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Competency-Based Board Recruitment: How to Get the Right People on the Board

By Marian C. Jennings, M. Jennings Consulting

Recent Governance Institute research showed a positive correlation between a hospital's or health system's quality scores and the board's use of competency-based criteria when selecting new members.¹ Numerous studies and blue ribbon panels have come to the same conclusion: hospital and health system boards should use a competency-based approach, not only to recruit new board members but also to assess, educate, and develop existing members—ultimately creating a board with the right blend of knowledge and expertise, experience, personal attributes, and diversity for the hospital or health system of the future.^{2,3,4} This article focuses on practical approaches to attract board members who demonstrate the competencies your hospital or health system needs most.

¹ Larry Stepnick, *Making a Difference in the Boardroom: Updated Research Findings on Best Practices to Promote Quality at Top Hospitals and Health Systems* (white paper), The Governance Institute, Fall 2014.

² Barry S. Bader, "Competency-Based Succession Planning," *Great Boards*, November 18, 2010 (available at www.greatboards.org/newsletter/2010/Succession_Planning_for_Board_Members.pdf).

³ Don Seymour and Larry Stepnick, *Governing the 21st Century Health System: Creating the Right Structures, Policies, and Processes to Meet Current and Future Challenges and Opportunities* (white paper), The Governance Institute, Fall 2013.

⁴ The American Hospital Association's Center for Healthcare Governance, *Competency-Based Governance, A Foundation for Board and Organizational Effectiveness*, February 2009 (available at www.americangovernance.com/resources/reports/brp/2009/brp-2009.pdf).

What We Can Learn from *The Imitation Game*

While writing this article, I happened to see the film *The Imitation Game*, which dramatized how British intelligence during the Second World War broke the German's Enigma machine-generated naval codes. One scene showed the top-secret British Government Code and Cypher School recruiting new talent. Did they seek out people exceptionally fluent in German? Did they recruit only the most proficient mathematicians or cryptographers from Oxford or MIT? No, instead they ran a newspaper ad with a complex crossword puzzle and asked anyone who could solve the puzzle in less than six minutes to contact them. Yes, they required expertise in mathematics and cryptography, but the real competency they sought was "complex problem solving."

Fiction? Maybe. But this anecdote offers a powerful analogy for how to construct a competency-based board. Often, when we hear the word "competencies," we think first of expertise, knowledge, and perhaps experience. But this is a limited—and deficient—definition. Instead, we should think of competencies as comprising three broad, essential, and equally important categories: knowledge and expertise (sometimes called "hard skills"), personal experience, and attributes (sometimes called "core competencies," behaviors, or required competencies).

Many hospitals/systems already have a wealth of bankers or other experts in accounting/finance on the board. But perhaps you need someone who has

successfully navigated an organization during a period of rapid industry change, or someone who is experienced in helping collaborative relationships/partnerships succeed, or an individual with experience in reliability science who has driven quality in a non-healthcare environment, or someone who is an effective team leader able to build consensus around complex issues and decisions.

In practical terms, then, what should your board do to foster the competency-based governance your organization needs for the long term? Below are four steps for building the right board for your organization's future.

Step 1: Articulate Desired Future Board Member Competencies

The first step is to identify a set of competencies that will be critical for the future success of your hospital or health system. It is important to a) use your strategic plan as the context to identify needed competencies and b) recognize the future roles and responsibilities of your board. For example, if the strategic plan calls for your organization to transform itself into a clinically integrated network with a diverse array of businesses focused on improving population health, you will require board members with different competencies than those you would need to implement a plan centered on "becoming a top 100 hospital."

