

Workbook

New Approaches to Board Chair Effectiveness

Over the past decade, we have learned much about board effectiveness. A growing body of research has systematically confirmed the intuitive link between board and organizational performance: higher-performing boards are associated with higher-performing organizations.

Thus, anything that improves the quality of governance will improve the performance and success of the organization—across all dimensions. We also have learned that a key to continuous governance improvement is to focus on improving the board as a team.

In this context, two simple truths of governance are abundantly clear:

- a significant part of a board's effectiveness depends on the quality of its leadership; and
- no one has more influence on board culture and performance than the board chair.

Ironically, while many health care organization boards have worked to improve the selection, development and performance evaluation of individual board members, less attention has been paid to applying the same approaches to board leadership. When their organizations are facing the need for a new CEO, few boards would ask “Whose turn is it?” or settle for a “learn-as-you-go” approach for the incoming executive. Yet, far too many boards do little more than this when appointing the board's next chair. Most boards work hard at establishing performance objectives and evaluation

systems for their CEOs, yet shy away from doing this for their chairs. For these and other reasons, many board chairs are less effective than they could be and actually inhibit their boards from achieving maximum governance effectiveness.

There are many reasons why the position of board chair is not always as effective as it could be. Some have to do with conflicting or vague expectations of what the chair is supposed to accomplish or the possibility of economic and social risk when a strong or well-intentioned chair acts in ways that are unpopular with key stakeholders. Further, leading a group of board members who are themselves community or business leaders used to setting direction and calling the shots is not always an easy task. However, much of what consistently makes board chairs fall short of their potential is lack of thoughtful preparation, support and oversight from the board itself. Best practices boards are examining and formalizing that most critical governance relationship: the relationship of the board to the board chair.

Questions for Discussion

1. Does our board have a clear and formal process in place to develop board

leaders, especially the chair? If so, what are the steps in the process?

2. Is the success of our board chair based mostly on personality or is it based more on principle and policy?

3. Looking back on the effectiveness of recent board chairs, what qualities and expertise made them effective? What other issues influenced their effectiveness?

4. Did the board support the chair to be a good leader? If so, how?

5. What more could the board have done to help make the chair successful?

A STRUCTURED LEADERSHIP FRAMEWORK: GOOD CHAIRS ARE MADE

CREATING AN EFFECTIVE AND enduring relationship between a board and its chairs requires a thoughtful, systematic process that begins by each board explicitly framing its approach to this key dynamic. For example, effective boards establish their philosophy of the role of the board chair by asking and answering several fundamental questions. The two most critical of these are:

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1. Does the board chair control the board (executive authority role) or is the board chair accountable to the board (facilitator of governance role)?

2. Does each board chair define their role based on their individual view of “what a chair should do” or does the board explicitly define the role and hold each board chair accountable to performing consistent with that defined role?

Next, effective boards outline a formal process for preparing a board chair to have maximum impact, which includes the following steps.

Defining the Job. No chair can competently lead the board without first understanding what the job entails. Without a clear position description, the chair is left to figure out his or her responsibilities, wasting time and risking unnecessary missteps. A shared and clear understanding of the job of the board chair also provides the board with a foundation for assessing and improving the chair’s effectiveness and for holding the chair accountable.

A good board chair job description clarifies and formalizes the expectations for the position and defines its roles, responsibilities and authority. The job description should make it clear that the board chair is accountable to the full board and that it is the full board that has ultimate governance authority and accountability, not the board chair, chief executive or any board committee, including the executive committee. The position description also should state that the board chair is expected to function within the parameters of the position and demonstrate competence and accountability. It should specify that the board chair serves as a symbol of the organization to both internal and external constituencies, working cooperatively with the CEO and medical staff leadership as a member of the hospital’s most senior leadership team.

The job description also should specify the term of office for the chair position, as well as maximum term limits. Ideally, a board chair serves for a one- or two-year term, with a maximum of two or three consecutive terms, and has their performance evaluated near the end of each term. Examples of board chair position descriptions are available from the American Hospital Association’s

(AHA) Center for Healthcare Governance at www.americangovernance.com.

Most board chair job descriptions list several necessary and desired skills and qualifications that should be sought in candidates. Among these are: the time and energy to serve; no conflicts that would prevent the chair from acting in the best interests of the organization and its stakeholders; good communication and facilitation skills; and proven success in past leadership positions. Some organizations also seek board chairs who have served for at least three years on the board, who are willing to make chairing the board their primary governance commitment and who are willing to undergo initial and ongoing leadership training.

Competency research adds a new dimension that can make selection more effective by describing specific behaviors that competent board members should be able to demonstrate. Some of these behaviors, such as those related to team leadership, are particularly relevant for a board chair.

The AHA’s Blue Ribbon Panel on Trustee Core Competencies identified the following behaviors associated with team leadership:

- Establishes and models norms for board behavior;
- Takes appropriate action when board members violate the norms;
- Works with board members to gain their personal commitment and energy to support board goals;
- Removes or reduces obstacles to board effectiveness;
- Coaches and develops board members to top performance;
- Encourages team leadership behaviors organizationwide; and
- Is recognized as an outstanding leader.

