

# GOOD GOVERNANCE CASE STUDY

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## Main Line Health Builds a More Diverse System Board

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## About the Author

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Prior to cofounding The Severyn Group in 1994, Mr. Stepnick served as Senior Vice President and an elected officer of The Advisory Board Company, a for-profit membership of more than 1,000 hospitals and health systems. Mr. Stepnick received his bachelor's degree from Duke University, where he graduated summa cum laude. He also holds an M.B.A. from the Wharton School of the University of Pennsylvania, where he graduated with honors.

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## The Governance Institute

**The Governance Institute provides trusted, independent information, resources, tools, and solutions to board members, healthcare executives, and physician leaders in support of their efforts to lead and govern their organizations.**

The Governance Institute is a membership organization serving not-for-profit hospital and health system boards of directors, executives, and physician leadership. Membership services are provided through research and publications, conferences, and advisory services. In addition to its membership services, The Governance Institute conducts research studies, tracks healthcare industry trends, and showcases governance practices of leading healthcare boards across the country.

# Main Line Health Builds a More Diverse System Board

In 2007, before system leadership had made any real effort to promote diversity in governance, Main Line Health's board of directors was composed of 25 Caucasians and one African American. Only five board members were female. No females or minorities served in leadership positions on the board. Today the board has 22 Caucasians, three African Americans, one Hispanic, and one Asian-Pacific Islander. An African American serves as chair of the board finance committee. Eight board members are female, including the board chair and the chairs of the board governance and executive committees.

This shift in the demographic make-up of the board may seem fairly modest. Yet it has resulted in meaningful change in how the board operates and has generated significant benefits for the organization. And it came only after a decade of intense effort to make the board more diverse and reflective of the communities that Main Line Health serves. As discussed below, executing this sort of transition requires dedication, perseverance, and a willingness to accept setbacks along the way.

## Organization Profiled:

### Main Line Health System

Jack Lynch, *CEO*



**Main Line Health®**

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### Statement of Interest

Formed in 1985, Main Line Health is a not-for-profit health system serving portions of Philadelphia and its western suburbs. The system has four acute care hospitals; a rehabilitation hospital; a network of outpatient health centers offering primary and specialty care, laboratory, radiology, rehabilitation, and other services; a substance abuse treatment center; home care and hospice services; a research institute; and a large multispecialty physician network. Main Line Health's 10,000 employees and 2,000 physicians are committed to preventing, managing, treating, and curing disease, and to training the next generation of physicians and other healthcare providers.

## Keys to Getting Started: Passion and Information

Main Line's commitment to diversity began after board members, CEO Jack Lynch, and other senior leaders got involved in the work of the Institute for Diversity in Healthcare Management and learned about the tremendous disparities that exist in access to and delivery of healthcare services. Put simply, they learned that not everyone gets treated the same in healthcare. Instead, race, ethnicity, gender, sexual orientation, and other factors affect access to quality services. After being exposed to this information, Main Line's senior leadership became passionate about addressing diversity and ending disparities in care. And they decided that the place to start was in the boardroom, to make sure that the make-up of the board better reflected the nature of the communities and patients being served.

**“W**e decided that if we are going to be making decisions that affect people's lives, then we better have those people in the room. That way we'll be much more likely to make good decisions.”

—Jack Lynch, CEO, Main Line Health

With commitment and passion at the top, the next step was to understand more about the make-up of the communities and patients being served. To that end, Main Line Health analyzed the 27 planning zones that made up its marketplace. Key insights from this analysis included the following:

- **Under-representation of women on the board:** In 2007, female representation on Main Line's board was 20 percent (a relatively high figure for the industry). Yet females made up 61 percent of the patient base and 51 percent of the population of the communities being served. To address this issue, organizational leaders set a long-term goal of having females make up half the system board. Today that figure is roughly a third, so efforts to identify and recruit qualified female board candidates continue.
- **Under-representation of Asians, Hispanics, and African Americans across the organization:** The analysis indicated that African Americans, Asians, and Hispanics were under-represented in the Main Line patient population (i.e., these groups made up a higher percentage of the population at large than they did the Main Line patient base). In fact, Asian and Hispanic patients were under-represented by roughly 50 percent. Evidently, many African Americans, Asians, and Hispanics either chose to get their healthcare services elsewhere or did not get care at all. One of the strategies to address this issue was to increase the presence of these minority groups on the system board. As Lynch noted, “if I have people that look more like the community on the board, then that increases the chances of attracting patients and employees from these groups.”



## **Lessons Learned in Executing the Transition to a More Diverse Board**

Key lessons learned about increasing board diversity at Main Line Health include the following.

