

# Governance Insider

For Hospital Governing Board Members

A Walker Company resource for  
expanding governance knowledge  
and improving leadership  
effectiveness

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## BOARDROOM BASICS

# Planning Today for Tomorrow's Trustee Leaders

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's leadership success for years to come.

**T**he importance of governance succession planning is growing as health care organizations and their governing boards face increased pressure for high performance, transparency and accountability. When current trustees' terms end, who will replace them? Where will you find highly qualified board members who are "experts" in the areas of governance in which you 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 improving 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, your 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 financial 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.

According to the Governance Institute, La Jolla, CA, board members spend an average of 20

hours per year on health care education. In addition, the average board member spends between 120 – 200 hours annually preparing for and participating in board and committee meetings and conducting other board activities.<sup>2</sup> An average of 150 hours alone is the equivalent of nearly 20 additional work days in one year. Many hospitals are challenged to find trustees who not only meet specific board leadership requirements, but who are also willing to commit a significant amount of time 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

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### Key Factors to Consider When Recruiting New Trustees

- Recruit trustees with the skills that will best complement the hospital's future strategic needs.
- Select trustees who have the passion and time to be committed to the organization's mission.
- Seek candidates who have experience working with both corporate and not-for-profit boards.
- Ensure a commitment to the organization, experience as a trustee, and a willingness to learn about health care issues and trends.

Source: Earle, P. and Jack Schlosser. "The Next Trustee—What Skills Does Your Board Need?" *Trustee Magazine*. April 2005.

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**Breaking Barriers to Board Diversity**

- **The just-like-me syndrome.** Too often nonprofit boards look for candidates similar to themselves in their career positions or education. The result is either outright failure, if no willing or suitable candidates can be found in the narrow segments that are searched, or a superficial increase in diversity that neglects diversity of ideas and experiences.
- **Ineffective nominating procedures.** Board members are typically drawn exclusively from the local community, and recruitment can be hampered by the limited scope of contacts and life experiences of the existing board members, who often act as the primary board recruiters. To achieve a broader perspective, boards should consider expanding recruitment of trustees to qualified individuals outside of the area.
- **Inflexible board membership requirements.** Overly strict criteria for board membership can be counterproductive. Eliminate requirements for recruiting individuals that represent specific constituencies or occupations (unless, for example, you seek a financial “expert” for your audit committee). Look instead for the very best thinkers and leaders.

Source: McCrory, K. “Breaking Barriers to Board Diversity.” *Association Management*. January 2005.

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. Broad areas of board performance to be evaluated may include:

- Ensuring attainment of the mission, vision and values;
- Defining a purposeful strategic direction;
- Ensuring a sound leadership structure and governance processes;
- Ensuring quality and patient safety;
- Building and sustaining community relationships;
- Building strong relationships with the CEO;
- Building strong relationships with the medical staff;
- Providing sound financial leadership;
- Ensuring improvements in community health; and
- Adhering to organizational ethics.

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. In essence, instead of simply accepting any person who expresses an interest in serving on the board, or persuading a reluctant potential trustee to serve, recruit trustees with the skills and personal characteristics that complement existing board members’ resources results in a more well-rounded board.

**Finding qualified board members.** Once specific desired skills and characteristics have been identified, the board must recruit individuals that meet these specifications.

**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.

<b>1</b>	<b>Secure board agreement on a long-term recruitment plan and process: Purpose, participants and objectives</b>
<b>2</b>	<b>Appoint a board development committee to oversee the recruitment process</b>
<b>3</b>	<b>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.</b>
<b>4</b>	<b>Develop a one-page “candidate profile,” a board and trustee job description, and a letter to be sent to prospective trustees indicating the hospital’s interest in discussing potential trusteeship opportunities</b>
<b>5</b>	<b>Develop a candidate rating tool, based on the criteria included in the candidate profile and job description; assign a “weight” to each criteria that reflects the relative importance of the criterion (e.g. 5 = greatest weight, 1 = least weight); 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.</b>
<b>6</b>	<b>Secure board approval of the board development committee’s recruitment process and recruitment materials</b>
<b>7</b>	<b>Identify potential field of candidates</b>
<b>8</b>	<b>Make preliminary contact (letters and/or telephone calls), assess initial candidate interest and willingness to serve, if chosen</b>
<b>9</b>	<b>Review candidates and arrange interviews with members of the board development committee</b>
<b>10</b>	<b>Rank candidates using the candidate rating tool, and prepare a brief written summary of each candidate (occupation, length of residency, community involvement, answers to questions, etc.)</b>
<b>11</b>	<b>Determine top-rated candidates, and present to the board development committee</b>
<b>12</b>	<b>Board development committee makes recommendation to full board</b>
<b>13</b>	<b>Nomination of candidate(s)</b>
<b>14</b>	<b>Follow-up letters to candidates not selected; determine other ways for candidates to be involved, such as serving on the foundation board, on task forces, etc. Assess interest in filling future vacancies</b>

Anytown Community Hospital 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, 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 assists in the development and approval of ACH's strategic plan, evaluation of the plan's implementation, and taking corrective action when necessary. Anytown Community Hospital's board of trustees is responsible for hiring, determining the compensation of and evaluating the CEO. 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.

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Several approaches may be undertaken to find candidates, including:<sup>3,5</sup>

- Maintaining a list of potential board candidates, often developed by the Nominating Committee or the Board Development Committee, including the specific skills they can bring to the organization;
- Assessing the leadership potential of individuals who already volunteer for the hospital in other capacities, such as serving on the hospital's foundation, or participating in ad hoc committees and task forces;
- 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;
- Asking the CEO and former board members to suggest replacements for outgoing members;
- Contacting successful former board members who were highly regarded for their leadership skills, and ask if they would be willing to serve again.

These individuals are often a deep well of information and perspective; and

- Considering expanding the "network" of potential candidates, perhaps looking outside the immediate community for qualified trustees.

Throughout the recruitment process, stick to the board's pre-defined specifications for new trustees. 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.

Once a potential trustee (or trustees) has been identified, several additional steps should be taken before extending an offer to serve on the board:<sup>5</sup>

- Double-check for potential conflicts-of-interest;
- Invite the prospective board member to meet with the board chair and the CEO for a detailed overview of the organization as well as relevant organizational materials, a board member job description, etc.;

- Provide the candidate with the names and contact information for board members he or she may contact with questions; and
- Invite the prospective new member to observe a board meeting, and follow up with the candidate after the meeting to discuss his or her continuing interest.

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