Determining whether and to what extent a board chair candidate possesses these competencies can be approached in a number of different ways. In addition to observing how a candidate functions at board and committee meetings, individuals who are interested should be interviewed by current board leaders, such as the board chair and chair of the governance/nominating committee, to determine how they have exhibited competency behaviors in other settings.

Questions for potential future board leaders might include:

- Describe your experience with building and leading teams.
- What aspects of team leadership do you think are most important?
- What aspects of leading teams have you found most challenging?
- Describe a situation where you had to take action when a member of your team behaved in ways that undermined team effectiveness.
- Describe a situation where you had to gain commitment and energy from team members in order to achieve team goals. How did you enlist their support?
- Describe an instance where you provided mentoring and coaching to team members to help them achieve top performance.
- Have you played a role in advising others on leadership or helped establish or spread leadership best practices? If so, describe your experience.

Answers to these questions can help current board leaders assess a candidate’s readiness to assume the board chair position and identify opportunities for further development that may be needed. Feedback from multiple candidates can also be used to distinguish the best candidate from among several good ones.

Orientation and Development. New board chairs, like new board members, won’t be as effective as they could be unless they are oriented to their roles and responsibilities. The board chair job description should serve as the basis for the orientation, which should be conducted by the current board chair, chair of the governance committee and CEO.

The orientation should discuss how the board chair works with other organizational leaders, including the CEO, the chief of the medical staff and other physician leaders. It also should familiarize the incoming chair with additional internal staff who assist with governance functions, as well as other resources the chair can rely on for support. Because the board chair often represents the hospital with community organizations, legislative and regulatory bodies, key donors, strategic partners and other external stakeholders, the orientation should cover the details of how the chair is expected to fulfill this role as well.

Sample Board Chair Evaluation Form

1. Recognizes the ultimate authority of the board; does not attempt to usurp that authority.

Strongly Agree Agree Neutral Disagree Strongly Disagree Other

2. Facilitates oversight of the CEO by the board as a whole.

Strongly Agree Agree Neutral Disagree Strongly Disagree Other

3. Ensures the integrity of board processes, and that the board behaves consistently with the bylaws and board policies and procedures.

Strongly Agree Agree Neutral Disagree Strongly Disagree Other

4. Working collaboratively with the CEO, effectively represents the board to outside parties, including the media where appropriate.

Strongly Agree Agree Neutral Disagree Strongly Disagree Other

5. Communicates effectively, clearly and unambiguously.

Strongly Agree Agree Neutral Disagree Strongly Disagree Other

6. Facilitates board meetings that are focused, creative, effective and efficient.

Strongly Agree Agree Neutral Disagree Strongly Disagree Other

7. Should the chair be reappointed to another term of office?

Yes _____ No _____

Why? _____

The incoming board chair should also meet with committee chairs to understand the work of their committees and to solicit input on the board's goals and work plan.

Because the chief executive is the board chair's partner in leadership, orientation for a new chair should include meeting separately with the CEO in advance to talk about relative roles, responsibilities, mutual expectations and leadership styles. Before meeting with the incoming chair, some CEOs find it helpful to assess their relationship with the current chair to identify strengths and weaknesses, reflect on personality differences and generally determine what worked and what didn't. They perform a similar assessment of the incoming chair, as well. The CEO then shares the results of both evaluations with the new chair to check perceptions and uncover any differences in personalities or leadership styles that could influence the relationship going forward.

Effective board chair-CEO partnerships are based on open, honest communication, trust and willingness to tolerate different points of view.

Governance experts suggest that periodic tension is natural and often a sign of a healthy relationship. Board chairs should encourage their CEOs to never underplay bad news, selectively share information or avoid raising important issues. Adhering to a "no surprises" policy helps maintain the confidence the chair and CEO need to work together effectively.

Finally, the outgoing board chair or a designated past chair should actively serve as a mentor for the new chair during his or her first term.

Organizations such as the Center for Healthcare Governance periodically offer retreats and education sessions for current and incoming board chairs and their chief executives. These sessions allow the teams to spend time together examining their relationship, how they do or would like to work together, and how they relate to the board as whole to focus both the board's attention and how it spends its time. Participants then develop an action plan to improve the board chair-CEO relationship and board performance.

Evaluating the Board Chair.

Periodically assessing board chair performance can make a good chair even

better. A thorough board chair evaluation process includes the following steps:

- Develop a written job description for the board chair that clarifies the roles, responsibilities and parameters of the position.

- Establish criteria, drawn from the job description, that will become the basis for the evaluation. These criteria should be agreed upon by the board and the chair at least a year before conducting the chair's performance assessment.

- Develop and use a clearly defined process for the board chair evaluation. The process should be conducted during each term of service and the results used to determine whether to reappoint the chair to additional terms.

