Why Board Culture Matters

Interpersonal and group dynamics can affect the entire organization

By Pamela R. Knecht and Karma Bass

The board was stuck. Several members again were pressing the chief financial officer to provide detailed information on a line item in the proposed budget for the four-hospital health system. Most of the members felt that their colleagues were micromanaging when they should have been focusing on the bigger picture. But because the insistent board members were smart, articulate and forceful, a few others on the board were beginning to believe that their line of questioning was not only appropriate, but necessary. The rest were frustrated and uncomfortable.

Meanwhile, the chair was growing concerned about the amount of time that management was spending gathering, analyzing and presenting operational information. The CEO had confided that her team was becoming confused and worn-out in trying to respond to all the detailed questions. Both the chair and the CEO knew that the board needed to be spending much more time talking about some key strategic issues facing the system, such as a potential affiliation with another

hospital, but neither they nor other board members were willing to confront their colleagues about their behavior.

This board's problem is not due to a poor strategy, an incorrect committee structure, too many or too few members, or the lack of clear policies. The issue is the board's culture. As the chair commented, "We aren't working together as one group that has honest discussions and a willingness to address counterproductive behavior."

Unfortunately, this scenario is playing out in boardrooms across the country. Far too many boards are unwilling or

unable to address the interpersonal issues and group dynamics that keep them from doing their jobs well. As a result, some of these boards and their organizations likely are underperforming.

The health system described almost lost the opportunity to expand its services into a contiguous area because the board never seemed to have enough time to fully discuss the potential affiliation. What could have been a relatively easy affiliation agreement with a neighboring hospital dragged on for so long that it turned into a competitive bidding process and required signifi-

cantly more of the system's resources than necessary.

Defining Culture

The culprit in this case, and many others, was that the board's culture prevented it from being truly effective. What, then, is culture?

In the book *Organizational Culture and Leadership*, author Edgar H. Schein defined culture as "a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems." More simply stated: "It is how we learned to do things around here."

In the case study, the board's culture had become one in which asking management tough questions about anything was admired; each member was encouraged to continue to ask management about the same issue until he or she was satisfied with the answer — even if that topic did not interest the rest of the board. Board members treated each other politely, meaning they did not criticize or question each other. At some point in the organization's past, those behaviors most likely were seen as reasons for the system's success. That is why it became the way board members had "learned to do things around here."

This culture might have been appropriate for a much smaller organization in the past, but it was hindering the board of a large, complex health system today. But culture is hard to change. As one board member remarked, "[We have] board members who are working really hard … and a CEO who is excellent, [but] our dysfunctional relationships have us beat."

Group Development's Role

To further complicate the situation, boards are groups of people who act in both predictable and unpredictable ways. For almost 50 years, social scientists have known that a group needs to go through four stages of development

The Chair's Role in Board Development

DEPENDENCE
- Help group understand purpose and role.
- Encourage open communication.
- Create a climate of trust and candor.

COUNTERDEPENDENCE
- Identify and help resolve conflict.
- Facilitate honest feedback and open dissent.
- Avoid taking back control.

RESOLUTION
- Work through issues and solve problems.
- Encourage taking risks to resolve differences.

INTERDEPENDENCE
- Model trust and mutual respect.
- Ensure individual contribution and accountability.
- Evaluate the team's performance.

Source: ACCORD LIMITED, 2012, adapted from *On Becoming a Leader* by Warren Bennis

if it is to tackle problems effectively and find solutions. The same is true of boards.

Warren Bennis, the author of numerous books on leadership including *On Becoming a Leader*, developed a model of group development that includes the following stages:

Dependence: During this stage, the group has just been formed. Members are driven by their desire to be accepted by others, so they are polite and tend to avoid conflict. They spend time getting to know each other and agreeing on logistics such as when and where to meet. They begin to set goals and accomplish tasks, but they are focused on what their individual roles will be. The group is highly dependent on the formal leader, who needs to be directive to help the group learn what it is supposed to do and to begin working together. At this stage, the group's productivity is not at an optimal level.

