

Board Succession Planning:

Planning Today for Tomorrow's Trustee Leaders

High-performance governance in today's environment is critical. Every board member must clearly understand and be capable of carrying out his or her responsibilities at the highest level of governance performance. Recruiting new trustees to serve on your board is every bit as important as CEO recruitment. How well boards plan and execute this vital process defines the hospital or health system's leadership success for years to come.

The importance of governance succession planning is growing as health care organizations and their governing boards face increased pressure for high performance, transparency and accountability in a field undergoing significant change.

Boards should be composed of individuals who display a diversity of opinions and independent thought and actions. Trustees should have demonstrated achievement in their career field and possess the intelligence, education, and experience to make significant contributions to governance. They should also possess the personal attributes that will contribute to sound working relationships with other board members and the executive staff. Instead of a board composition that is simply representational, boards of trustees should seek to develop a composition that also reflects the overarching experience and expertise needed to successfully govern in today's era of transformation.

Boards of trustees should be asking themselves: "When current trustees' terms end, who will replace them? Where will we find

highly qualified board members who are "experts" in the areas of governance in which we need the most help, who are free of potential conflicts of interest, and who are able to meet the required time and energy commitment?"

Governance succession planning is the key to not only filling an empty seat on the board, but to strengthening board and organizational performance. By regularly assessing the board's leadership strengths and weaknesses, and using the hospital's strategic plan to define critical future leadership requirements, a board can identify governance "gaps" that can be closed through targeted trustee recruitment.

A trustee succession plan should be developed to recruit trustees that meet the specific governance needs. These "gaps" will be different for each board and organization; while one board may need increased diversity, another may seek greater clinical expertise or an improved balance between visionary, "big picture" thinkers and more practical, shorter-term thinkers.

Increased Trustee Demands

Boards of health care organizations govern highly complex organizations. The nature of hospitals requires trustees to engage in ongoing education, time-consuming individual preparation for board and committee meetings, and attendance at trustee conferences and other educational and governance development events.

Research indicates that the average board member spends over 200 hours on board-related matters every year. For “high impact” boards addressing more complex issues, the typical time commitment is even higher.¹ Experts predict the time commitment is the equivalent of 20-40 additional workdays per year, depending on the complexity of the board.¹ Many hospitals are challenged to find trustees who not only meet specific board leadership requirements, but who are also willing to commit the significant amount of time necessary to fulfill their growing responsibilities and accountabilities.

Recruiting the Right Trustees

Properly identifying, assessing and successfully recruiting a new trustee involves several steps. Boards should begin by conducting a comprehensive governance self-assessment to determine where they may have potential leadership “gaps,” either now or in the future. After identifying specific characteristics and skills sets desired, the board should seek out and talk with a variety of candidates who may meet their board service requirements. Once a new trustee is selected, orientation and ongoing education is critical to ensuring trustee success in providing strong and effective leadership to the hospital on behalf of the community.

Identifying Leadership Gaps. In order to gauge leadership strengths and weaknesses,

boards of trustees should conduct an annual board self-assessment. A comprehensive, meaningful self-assessment includes ratings of leadership performance in a broad range of areas. Each area should include several positively worded statements about the board's performance; trustees should rate the board's performance in each statement, and each broad area should be followed with one simple question:

“How can the board improve its performance in this area”? The assessment should also include a section in which trustees evaluate their personal performance in several areas of leadership effectiveness.

Once board strengths and weaknesses, leadership challenges and future leadership needs have been identified, the board can then develop a list of specific skills, attributes and characteristics that are important for new trustees to possess. The specifications should complement existing board members' skills and competencies, and assist the organization in furthering its ability to provide high-powered, thoughtful, diligent leadership.

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Governance Accountability for Cultural Competency. As a part of the board's accountability for mission fulfillment and leadership, trustees are being called upon to address their community's health care disparities and strengthen hospitals' and health systems' cultural competencies. A diverse board membership that reflects the community's diversity offers the board the benefit of first-hand insights, understanding and information that can contribute to the board's ability to appropriately recognize and take actions to address the health care needs, disparities and inequities of the entire community.