Exhibit 1 on the next page presents a sample listing of future competencies as a starting point for you to develop a customized competency list. It is recommended that you:

- Review this list with your CEO and the nominating or governance committee to generate any potential additions.
- Review and discuss your revised list with all board members at a regular meeting to identify any missing competencies. None should be eliminated at this point.
- Using a survey instrument, ask each board member individually to rate the importance of each of the competencies to the future success of your organization. Use a four-point scale ranging from "not at all important" to "extremely important," encouraging members not to rate all competencies as "extremely important."
- Based on the results of the survey, work with the nominating or governance committee to narrow the list of desired competencies to no more than 10–12 priorities for your organization.

- With the full board, review and finalize a "short list" of desired board member competencies, presented in rank order by category.

Step 2: Identify the "Competency Gap"

In this step, you will engage the board in a self-assessment of the competencies demonstrated by members of today's board. To do this, you would:

- Work with the nominating or governance committee to develop a member self-assessment survey and a peer review survey, organized around the board-approved competencies by category developed in Step 1.
- Have each board member complete a self-assessment of whether/how well he or she demonstrates each competency today. Additionally, ask each board member to answer the same questions about every other board member in a confidential peer review.
- Tabulate the survey to compute an average score that indicates how well today's board collectively demonstrates the competencies needed for future success.
- Compute the "competency gap" for each of the board-approved competencies by comparing the relative importance of each competency against board members' self-assessment scores.
- Finally, and importantly, perform the same "gap" assessment for each of the next three years—assuming individuals whose terms would expire in each year would not be reappointed. In other words, identify how the "competency gap" would change if individuals on today's board were to leave due either to a term limitation or by non-reappointment.

Step 3: Articulate 2020 Desired Competency-Based Board

Step 3 focuses on the nominating or governance committee developing its ideal competency-based board composition for 2020. Using a five-year horizon to intentionally fill in the competency gaps dovetails with the typical three-year terms of most boards and allows for an orderly recruitment and development process.

This step follows the board self-assessment in Step 2 to ensure that the 2020 model is based in reality. If large competency gaps exist between today's board and the desired competencies identified in Step 1, the gap may not be fully closed within five years.

Exhibit 1: Sample Governing Board Member Competencies and Qualifications

Recommendation: Your board would create its own “starting” list of future competencies, using this list as a starting point for setting priorities and honing the list down to a manageable number relevant to your needs.

Knowledge & Expertise (“hard skill”)
<ul style="list-style-type: none"> ▪ Healthcare industry knowledge ▪ Understanding of the entire delivery system ▪ Governance/management distinction awareness ▪ Business/financial knowledge ▪ Human resources/organizational development knowledge ▪ Change management/innovation and transformation expertise ▪ Knowledge of reliability science for improving quality and patient safety ▪ Knowledge of customer service process improvement ▪ Expertise in public policy or community health planning
Personal/Professional Experience
<ul style="list-style-type: none"> ▪ Service on board of large organization ▪ Experience in managing complexity or governing in a complex organization ▪ Experience in successfully navigating an organization during a period of rapid change
Personal Attributes (behaviors, “core competencies”)
<ul style="list-style-type: none"> ▪ Integrity ▪ Analytical thinking ▪ Strategic thinking ▪ Collaborative leadership style ▪ Ability to promote teamwork and build consensus ▪ Good listening and communication skills ▪ Ability to influence others ▪ Appreciation for perspectives of all stakeholders ▪ Appreciation for benefits from diversity on the board ▪ Ability to hold self and others accountable for achieving goals ▪ Interest in continuous learning/curiosity

Adapted by M. Jennings Consulting from *Planning for Future Board Leadership* (Elements of Governance), The Governance Institute, 2011.

