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HEALTHCARE  
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## The New Board Chair

*Keys to a successful transition.*

Effective board leadership transitions can be facilitated by institutionalizing basic tools and processes. These include setting term limits for those in board leadership positions, periodic evaluations based on clear job descriptions and assessment of potential barriers to successful CEO relationships.

### Getting the Best Out of Board Leaders

Term limits for board members have long been recognized as an important tool to help address a variety of issues related to board service. These include preventing burnout; establishing regular opportunities to renew and refresh board talent and bring on new members; and creating a specified time frame in which performance is evaluated and the results are used to determine continued service.

While applying term limits to board leaders is a more recent phenomenon, establishing such limits is recognized as a best practice in governance. Today more hospital and health system boards either have adopted leadership term limits or are considering doing so, recognizing the importance of explicitly marking and preparing for change in important leadership relationships.

Boards without term limits for their chairs can face even greater risks

than those that lack member term limits. Risks include prolonged, ineffective leadership due to a personality-driven position instead of one based on and accountable to predetermined principles and processes. Boards lacking term limits for their chairs may experience increased turnover, making the position sporadic and unpredictable and also inhibiting effective board chair succession planning. Boards that do not limit the chair's term run the risk of declining or dysfunctional leadership and risk frustrating, demoralizing and ultimately losing board members who see no possibility of leadership change on the horizon. While some governance experts suggest that term limits are not needed if regular performance evaluation occurs and the results are used to determine continued service, this approach only works if the board is willing to remove the chair for inadequate performance.

On the positive side, term limits for board chairs contribute to good governance and force a board to engage in ongoing, meaningful board leader succession planning, developing members into potential board leaders who are ready to assume the chair position at regular intervals. Typically, the term of office for a board chair is one or two

years, with a maximum limit of three consecutive terms. We recommend that a chair serve no longer than four years and be evaluated at the end of each term. Board chair evaluations should include feedback from board members, the CEO and other senior executives who have regular contact with the chair, and the results of each evaluation should be used to determine whether the chair should serve additional terms.

### Accountability to the Full Board

To avoid a personality-driven chair who assumes inappropriate authority, it is important that the board clearly establishes mechanisms to ensure that the chair is accountable to the board and that the board as a whole, not the board chair, functions as the CEO's "boss." These mechanisms include a clearly defined, written job description for the board chair position that spells out what is expected of the chair and establishes clear parameters for what the incumbent must and must not do. Typical board chair roles and responsibilities include planning for and leading full board meetings; acting as chair of the board's executive committee (if the board has one); providing advice and counsel to the CEO on governance issues; in conjunction with the executive committee, appointing

committee chairs; acting as a key representative to stakeholder groups; and ensuring the board's work is productive, efficient and effective. The board chair job description also should specify key characteristics and qualifications desired for successful candidates. These can include required tenure on the board; healthcare, local market and governance knowledge; and a good working relationship with the CEO. The job description also might require previous board chair experience, and a willingness to participate in regular evaluation and to incorporate performance feedback into the chair's ongoing leadership style. The board then uses the job description to orient newly selected individuals prior to their assuming the board chair position.

The board chair job description and the orientation and evaluation mechanisms based upon it are absolutely critical to effective board leadership. Without them, a CEO is often subject to the shifting sands of the differing perspectives, agendas and personalities of different board chairs. Paradoxically in this situation, term limits may actually generate worse governance. With more frequent chair turnover and no guidelines or mechanisms to ensure effective board leadership, CEOs will be forced to deal with individual differences, which can be significant, without being able to rely on the consistency that standard tools and processes provide. However, even with these governance best practices in place, there are additional techniques that a CEO can use to ensure a smooth transition and an effective working relationship with a new board chair.

### Back to the Future

Before a newly selected board chair assumes office, a CEO should step back and assess several factors that can help the new relationship get off to a strong start. The CEO should evaluate his or her relationship with the *outgoing* board chair, assessing strengths and weaknesses or what worked and what did not. The CEO also should reflect on his or her own personality and that of the outgoing chair to determine significant influences on each and how both personalities did or did not work well together. Then, the CEO can engage in a similar analysis of the incoming chair. With this information in hand, the CEO can seek input from the current chair to check perceptions and identify any concerns or differences in leadership styles that could affect the CEO's relationship with the incoming chair. Once these differences are identified, they can be shared and addressed in a meeting with the CEO, current chair and incoming chair.

Term limits, a job description and evaluation and reappointment mechanisms for the board chair, as well as conducting an upfront assessment of potential barriers to a CEO's relationship with an incoming chair, help eliminate or minimize potential barriers and build a strong foundation for effective future leadership. ▲

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