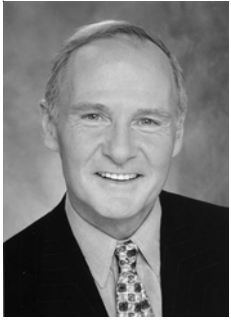


10 Practical Tips for Non-Profit Hospital Boards

- 1 Hold management accountable.** The board should set benchmarks, and the board must ask about benchmarks not met, deadlines missed, and failure to meet budget projections. If the initial inquiry raises new questions, the board should pursue those new questions as well. The board needs full information in order to act decisively.
- 2 Monitor the cash available to the hospital.** Scrutinizing an income statement is important, but to accurately track the financial health of the institution, particularly a distressed hospital, the board should also follow the cash.
- 3 Include the entire board in key decisions.** The various constituencies within the hospital must work together and make decisions together; the board should *not* be dominated by a single person or a small group of insiders. Providing for a diverse board and implementing term limits for trustees will, in most cases, aid efforts to create a wholly engaged, fully active board that can better deal with the ever-changing array of challenges facing hospitals.
- 4 Establish a strong conflict of interest policy and follow it.** A majority of the board should *not* have conflicts, even if those conflicts are disclosed and properly dealt with upon board votes.
- 5 Provide meaningful orientation and continuing education programs.** New trustees need effective, comprehensive, and up-to-date orientation programs and materials. All trustees need broad information about the hospital's current situation, history, environment, and strategic plan in order to make informed decisions.
- 6 Hold regular meetings focused on setting policy** in areas such as safety, quality, and strategic concerns.
- 7 Establish a three to five year strategic plan with a three to five year budget.** The board needs to know where it is going, establish benchmarks to measure progress toward its goals, review whether it is meeting those benchmarks, and have contingency plans ready in case progress falters.
- 8 Do not approve a budget that results in an operating deficit,** except in very unusual circumstances. When a hospital does fall into a deficit situation, the board and management should develop plans to regain profitability as soon as possible, and almost always within three years. Financially distressed hospitals must also develop short-term (monthly or quarterly) recovery plans, budgets, benchmarks, and contingency plans.
- 9 Focus on the performance of the organization,** rather than on proposed transactions with external parties. The board needs to concentrate on internal steps that the organization can take to improve its efficiency, cut its costs, and improve its quality and safety. This focus is most important for financially distressed hospitals. The board should begin by improving what it can at home, and then look to outside opportunities.
- 10 Do not expect the institution to grow its way out of problems.** The strategic plan must look beyond growth to find other ways to strengthen performance.



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