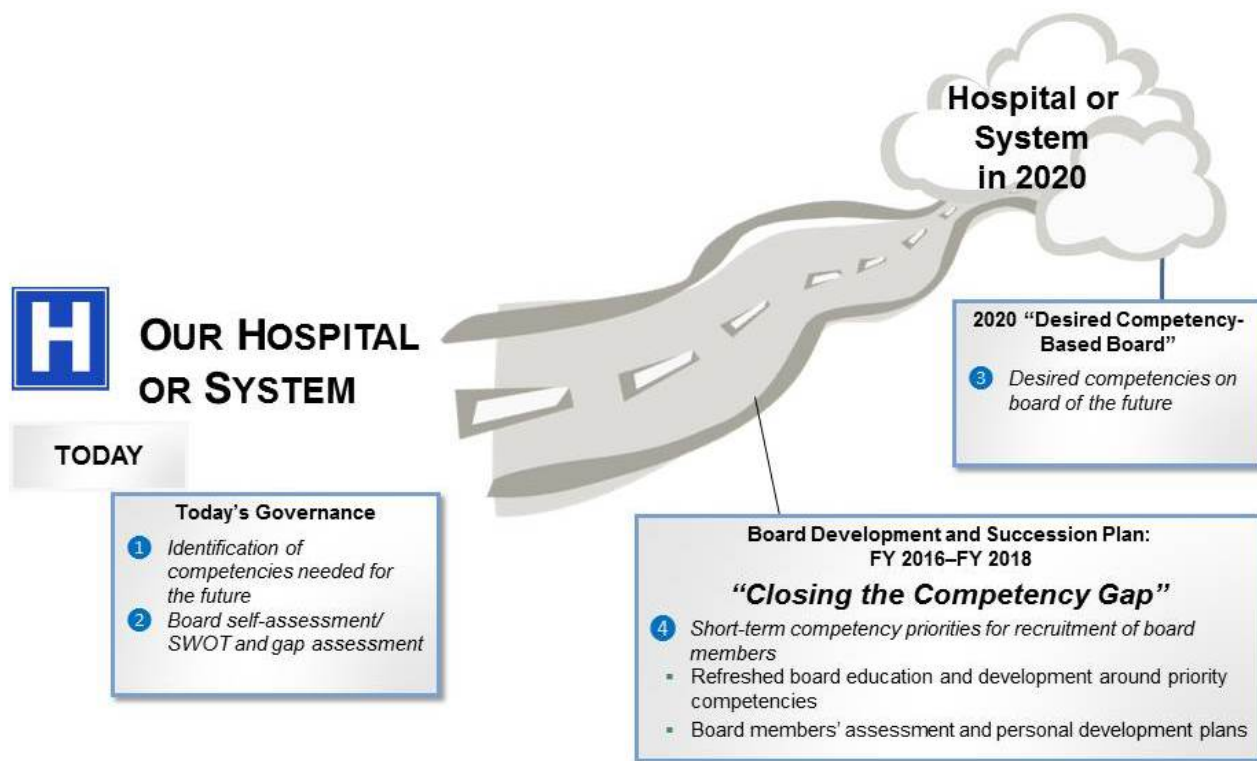
Step 4: Develop a Multi-Year Recruitment Plan

Recruitment is a key tool to close the competency gap, but as shown in **Exhibit 2** on the following page, it is not the only tool. A written board development plan, which includes formalized board education and development programs/processes, as well as personal development plans for each board member, also are critical elements to success.⁵

⁵ For guidance on your board development plan, see [Governance Development Plan, 2nd Edition](#) (Elements of Governance), The Governance Institute, Winter 2011.

For recruitment to be successful in closing the competency gap, the organization must have the courage to carefully review each board member at the end of his or her term to determine whether and how that individual contributes to the desired mix of board competencies. This may require making difficult decisions about individuals who have been “good” board members but whose competencies either are duplicated by others on the board or are not those needed for the future. Unless you are able to take this courageous step, you may need five or more years even to begin to see your desired board mix of competencies emerge—and given the dynamic changes in the industry, waiting this long is not an option.

