Governing with Competency

Assessing trustees’ strengths and opportunities for improvement helps boards prepare for the future

By Deborah J. Cornwall

While many boards are on a journey toward governance effectiveness, each takes its own route, depending on its ownership, history and unique relationship with its community. In late 2010, the American Hospital Association’s Center for Healthcare Governance released the Competency-Based Governance Tool Kit, which offers a model for developing competency-based governance and provides tools for boards to incorporate competencies into four aspects of governance: trustee recruitment and selection, peer assessment, education and mentoring, and leadership development and succession planning processes.

These tools were designed so that any of the four governance areas can be a constructive starting point for enhancing board competencies and can offer a building block for moving to other areas as the board’s readiness allows. Here are some ideas about how to start from any one of the four areas and migrate toward the others, depending on the relative maturity of the board and its readiness to adapt its governance protocols to incorporate trustee competencies.

Setting the Stage

Many boards have a tradition of selecting trustees based on who they are, rather than what they can do, so it may take some time to prepare them to change strategies. In fact, the whole idea of competencies may be new to some trustees. Yet, because competency evaluations are becoming more common ingredients in selection and performance assessment within management ranks in health care organizations, a conversation about competencies may be timely at the board level as they relate to both chief executive officer evaluation and board protocols.

Many boards that are considering governance competency tools begin the process with a board-level conversation. They discuss what competencies current trustees possess and what competencies future environmental changes and business challenges may require the board to add. The list of 18 competencies that permeates all of the competency tools can be a useful focal point for such question-driven conversations as:

• How will bringing competencies into the board room affect the board’s effectiveness?
• What does each of the chosen competencies look like in terms of behavior when demonstrated by board members? The Center’s tool kit translates each of the 18 competencies into behavioral examples of the competency being carried out to the optimal degree.

The information-seeking competency, for example, addresses a trustee’s desire to remain current in the health care field as well as his or her determination to press for clarity and completeness in information that is presented to the board. Specific behaviors that might be seen from a trustee who is a very strong information seeker would include such observable actions as: asks questions designed to get at the root of a situation, problem or opportunity below the surface issues presented; seeks expert perspective and knowledge; seeks comprehensive information; and adopts best practices from other industries.

• How would the board as a whole be different if it used these competencies in the selection of new trustees and of future board officers?
• Which three or four competencies will be most important for the board over the next three years? Does it make sense to start focusing on them, or should the board address the entire list?

Consideration of such questions can then lay the groundwork for discussing which area of competency application (trustee recruitment and...
selection, peer assessment, education and mentoring, or leadership development and succession planning processes) makes the most sense as a starting point for the board.

**Alternative ‘Launch Pads’**

Here are some alternatives and suggestions for building a competency foundation for board work.

- **Board competency assessment.** Some boards begin the process by carrying this general level of discussion into a more formal board and individual assessment, in which each trustee answers a short questionnaire about his or her own competencies and those of board colleagues to determine the type and extent of competencies that currently reside among board members. When the results are compiled, they can be used in one of three ways:

  1. **Board assessment: looking at the board in the mirror.** Aggregate results — showing how all the directors assess the board as a whole through their peer assessments — may help identify areas of real competency strength across the board as a whole and priority competencies that new trustees may be targeted to fill. Such an analysis also may highlight board education and development priorities for existing board members.

  2. **Personal, private feedback: looking at myself in the mirror.** Individual self-assessments can be displayed in comparison with the average of all board members’ assessments of each other. This allows each trustee to identify his or her own strengths and areas for learning.

  3. **Defining leadership roles: looking at a role model.** A third approach is to define how each of the competencies should look when carried out by the board chair. By building these into the chair’s position description and then asking the board members to evaluate the chair’s performance using the competency definitions, a wise and self-confident chair can role model their use in a constructive and productive manner.

- **Applying competencies to improve board leadership succession.** Ideally, every board builds a pipeline of future board leaders by providing a range of opportunities for trustees to sit on one or more committees and then providing the opportunity for them to chair a board committee at least two years in advance of considering them for a board officer role. This gives them experience in facilitating meetings and preparing agendas with management team members, which are considered important leadership capabilities.

  Here again, the board may choose to define the role of committee chairs in competency terms as a way of orienting new committee chairs to the board’s expectations of how they will operate and how their performance in that role will be evaluated by the rest of the board.

  Similarly, defining competencies for board officer roles can offer a way of introducing competencies as selection, orientation and evaluation tools for these roles.

**Getting Started is Key**

Each board may choose a different starting point for applying competencies to board work — trustee selection, education and development, leadership succession planning, or ongoing performance assessment — against identified competencies. No matter what the starting point, any board can benefit from focusing its members’ attention on how an increasingly complex, dynamic and unpredictable health care environment may change the problems and opportunities that its institution, leaders and board will face.

Those boards that develop a broader array of trustee competencies among a larger proportion of their members likely will be in the best position to guide their organizations through the challenging and unpredictable health care environment that lies ahead.

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