Recruiting the Right Mix

Today’s environment makes a compelling case for adding out-of-community trustees to the board.

By Jim Gauss and Steven T. Valentine

Given the sweeping changes in health care, forward-thinking hospitals, systems and medical centers are carefully evaluating board member succession and recruitment. The challenging environment in which these organizations operate requires strong, knowledgeable boards whose members have deep insights into the field and a fundamental understanding of business, management practices and how to compete in a highly competitive market.

Identifying trustees with the right expertise and skills increasingly requires boards to think outside the box, or specifically outside the community. Recruiting out-of-community trustees responds to the growing need for broad perspectives on critical issues related to physicians, finance, quality, mergers and acquisitions, and a wide range of other areas. Progressive boards actively seek expertise in strategy, health plan and insurance risk, population health and value-based care, information and clinical technology, public policy, marketing and branding, among other key areas.

A growing number of hospitals and systems are bringing out-of-community members onto their boards with considerable success. For example, one large academic medical center recently merged with its associated physician group and decided it was time to decrease the board size. Leaders chose to complement the new board with out-of-community members in a deliberate move away from a purely representative governing body. Another community hospital is recruiting trustees from the outside to gain expertise it has been unable to find locally.

New Talent, New Challenges

The move to a broader mix of trustees presents hospitals and systems with both opportunities and challenges. On the positive side, the broader composition enables the organization to:

- enhance existing skill sets, knowledge base and talents;
- bring new ideas and perspectives to the board and executive leadership;
- deal with difficult or sensitive situations in fresh, innovative ways;
- add strong professional and personal reputations to attract additional talent over time;
- bring on greater fundraising capability.

The drawbacks can include:

- lack of specific experience with the communities served;
- lack of local contacts;
- issues related to time commitment and geographic location;
- the potential for members with health care experience to micromanage or forget to wear one’s “board hat.”

Weighing the benefits and potential concerns, it’s clear boards should have a blend of members from inside and outside the community who offer perspective, balance and insight to deliberations.

It’s clear boards should have a blend of members from inside and outside the community who offer perspective, balance and insight to deliberations.

A frequent, thorny question is whether board members of nonprofit organizations should be paid. The decision depends on the organization and its market. Hospitals and systems always should reimburse board member expenses for regular and special meetings and retreats. Stipends and honorariums, however, are not as straightforward. For example, some organizations offer to pay for health insurance for a board.
member and possibly a spouse. Other board members do not want to be paid or request payment be donated back to the hospital. The issue is whether payment ensures a greater commitment by the board member to come prepared, do the necessary homework and increase value to the organization.

Other Factors to Consider
Resistance to adding trustees from outside the community may come from former board members who wonder why the organization needs to broaden its reach. Physicians may express concern if new members have clinical backgrounds or expertise in quality. Other questions to consider before proceeding are:

- What is the organization’s capacity for change?
- Is the CEO receptive to trustees from outside the community?
- If considering a merger or affiliation, what value can an out-of-community member bring?
- How often does the board meet? What are board committees’ time commitments? Can any of the board’s work be handled by videoconference and phone?

Get Serious about Recruiting
When evaluating out-of-community members, the nomination and selection process should be well-organized and thorough. Boards must take the task seriously to allow for the greatest likelihood of a sound cultural fit and long-term success. The process should give potential candidates plenty of time to learn about the organization and have all their questions answered.

Among questions candidates should consider if asked to be an out-of-community board member:

- What does this hospital or system’s future look like?
- Is there a desire and commitment to change?
- Can I bring value to the organization and board? If so, why this organization in particular? Do I have the time?
- What are meeting attendance requirements?
- What is my donation commitment?

The best boards regularly examine their composition to ensure members are well-suited to support the organization’s mission and vision. Boards that consider members from outside of the community benefit from diverse experience, fresh ideas and objective thinking, even in the most turbulent times.

Jim Gauss (jimg@wittkieffer.com) is chairman of board services, Witt/Kieffer, Irvine, Calif. Steven T. Valentine (svalentine@thecamdengroup.com) is president, The Camden Group, Los Angeles.