Essential Skills, Experience and Knowledge. Boards of trustees can successfully recruit new trustees that meet their governance needs by selecting individuals with the right skills, experience and knowledge. Critical characteristics most often sought by hospital boards include:

- **Motivated, committed and passionate in serving the hospital and community.** Board members must be willing to commit to the time required to serve on the board and be active in fulfilling the hospital's mission and vision.
- **Ethical, respected and held in high esteem by the community.** Health care organizations will increasingly need to partner with both other health care providers as well as organizations that have an interest and stake in the community's health (such as police or fire departments, local business groups, religious organizations, public health agencies and others). Board members must be actively involved in

Skills and Experience Matrix

Developing a governance skills and experience matrix is helpful to identify the expertise most important to the board, and any gaps that may exist now or in the future as board members leave. Typical items in this matrix include:

Governance Experience

- Service on Corporate Board(s)
- Service on Not-For-Profit Board(s)

Professional Skills and Experience

- Accounting/Finance
- Investment Planning
- Fundraising
- Management of Complex Organizations
- Change Management/Transformational Change
- Marketing/Public Relations
- Strategic Planning
- Public Speaking/Presentations
- Facilities Planning, Capital Planning and Acquisition
- Executive Performance Evaluation and Compensation
- Legal
- Measuring and Improving Customer Satisfaction
- Medical
- Government
- Research Analysis

Health Care Knowledge and Expertise

- Industry Trends
- Medical and Information Technology
- Workforce Planning
- Laws and Regulations

Market Knowledge and Experience

- Community Relationships
- Community Leadership
- Community Trends and Issues

Key Steps in the Trustee Recruitment Process

The following steps are recommended for recruitment of trustees to serve on community hospital boards. The philosophy and process may be similar for governmental hospitals whose trustees are appointed, however the process is only a recommendation to the officials who will make the appointment.

1. **Secure board agreement** on a long-term succession plan and process: Purpose, participants and objectives
2. **Appoint a board development committee** to oversee the recruitment process
3. **Develop appropriate background material on the hospital and board of trustees:** Bylaws, board member biographies, information about the hospital, its market and its challenges, information on trustees and officers liability insurance, conflict of interest statement, board self-assessment process, board orientation process, etc.
4. **Develop a trustee candidate overview and application** (includes board job description, trustee qualifications, and candidate application), and a letter to be sent to prospective trustees indicating the hospital's interest in discussing potential trusteeship opportunities
5. **Develop a summary of candidate qualifications and a candidate profile**, and a candidate assessment form to use as a tool in evaluating potential trustees. The assessment should be based on the criteria included in the candidate profile and job description. Consider assigning a "weight" to each criterion that reflects the relative importance of the criterion (e.g. 5 = greatest weight, 1 = least weight), and include specific questions to ask candidates to determine motivation and willingness to serve, ability to devote time required, knowledge of issues, conflict of interest, etc.
6. **Secure board approval** of the board development committee's recruitment process and recruitment materials
7. **Identify potential field of candidates**
8. **Make preliminary contact** with potential candidates and assess initial candidate interest and willingness to serve, if chosen
9. **Review candidates and arrange interviews** with members of the board development committee
10. **Evaluate candidates using the candidate assessment tool**, and prepare a brief written summary of each candidate (occupation, length of residency, community involvement, answers to questions, etc.)
11. **Determine top-rated candidates**, and present to the board development committee
12. **Board development committee makes a recommendation** to full board
13. **Nomination** of candidate(s)
14. **Send follow-up communication to candidates not selected**, and determine other ways for candidates not selected to be involved, such as serving on the foundation board, on task forces, etc. Assess interest in filling future vacancies

gaining and sustaining the trust of the community and forming strong community partnerships to ensure the hospital's success.