Counterdependence: Every group enters this stage when its members begin to freely express their differing ideas about which matters need to be solved and how best to resolve them. This
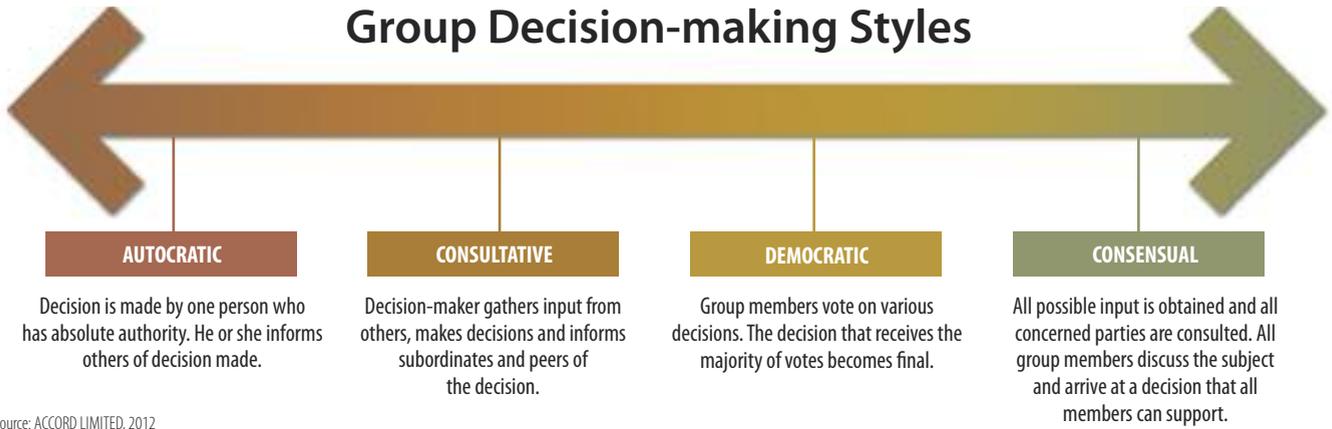
stage can be uncomfortable because conflict between and among group members begins to surface, but it is necessary for the growth of the group. It is here that the group learns to understand and begins to work through their differences. The group's productivity during this stage decreases because time and effort is spent dealing with the group and interpersonal dynamics. For instance, the group will begin to "storm" or become counterdependent regarding the formal leader, questioning his or her authority. The wise leader will resist taking back control and instead will facilitate the group's resolution of their differences. Some groups — and boards — never move out of this storming phase.

Resolution: Once the group has learned how to resolve its differences, it can create shared goals and plans to accomplish them. All group members then assume responsibility for attaining the group's goals. The effective leader of this group will continue to facilitate decision-making on goals and plans. The productivity of the group climbs to a higher point than it was during the dependence, or forming, stage.

Interdependence: Groups reach this last stage when each individual is motivated and knowledgeable, but they know how to function efficiently and effectively as one unit. Dissent is expected, and the group has agreed-upon methods for dealing with differing ideas. The individuals prefer working together, using all the skills and perspectives in the group. The unofficial leader of a group in this phase is often just another participant because the group has figured out how to work together without being dependent on the formal leader. Interdependent groups are highly productive.

Groups often will move back and forth among these stages; for example, the addition of a new member can force a group in the interdependence stage back to the dependence stage. Similarly, a new leader's style can cause the group to begin to fight against that individual's authority, thereby moving the group back into the counterdependence phase. High-functioning boards

Group Decision-making Styles

AUTOCRATIC	CONSULTATIVE	DEMOCRATIC	CONSENSUAL
Decision is made by one person who has absolute authority. He or she informs others of decision made.	Decision-maker gathers input from others, makes decisions and informs subordinates and peers of the decision.	Group members vote on various decisions. The decision that receives the majority of votes becomes final.	All possible input is obtained and all concerned parties are consulted. All group members discuss the subject and arrive at a decision that all members can support.

Source: ACCORD LIMITED, 2012

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recognize these shifts and know what they need to do to reach interdependence again.

How a Board Develops

Whether a board is nominally or highly effective, the group development model provides a useful tool for understanding how boards can and should develop. It also can help to explain why some boards are not functioning at an optimal level.

As previously stated, the leader of a group is critical to that group's development. In the world of governance, this is the board chair's job. The Chair's Role in Board Development, previous page, describes how he or she should help the board to move through the stages of group development in a healthy manner.

One way in which any chair can use this model is to point out that every time a new member joins the board, it may move back into the dependence stage and essentially become a new group again. This is especially true if a third or more of the board members are new. Because the majority of nonprofit health care boards have term limits, most boards will experience the dependence stage at least every few years.

This reality should be anticipated and discussed openly. At the beginning of each new board, the chair should help members to get to know each other and to become comfortable with how the board works. The governance committee can support the chair by ensuring that orientation materials include group guidelines and member expectations, and by establishing mentoring relationships between new and experienced board members.

Too many boards never make it out of the dependence stage. For instance, board members may remain too polite. A board chair in a rural area recently admitted that her fellow board members were sometimes reluctant to speak freely during meetings because of the tight, overlapping relationships in the community. They did not want to risk losing business or personal relationships, so they would not say anything that could be construed as critical of another board member.

The biggest obstacle in the development of most boards, however, is not being able to work through the counterdependence stage. Some board members do not have sufficient experience in dealing constructively with conflict. It takes a skilled leader to help them learn how to express their opinions, listen to others and come to a mutually acceptable resolution.

