

Trustee Insights

GOVERNANCE



Pursuing Board Chair Excellence

Four examples of board chair selection show what can go right ... or wrong

BY PAMELA R. KNECHT

Great governance rarely happens without a great board chair. Yet too often, insufficient attention is paid to ensuring that chairs are well suited for this critical role. Lessons about this important issue can be learned

from the stories of four boards: two that did not handle board leadership preparation well, and two that are heading in the right direction.

Two Stressed Boards and Chairs

EXAMPLE A: Insufficient rigor in board chair selection

This health system's board chair resigned, and there was no obvious successor to the role. The governance committee created a process for selecting the new chair, including developing a clear position descrip-

tion outlining the desired competencies and experience. However, the committee felt pressure to fill the role quickly, so they took some shortcuts and made some process changes. For instance, they did not ask each candidate all the interview questions that had been developed to ascertain whether the prospect had the necessary background, skills and time for this role. And since their community had been impacted by recent racial unrest, they decided to give substantial weight in their scoring tool to diverse candidates.

One month into the new chair's term, it became clear that although the diversity priority had been accomplished, the chair did not have a solid grasp of the governance-management distinction and the chair's demanding day job made it hard to respond to the CEO and other board members in a timely fashion. An added challenge was that, due to the previous chair's abrupt departure, there was no ability for the outgoing chair to transition leadership or knowledge to the incoming chair.

The new chair agreed to receive guidance from an external coach, but stopped returning the coach's calls, emails and texts. As a result of all these issues, the organization is not receiving needed leadership during a time when it is facing hard strategic decisions. The governance committee and other board leaders now have a difficult situation that could have been prevented if they

had been less swayed by the local political situation and instead had followed the interview process more completely and rigorously. It also would have been better to establish a board leadership succession process many months before it was needed.

EXAMPLE B: Incomplete processes and internal political issues

A new health system corporation and board were created to bring three systems together to better serve their communities. An extensive process was used to select the new system board chair, in part because one of the three legacy system boards was advocating for their leader to fill that role. The process became so contentious that an external search firm was retained. The search firm eventually advised the system board that they would need to resolve the internal politics themselves. The system board did eventually select a chair with the needed background and skills, but they did not formally agree on who would be the vice chair. In addition, there was no process in place for evaluating the performance of the chair to determine if they should be elected to a second two-year term.

An external consultant conducted confidential, individual interviews to help assess the chair's performance and determine who might be interested in becoming the board chair. The board members responded that the chair had done a great job of partnering with the CEO to lead transformation to a more integrated system, while remaining appropriately neutral regarding the three legacy systems' interests. The board chair was elected to another term,

providing more time to address the other issue. Continuing his commitment to governance excellence, the chair would like to begin mentoring the incoming chair, but that person has not yet been identified. The governance committee must now determine how to nominate a vice chair without resurrecting the tension from the previous process.

Two Signs of Hope in Assuring Board Chair Excellence

Those are two of many stories about hospitals and systems that are less effective than they could be because they lack a comprehensive approach to board leadership selection, development and succession.

Other boards and board leaders are headed down the right path.

EXAMPLE C: Using an assessment, coaching and board retreat

A new board chair of a subsidiary hospital recognized that he and his fellow board members needed a better understanding of how they could be more effective and efficient. In the first month of his term, the board chair announced the hospital would retain a governance consulting firm to assess the board's structures and practices and make recommendations for enhancement. As part of the process, the consultant would observe board meetings and then coach the chair on how to be successful in his new role, since his leadership experience had been in closely held, for-profit companies.

Issues identified from the assessment included a lack of clarity about the authority of the subsidiary board within the health system; insufficient understanding of the

role of the board and board chair vis-à-vis the CEO; and a board leadership succession track that required an eight-year commitment and had created a small group that was perceived as knowing more than the rest of the board.

At a facilitated retreat, the full board candidly discussed the identified issues and developed board enhancement goals, one of which was to shorten and broaden the board leadership development process. On a parallel track, the coach helped the chair gain a better understanding of his role leading the board of a not-for-profit hospital and provided facilitation techniques designed to increase engagement of all board members. This board and its chair are taking positive steps toward ensuring that multiple board leaders are interested in and prepared for their roles.