- **Strategic, innovative and visionary thinker.** Boards of trustees must understand that there is no single future that can be planned for and successfully executed. Board members will need to be flexible, dynamic governance decision-makers who are not surprised as the future unfolds. They must continually challenge the status quo, and encourage innovation, risk-taking and new ways of embracing the opportunities of the future. They must push for change, value creativity and innovation, and leverage change for strategic advantage.
- **Advocate.** Trustees are the voice of the community. They can and must use their clout and credibility to be strong and powerful influencers of lawmakers, regulators, community groups and others who influence or make decisions that affect the future of their organizations. Trustees need to be continually aware of political issues and legislative processes, and able to establish relationships with their state and national legislators and their health policy staffs. Advocacy success requires individuals with deep health care knowledge and literacy.
- **High intellect and willingness to learn.** Board members must develop a high level of understanding in the areas most critical to organizational success and performance. Decisions must be guided by the organization's mission, vision, values and strategic initiatives, and be based on facts that focus on priorities vital to the organization's success. Board members must be highly attuned and adaptable to change, requiring them to be proactive thinkers. They must also commit to and engage in continual governance education.
- **Collaborative, artful listener, and willing to engage and ask hard questions.** Miscommunication and misjudgment often are a result of inadequate listening, not from a lack of words. Strong and effective governance communication will require board members who are willing to listen attentively without rushing to judgment, and absorb information before offering a definitive response. Board members must also be able to engage in critical conversations to ensure that decisions are made by grappling and grasping with concepts, ideas and practical solutions, leading to more informed and rational conclusions. They should also be willing to regularly confront issues by challenging assumptions and exploring alternatives to traditional thinking.
- **Ability to grasp implications of financial statements.** One of the principal jobs of the board of trustees is to oversee the financial performance and progress of the hospital. The board must have individuals with professional experience and expertise in accounting and/or finance. A successful trustee with skills in this area brings professional expertise to financial discussions and decisions.
- **Ability to understand and value perspectives of the medical staff and patients.** Boards of trustees are responsible for ensuring the quality of care and patient safety provided by their organization. Trustees must take strong, organized action to establish and ensure an organizational culture that continually strives to improve quality and patient safety at every turn. While community board

Sample Trustee Candidate Profile

A one-page candidate profile should be developed to clearly describe the responsibilities, success factors and skills and assets the hospital seeks in a new trustee. The profile should begin with a one-two paragraph overview of the hospital or health system, followed by specifics about the trustee role.

Major Responsibilities. Anytown Community Hospital (ACH) trustees are responsible for overseeing the progress and success of ACH. The board of trustees must ensure that the organization achieves its mission, vision and values. The board also leads the hospital's strategic direction, development of ACH's strategic plan, evaluation of the plan's implementation, and oversight of plan progress and achievement, taking corrective action when necessary. Anytown Community Hospital's board of trustees is responsible for hiring the CEO, conducting CEO performance evaluations and determining the CEO's compensation. The board of trustees assumes ultimate responsibility for the quality of care and patient safety provided by the hospital, and is accountable for the financial soundness and success of ACH.

Success Factors. The successful trustee will have strong interpersonal skills, and will be comfortable with interacting with other board members, the CEO, medical staff leaders and the hospital's executive team. The trustee must be willing to commit the time necessary for successful board service, and have a willingness and a desire to learn and understand the complexities of the health care environment and the challenges of meeting Anytown Community Hospital's patient and community needs. The ability to constructively challenge the status quo, understand and evaluate financial information and collaborate with a broad range of diverse stakeholder groups is key to the success of the trustee. The trustee should understand and follow the fiduciary requirements to the organization and not serve any individual constituency or group.

Personal Skills and Assets. The successful trustee will build positive relationships with other board members, the hospital's executive team, medical staff leaders and the organization's other key stakeholders. Adaptability, flexibility, organization, initiative, leadership and analytical skills are key qualities which will enable the trustee to be successful as an Anytown Community Hospital trustee. Other important personal assets include sound, independent judgments and decisions; the ability to analyze complex issues and develop effective solutions; and the ability to create a vision for the future, given the many uncertainties prevalent in today's health care environment. The trustee should have a basic general understanding of the health care field, be committed to preparing for active insightful involvement in board and committee meetings, and be able to read, understand, and apply industry information and financial acumen to strategic decisions. Strong communication skills are essential. The trustee should be deeply committed to the hospital and the community it serves, and have no unresolvable conflicts of interest with Anytown Community Hospital's operations or key stakeholders. When conflicts of interest do arise, the trustee must be willing to abstain from discussions and votes surrounding the issue.

members are not expected to be physicians, a successful board should be willing to make a commitment to developing a good understanding of medical issues that affect the organization's success.

- **Prior board experience.** Individuals with experience on other boards bring unique governance and business perspectives that broaden and enrich the organization's governance functions. Their experience will provide community contacts and new ideas for ways to lead most effectively.