In some cases, the formal leader unintentionally keeps the group in the dependence stage. If the chair is uncomfortable with conflict during this stage, he or she may revert to a directive style to try to restore order and keep the board dependent on him or her. The chair may make decisions for the board, for example, or may rely too heavily on *Robert's Rules of Order* instead of facilitating open, robust conversations among all members.

Another common challenge for board chairs is that many of them are successful business people who are used to leading employees. As one board chair admitted, "This not-for-profit health care world is so different. The board members are not paid, most of the physicians are not employees and there are so many stakeholders to consider. I don't know how to be a leader to people who do not report to me."

High-performing boards ensure they have formal board leadership development programs that help board members prepare for their roles. These programs include education on the stages of group development, conflict resolution and meeting facilitation, in addition to the typical topics dealing with health care trends, reimbursement and other industry challenges.

Sample Group Guidelines

- Lower the water line.
- Be honest.
- Don't hold back opinions and be willing to respectfully disagree.
- Use good listening skills.
- Encourage, respect and try to understand all opinions.
- Ensure that all feel heard; let all finish their thoughts.
- Avoid side conversations and speak one at a time.
- Keep all conversations confidential.
- Strive for consensus decision-making. — *P.R.K. and K.B.*

Meeting Dynamics

Another important aspect of a board's culture is its meeting dynamics. An often-overlooked fact is that boards only have authority when they are meeting together. This makes it even more important for highly functioning boards to

learn how to have effective, efficient meetings.

The first step to a great meeting is to understand that every meeting has at least two components: content and process. The content of the meeting includes the official reason for the meeting, the subject matter to be discussed, the formal rules and the authority structure. The process component is the way the individuals interact with each other. This includes people's feelings, hidden agendas, the informal

leadership and the stages of the group's development.

The proper relationship between a meeting's content and its process can best be described by looking at an iceberg. The tip of the iceberg — what we see above the water line — is the content of the meeting. The part of the iceberg that is below the water line represents the process, or how the members of the group interact. Research has proven that the more a group "lowers the water line," or talks about the process component, the better the group's decisions.

The same concept should be applied to board meetings. Agendas should clearly articulate the purpose of the meeting, and the meeting materials should contain necessary background information. This helps the participants prepare for a meeting's content.

However, it is just as important to pay

attention to what is below the water line — how the board interacts. To ensure an effective meeting process, the board chair and board members should be attentive to the stages of group development, encourage productive interpersonal communications, and clarify the board's decision-making style (see page 23). In other words, they should lower the water line and discuss any process issues that may be getting in the way of the group's decision-making, such as admitting frustration with another board member's behavior.

The most effective boards address the process component by proactively developing guidelines for their interaction (see Sample Group Guidelines, page 23). The guidelines should be the result of a facilitated discussion about the desired group member behaviors. Each board's guidelines may be slightly different and the process by which they are developed is critical: The guidelines are only as useful as each individual's sense of ownership and investment in them, so a participative process should be used.

The development of group guidelines can be a powerful method of identifying the desired board culture. Real culture change can occur if the board uses the guidelines to hold all of its members accountable for their behavior.

Out in the Open

One of the most effective ways to improve a board's culture is to openly discuss it. Increasing the members' awareness of the impact that their group's process has on their decision-making effectiveness is a first step. This discussion often works best in a board retreat, away from the pressures and restrictions of a typical meeting. If the board engages in a regular self-assessment, adding a question or two about the board's culture, meeting effectiveness or group functioning can provide the opening for this discussion.

Another technique to consider is to spend five minutes or so after every board meeting to discuss group functioning and process. This check can pay

huge dividends over time.

If the board has a governance committee, it often will take the lead on facilitating culture development. This committee typically has the authority to recommend new board-level policies around how the board does its work. If the committee is not able to address these issues or if there is no governance committee, identifying board members who are interested in group dynamics and culture can be an effective way to create a task force focused on these issues. A smaller task force can take the time to reflect on, debate and discuss these issues, reporting back to the full board with its recommendations.

Formalizing the aspects of the board's culture and function that work well is another way to ensure a healthy board culture. Because culture depends on the individuals involved and the members of a board can change over time, formal, written policies that reinforce a healthy culture are critical (see Building and Maintaining Healthy Board Culture, left). Formalizing the aspects of the board that work well is another way to ensure a healthy board culture.

Organizational Impact

Board culture shifts slowly but with consistent effort, it can change. Strengthening the board's culture can begin with education regarding the key components of a healthy culture and an open conversation about the current and desired board dynamics. Once the board has lowered the water line and talked honestly about how it is doing its work, its effectiveness will improve.

A healthy culture at the very top of an organization can create a spillover effect to the organization as a whole. With all the changes facing health care organizations today, a healthy culture can be a key differentiator in facilitating an organization's success. **T**

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