EXAMPLE D: Taking a proactive approach

A real sign of hope for the field of health care governance came from a hospital board vice chair who wanted help preparing for his future role as chair. He recognized that he had not been a board chair of an organization as complex as a not-for-profit hospital, and he wanted to start off on the right foot. He requested articles on how to be a great board chair and wanted to take advantage of any educational opportunities for incoming and existing board leaders.

One of the most compelling ideas this board chair had was to create a networking group of not-for-profit health care board chairs and vice chairs. His vision was for an informal group that would meet on

a regular basis, perhaps with a facilitator, to share helpful resources and successful practices. His proactive approach toward ensuring his own effectiveness as board chair while also helping colleagues is inspiring.

Typical Challenges to Effective Board Leadership

These four stories highlight some of the typical challenges for boards, governance committees and chairs. Common themes emerge from these stories.

Challenges for boards and governance committees

- Nonexistent or incomplete processes for board leadership selection, development and succession
- Insufficient definitions of the skills, experiences and perspectives needed by board chairs
- Hypersensitivity to political and interpersonal issues
- Lack of courage or time to work through difficult situations

Challenges for individual board chairs

- Not enough transition time between outgoing and incoming chairs
- Little experience chairing the volunteer board of a not-for-profit organization
- Unclear about the governance-management distinction
- Not sufficiently aware of their own areas needing improvement
- Management experience and style that are prescriptive instead of facilitative
- Lack of time to serve in such a demanding role

Best Practices for Board Leadership

These stories include kernels of wisdom for governance committees interested in board leadership excellence as well as board chairs who want to excel in their role.

Best practices of proactive governance committees

The highest-performing boards have proactive governance committees that focus time and attention on helping to identify and prepare stellar board leaders. Best practices include:

- Develop and fully implement a comprehensive board policy and process for board leadership identification, selection, development and succession.
- Identify all the skills, competencies and perspectives needed by a hospital or health system board chair in these complex times, including agreeing on the approach to diversity, equity and inclusion.
- Create descriptions for each board leadership role that outline responsibilities, terms and term limits.
- Develop a pool of potential leaders and create a plan and timeline that indicate who is being groomed for each leadership role.
- Ensure individual leaders have multiple opportunities to develop their knowledge and skills (e.g., chairing committees, participating in educational sessions).
- Assume that incoming board chairs will need at least a year to be mentored by the outgoing chair, other board leaders and the CEO to ensure a smooth transition.
- Have the courage to imple-

ment the board-approved processes and policies, regardless of internal politics or individual situations.

Characteristics of excellent board chairs

The role of a hospital or health system board chair is demanding and complex. The individuals who excel in this role have typically chaired the boards of other large, not-for-profit organizations and have the following characteristics and abilities:

- Help all board members focus on the mission, vision and values of the organization.
- Understand the health care environment from a strategic perspective.
- Have experience leading complex organizations and building relationships with multiple stakeholders.
- Understand their organization's corporate, governance and management structures.
- Work with the CEO as a partner, while respecting the governance-management distinction.
- Plan the board's work for the year and for each meeting, based on the CEO's guidance and the strategic plan.
- See their primary role as a facilitator of discussions, drawing out all board members' thoughts and opinions (versus giving their own opinion).
- Hold board members accountable to their fiduciary duties and behavioral guidelines, as needed (e.g., conflicts of interest).
- Make the time needed to serve in this critical role.
- Encourage regular evaluation of the chair, committee chairs, board as a whole and individual

board members, and set improvement goals.

- Engage in activities to bolster their own knowledge and skill development.

Applying the Lessons Learned

The best practices described above are not meant as a definitive list. The stories and ideas are intended to help each board begin to talk about opportunities for assuring that they are led well during these challenging

but exciting times in health care.

Ideally, the governance committee will devote time to creating a proactive, comprehensive, deliberate plan for board leadership development and succession. Then the committee, board members and CEO must have the courage to implement the agreed-upon approach in a timely manner, even if that requires some difficult discussions and decisions.

Using a disciplined approach assures that the individual who is

ultimately elected as board chair has the knowledge, competencies, skills, personality and time to be an excellent leader for the board and the organization.

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