Once the job description and performance criteria have been developed, the board chair evaluation process proceeds as follows:

- Establish a time frame for the evaluation process. For example, the evaluation might be conducted six months before the board chair's term expires so the board can decide whether or not to appoint the chair to an additional term. If the board decides not to reappoint the chair, enough time is available to evaluate

and select another chair.

- Conduct the evaluation. First, each board member is asked to complete an assessment of the board chair using a standard form containing the criteria from the job description. These assessments are completed anonymously. Next, a committee of the board—usually the governance, nominating or executive committee, if the board has one—aggregates and analyzes the results of the evaluations. These results, along with the committee's analyses and recommendations, are then presented to the full board for discussion in a session where the board chair is excused. The full board agrees on the outcomes of the evaluation and on the feedback that will be given to the board chair.

Several board members (e.g., the chair, a member of the committee that conducted the evaluation, and a board member who is not a member of the committee) are then charged to meet with the board chair to communicate the board's feedback, including the decision about whether an additional term is appropriate or not, and any recommendations for improvement. The results of the evaluation are then used to modify and refine the board chair job

description, subsequent evaluation instrument criteria and the overall assessment process.

The evaluation instrument usually includes both closed and open-ended questions to allow those assessing the chair's performance to share perspectives and provide specific examples of interactions with the chair that support their assessment. Sample questions that might be used to evaluate the board chair appear in the box on the previous page.

Board Chair Succession Planning. For effective boards, the answer to the question "Who should be the next board chair?" is determined several years in advance. Leading boards have realized that just as a formal succession planning process is necessary to identify the best replacement for the current CEO, the same effort can have similar results when applied to the board chair position. Board chair succession planning should include the following steps:

- Identify future job requirements. Using the board chair job description as a starting point, the board's governance or nominating committee should work with the CEO to identify strategic issues the organization is likely to face during the next three to five years and what implications those issues have for the competencies needed for the incoming board chair. These discussions should result in a revised job description for the future that incorporates these competencies.

- Use the future job description to identify current board members who have exhibited these competencies during the board member selection process or have developed them through board education, committee service and other processes.

- At least a year (preferably two years) in advance of assuming the role, potential candidates should be interviewed to determine their interest and their experience in demonstrating use of key board chair

competencies and requirements.

- Use the results of these interviews to develop candidate profiles that can be compared to determine the best candidate for the position and the skills or behaviors that person might need to develop further before assuming the role.

- Establish a personal development plan for the incoming chair. The plan might include service on the executive committee and/or another key board committee to help round out the incoming chair's board experience. An opportunity to work closely with the CEO or medical staff leadership can also provide the incoming chair with a better understanding of how to work effectively with other members of the organization's top leadership team. Retreats, such as the board chair-CEO retreat described above, or other outside educational experiences might also be part of the incoming chair's development plan.

- Many boards also use the position of chair-elect or vice chair to demonstrate continuity in board leadership and allow the incoming chair to work closely with the current chair and CEO to get to know the ropes.

A succession planning process not only promotes systematic, thoughtful selection of the next chair, but also reveals other candidates who might be groomed for assuming the role in the future.

TIPS FOR IDENTIFYING AND DEVELOPING BOARD CHAIRS WITH IMPACT

1. Develop a job description for the board chair that clearly describes the purpose, role, responsibilities, qualifications and competencies necessary for the job.

2. Use the job description as the basis for an orientation for the incoming chair. The orientation should discuss how the

chair works with the CEO and medical staff leadership as well as other board committee chairs. It should address how the chair is expected to represent the hospital with internal and external constituencies. The orientation process also should build in time for the incoming chair to meet with the CEO to discuss their relationship and how to work together most effectively. Some boards ask the current or past chair to act as a mentor, particularly during the new chair's first term.

3. Effective chairs willingly participate in ongoing education and development. Attending a board chair-CEO retreat can be a productive way to step back and examine this key relationship and plan for ways to improve it.

4. Board chair evaluation should be conducted at least once during each term. The process should be based on performance criteria drawn from the job description and be conducted enough in advance for the board to either reappoint the chair, if appropriate, or select a new one.

5. Good board chair succession planning establishes a systematic, thoughtful process for selection and development of the incoming chair. The process should be based on a determination of the future requirements for the position and the competencies needed to fill it. The candidate that best meets the profile then can be selected and given the additional experience and training needed to capably assume the role.

6. The board should make it clear that the chair is accountable to the board and should verify that each candidate for the position clearly understands this as a necessary precondition for active consideration for the position. **T**

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CONCLUSION

No one has greater influence on the board and the quality of its governance than the chair. Therefore, every board should give its chair the greatest opportunity for success. This is best accomplished by embracing a chair position that is based on defined principles, processes and policies, as opposed to being personality-driven. Although this is a very different approach for most boards, it is an effective component of continuous governance improvement and a recognized best practice. Effective boards control their chairs; ineffective boards are controlled by them.

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