Exhibit 2: Developing an Action Plan to Build Competency-Based Governance



Below are steps to ensure that board recruitment facilitates a competency-based board:

- Identify and have the board agree upon the most important competencies to be augmented/added for each of the next three years. Each year, you may want to target three to five competencies for focused recruitment toward your end goals. This focus should be informed by the competency gap and take into account board retirements and members whose terms are expiring.
- Don't “assume” competency—especially in the experience and attributes domains. While education and training often are reliable indicators of knowledge and skills, you will need to incorporate new questions into your board interviewing process.
- Develop a competency-based interviewing process. This entails exploring with the individual his or her experience, behaviors, roles played, and outcomes impacted. It is important not to ask leading questions. For example, if you are looking for a consensus builder, you would *not* ask, “Do you see yourself as a consensus builder?” Instead, you might ask a question such as, “Can you give me an example of the role you played in a group that was faced with making a difficult

decision when there were split opinions as to the best answer?” **Exhibit 3** on the next page provides an illustrative example of the types of interview questions you might consider if probing for competencies related to strategic/innovative thinking.⁶ Remember, Rome was not built in a day! You are not trying to close all your competency gaps in any one recruiting cycle. Instead, focus intently on ensuring that this year's slate of nominees demonstrates the specific knowledge/expertise, experience, and attributes desired to help you build a board that can function as a high-performing team.

- Develop a pipeline of long-term candidates around competencies each would bring. Find ways to engage these potential board members in board committees to assess their capabilities and to begin their education and development process.

⁶ For additional examples of questions or the behavioral attributes associated with individual competencies, see Center for Health Care Governance, 2009, Appendix 4; and “31 Core Competencies Explained,” WorkForce, September 2002 (available at www.workforce.com/articles/31-core-competencies-explained).

Exhibit 3: Sample of Competency-Based Interview Questions

Recommendation: Identify three to four key questions, by competency, that you want to ensure are asked during the interview process. Then, ask everyone on the interviewing team to evaluate how well the board candidate demonstrated each of the desired behaviors associated with each competency. The example below serves as a prototype of open-ended questions that work best in competency-based interviewing.

Example of Questions for Competencies Related to Strategic/Innovative Thinking

Think of a situation in which you were involved in brainstorming or strategic planning:

- What did you do to make sure you understood the organization's competitive position and its strengths and weaknesses as compared to competitors'?
- How did you contribute to the development of new ideas or strategic direction for the organization?
- How did you help organizational leaders successfully manage organizational change associated with the strategic direction?
- How did you help the organization anticipate the implications and consequences of potential strategies to prepare for possible contingencies?
- How did you incorporate general industry trends into thinking about what the organization needed to do to succeed in the future?
- How did you help others in your group to remain open to new approaches for addressing challenges or capitalizing on opportunities?

Conclusion

The warp-speed pace of change in today's healthcare industry means future high-performing hospital or health system boards will seek individuals with a broader range of knowledge, expertise, experience, and attributes than today. Proactive and intentional focus on board recruitment, education, and development will be critical to achieving the competency-based board right for your organization. Taking the time upfront to engage the entire board in identifying future competencies needed for success and to agree on the competency "gap" is the necessary foundation to a solid board recruitment plan. It is not sufficient to use a generic listing of board competencies as your plan or to engage only the nominating committee in defining what competencies are needed each year. Instead, the entire board should embrace the work associated with developing a 2020 competency-based board in service to the community and patients who rely on you.

Additional Board Recruitment Resources

The Governance Institute has several resources for helping you build competency-based boards. Below are a few we suggest:

[Board Recruitment and Retention: Building Better Boards, Now...and for Our Future](#) (White Paper, Spring 2013)

["The New Healthcare Shortage: Recruiting Human Capital to Serve on the Board"](#) (*BoardRoom Press* Special Section, October 2013)

[Governing the 21st Century Health System: Creating the Right Structures, Policies, and Processes to Meet Current and Future Challenges and Opportunities](#) (White Paper, Fall 2013)

[The Changing Face of the 21st Century Governing Board: New Challenges for Recruitment and Board Composition](#) (Webinar, August 2012)

[Board Recruitment](#) (Elements of Governance, 2003)

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