Finding Qualified Board Members. Once specific desired skills and characteristics have been identified, the board must recruit individuals that meet these specifications. In order to ensure diversity of backgrounds, thoughts and opinions, it is important that boards don't recruit based solely on who board members know. Boards should cast a wide net as they search for potential new board members, including:

- Seeking out individuals who have a record of successful governing service on other boards, and who have the potential to bring credibility, expertise and community connections to board work
- Organizations that partner with the hospital or health system in any capacity
- Those that serve on patient advisory councils
- Asking hospital leaders and former board members for potential local leaders and stakeholders that may be interested
- Social service agencies
- Local organizations that care for specific ethnic populations, such as churches and community health clinics

- Existing hospital volunteers who serve in a leadership capacity, such as on the hospital's foundation, ad hoc committees or task forces

Boards may consider maintaining a list of potential future board candidates, including the specific skills they bring to the organization.

Throughout the recruitment process, stick to the board's pre-defined specifications for new trustees. Trustees must know and understand more, and take on greater responsibility than they have in the past, underscoring the critical work of the board and weighty nature of board responsibilities. Candidates must have the time, availability and discipline to act on their commitment to the board and the responsibilities of trusteeship. When interviewing potential trustees, do not "sugarcoat" the job; be honest about board members' roles and responsibilities and the time commitment required. The last thing a board needs is to select a new trustee who did not understand the commitment and who is then unable to fulfill his or her duties.

Next Steps. Once a potential trustee (or trustees) has been identified, several additional steps should be taken before extending an offer to serve on the board:

- Double-check for potential conflicts-of-interest that cannot be resolved
- Invite the prospective board member to meet with the board chair and the CEO for a detailed overview of the organization and board expectations
- Invite the prospective new member to observe a board meeting
- Follow up with the candidate after attending a meeting to discuss his or her continuing interest

Ensuring Board Diversity

Board diversity is important for any board, but particularly for a hospital or health system serving an entire community. Boards with wide-ranging perspectives and backgrounds bring a variety of perspectives and experiences, allowing the board to reflect the diversity of the community served.

Diversity of Gender, Ethnicity, Experience and Background. Boards that have traditionally been homogenous may need to reevaluate their most important priorities when selecting board members. If board recruitment has focused on those with high career status or individuals with the potential to be a strong donor, women and people of color may be overlooked. Expanding the board's desired qualifications can help. For example, a candidate may not have served on a previous board but may bring first-hand experience or leadership skills from a different perspective.⁴

Some boards may be reticent to prioritize diversity when selecting new board members. Boards should discuss the opportunities that are missed if the composition remains homogenous. A good dialogue starter is asking "why do we need to become diverse?" When boards have an open, thoughtful discussion about the importance of diversity and how it relates directly to the hospital's mission and vision, priorities will shift.³

For many boards, engaging in cultural competency training is beneficial for both board dynamics and for strengthening understanding of the populations served. Boards can work with a facilitator or engage in board-wide education about race and institutional bias.^{3,4}

This training may also help boards avoid "tokenism" with new board members. Every board member's perspectives and expertise

should be valued equally, and all board members should be treated with the same expectations.^{3,4}

Generational Recruitment. According to a recent governance survey report, only two percent of voting board members on health care boards are 35 years or younger. In fact, 66 percent of all voting board members are between the ages of 51 and 70.⁵ Younger generations are increasingly having an impact on the health care marketplace and consumer preferences—including seeking care in non-traditional settings, an increased demand for telehealth, greater use of medical technology, and expectations for a more collaborative and customer-focused health care experience. Welcoming millennials (born between 1981 and 1996) is the ideal way to build future board leaders and bring a fresh perspective to boards.⁵

Onboarding and Orientation. Investing in governance succession planning is a critical component to creating a pipeline of well-prepared new leaders. Consider sponsoring or co-sponsoring a board training program for your community to ensure that not only the hospital's board, but also the community's other not-for-profit organizations have a growing pool of trained board candidates ready for service.

Share with participants the benefits of board service, educate them about the responsibilities of board members and highlight the need for their leadership skills. Nurture and evaluate the "board readiness" of emerging leaders by inviting them to serve on task forces or committees, and continue building their board readiness with a strong orientation program. Many new trustees arrive on the board with little or no prior board or health care expertise. A strong orientation program and warm welcome

is critical to their successful service on the board.

Take orientation to the next level by linking experienced board members as mentors with new trustees. As a mentor, an experienced board member has the opportunity to offer a

new trustee support, background information and insights, recap critical issues and identify subtle nuances. Mentors that successfully engage new trustees can also help prevent potential feelings of isolation that new board members might experience.

Sources and Additional Information

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