Making the Grade

When CentraState Healthcare System recruited foundation board members, we would discuss their roles and responsibilities in ways our organization understood. But over time, we realized we had not explained these duties in ways our trustees understood. Expectations of board members needed to be more specific, and we believed that they would be taken more seriously if set by the trustees themselves.

Over the last decade, we strengthened the foundation board’s structure with bylaws changes, recruited trustees and incorporated training into regular board meetings. But there was still something missing. It struck us that the simple concept of a report card, based on measurable criteria, could communicate expectations more clearly and give trustees an objective evaluation of their performance. The foundation board embraced the idea and the concept subsequently migrated to the system board.

Expectations Become Objective Criteria

Developing report cards began with a review of the foundation’s strategic plan. Staff translated board-adopted fundraising strategies into specific expectations for trustees that focused on identifying and cultivating prospects, personal financial support and meaningful involvement in fundraising events. A new board committee was created to lead this process.

Staff presented 12 expectations to the foundation’s new board development committee, nine of which were crafted for board review. The chairman of the development committee explained to the full board each of the expectations and its rationale. The board’s discussion culminated in the unanimous approval of the expectations felt to be most critical to the mission of the foundation and the effective functioning of the board (see Foundation Board Expectations, page 31).

Integral to meeting these expectations is a confidential scorecard rating each trustee’s performance. Based on board consensus, each expectation is assigned a numerical value reflecting its importance to the mission. For example, attendance at each board meeting is scored 1.0. Prospect cultivation, which we define as active participation resulting in activities like introducing prospects to hospital leadership, bringing prospects to cultivation events and working with staff to identify common interests held by prospects, is scored 3.0 for each prospect cultivated. In our model, a foundation trustee achieving the minimum level in each of the six expectations would score 11.5. The expectations are straightforward and objective, enabling staff to score them. We have not yet ventured into subjective criteria. These scorecards are shared only with the respective committees of the foundation and system boards that have oversight responsibility for their respective report cards.

A personalized, midyear report summarizing the trustee’s performance highlights for members those expectations that need attention. At year-end, all trustees receive their personal, final report and a consolidated board report. These provide objective feedback to encourage board members to assess their own accomplishments and provide motivation for higher performance. The consolidated report gives trustees perspective about their performance compared with that of their colleagues; in other words, it provides positive peer pressure.

The development committee reviews individual performance and divides trustees into three categories based on scores. The bottom third receives attention from the board chair, who reaches out privately and supportively to these trustees to discuss performance and perhaps their desire or ability to continue on the board. In most cases, this private conversation is sufficient to step up performance. In others, it provides a graceful way for the board member to decline reappointment or to resign. Trustees have resigned upon self-reflection, but the foundation board has not had an instance where a trustee contested the results. In every case, regardless of outcome, the process enabled people to do the right thing, without causing hard feelings or embarrassment.

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Increased Professionalism, Enhanced Accountability
Although initiated by CentraState management, adopting the report card and the ongoing review of expectations are led by board leaders who believe that, just as they hold management accountable for performance, they should hold themselves equally accountable. The report card has become an essential governance tool and is well-received by trustees. It also helps in recruiting new trustees because it allows us to share performance expectations with candidates. It presents a concise picture of trustee roles and responsibilities and gives the candidate an idea of the required time commitment for board service. Prospective trustees appreciate the clarity.

Measurable expectations and the report card process have contributed to establishing a professional approach to governance. They are effective tools for enhancing individual board member accountability, improving communication between staff members and the board, facilitating productive turnover of trustees and recruiting new members. While there is periodic debate about and revision of the expectations themselves or their measurement, there has been no debate about the concept’s value.

A few words of advice for foundation boards interested in adopting this approach: Don’t expect improvement overnight, don’t expect immediate growth in donations and don’t expect 100 percent compliance by all trustees. After using the report card for more than seven years, we can show progress in trustee involvement, especially in our two most critical expectations: The percentage of board members identifying prospects has grown from 27 to 70 percent and the number of trustees participating in cultivation has grown from 18 to 47 percent. The size of the board has increased from 16 to 22 members.

Creating and adopting a report card is an educational process itself. While management plays an important part, the board’s participation is critical to success. If board leaders do not embrace the concept and lead the process, the essential element of peer pressure will be absent. It takes time for board members to become comfortable with the concept, because it changes governance culture.

Having a process to facilitate the continuous improvement of governing body performance is critical to effective governance. For foundation boards, active trustee involvement in identifying prospective donors and cultivating them often matters more than an individual’s personal philanthropy. And, facilitating productive turnover — letting go of ineffective members and making way for motivated members — is mission critical. Good boards find ways to accomplish these goals, and report cards can be one effective tool.

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CentraState Healthcare Foundation Board Expectations
- Identify at least one new prospect (business or individual) annually
- Accept assignment as a “partner” for at least one major gift prospect
- Attend at least one foundation fundraising event annually
- Make a personal gift of at least $1,000 annually
- Attend at least three board meetings annually
- Attend at least one community event annually for which the foundation or medical center has purchased a table or tickets

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