### ***Avoid Tokenism***

No one should be on the board simply because they are a woman or a representative of a minority group. Rather, they must be highly qualified and committed to working as active, engaged board members. Main Line Health's current board chair got the job because she is highly qualified and highly effective.

### ***Cast a Wide Net (and Look in Unconventional Places)***

Main Line's leaders know that there are many highly qualified minority and female candidates in the local market area; finding and successfully recruiting them, however, remains difficult. Doing so requires different strategies than those that produced the traditional Main Line board dominated by white males. For example, simply calling for volunteers (a strategy used in the past) produced a long list of unqualified candidates. Instead, Main Line has used recruiting and search firms to generate lists of female and minority executives in the local market. Lynch has also engaged in one-on-one conversations with the heads of local businesses, non-profit organizations, and other community organizations, which has also been effective in identifying qualified candidates. The key has been to tap into local community sources to ask for names, and then to contact and have real conversations with those individuals. Over a period of 1.5 years, Lynch talked to a number of people on a lengthy list of female executives who might make good candidates to be board members. They identified 10 initial candidates out of the approximately 50 that he contacted; two of those individuals are now on the board, and the other eight remain potential candidates in the future.

### ***Target Those with "Affinity" for the Organization and Local Community***

Those without real ties to the organization or the community are unlikely to join the board. If they do, they probably will not be very effective or last very long. For this reason, Main Line Health has ruled out the idea of going after high-level executives with no personal ties to the system or local market, along with those who work at companies that do not serve the local market. Rather, Main Line looks for those with some connection to the organization and/or the local market (or those who have the opportunity to develop such a connection). These ties can include being current or former patients (or having family members who are), living or having family in the area, or conducting business in the local community. This approach has been very successful. Lynch convinced a UPS executive who lives outside the market that she should join the board because UPS has a large employee base in the area. In addition, an Hispanic executive from WaWa (a local convenience store) agreed to join the board because both he and his company have strong ties to the local area.

### ***Consider "Up and Comers"***

In some cases, competition for minority board candidates can become quite intense, particularly when trying to land those at the pinnacle of their careers. Consequently, it might make sense to target younger individuals who may not yet be on everyone's radar. Main Line Health recently recruited a younger partner from a local money

management firm. An African American, this individual has been on the board for seven years and now chairs the board finance committee and sits on the board executive committee.

### ***Avoid Hard Quotas***

Main Line Health is committed to moving toward a board make-up that more closely represents the make-up of the population in the community it serves. That said, the board and senior leaders avoid setting explicit numerical goals with associated timelines, as they worry about the potential negative effects of affirmative action and quotas.

**"** Often it can be two steps forward, one step back when it comes to recruiting diverse board members, because of relocations or time constraints. But you can't throw up your arms and give up. You have to keep pushing forward."

—Jack Lynch, CEO, Main Line Health

### ***Charge Board Governance Committee with Oversight***

Lynch and his senior management take the lead in defining the attributes of ideal candidates (including competencies) and then bring a profile of potential candidates to the board governance committee, which gives its approval to contacting potential candidates.

### ***Use Term Limits to Assist with Planning***

Term limits help in forecasting when board openings will occur and hence assist with recruitment planning. Main Line Health limits board members to three consecutive three-year terms, although these term limits do not apply to the board chairs (who assume the role in their third term and stay in that role for four to six years).

### ***Recognize the Value of Board Diversity***

While board members clearly understand they are not on the board to represent their gender, race, or ethnicity, the organization has explicitly recognized the value of having a diverse board and the varying perspectives and insights that come with such diversity.

### ***Commit More Broadly to Diversity and Ending Health Disparities***

Part of Main Line Health's success in recruiting a more diverse board stems from the organization's broader public commitment to having a more diverse employee base and medical staff and to ending all disparities in care. This commitment has proven to be attractive to female and minority board candidates. Similarly, Main Line's commitment to having a more diverse board supports these broader diversity initiatives, creating a self-reinforcing cycle. The system board regularly discusses the broader diversity issue and tracks various metrics that gauge progress on this front. For example, the board and senior management track readmission rates for African-American patients, which historically have been 20 percent higher than for white patients.

### ***Expect Some Turnover and Associated Disappointment***

As with any board recruit, new minority board members may not stay on the board. With proper screening (and a commitment to avoid tokenism), these individuals will very likely be effective and engaged trustees. But inevitably, some of these busy, sought-after individuals will not be able to fulfill their obligations. For example, Main Line Health lost one Hispanic board member (also a member of the LGBTQ community) because her job demanded so much travel that she could not serve effectively. Similarly, a female nurse had to leave the board because she was overcommitted and could not regularly make meetings. At least one minority board member was relocated by her company and no longer lives in the region.

### **Primary Benefits of Greater Board Diversity**

Having a more diverse board has yielded many positive benefits for Main Line Health. The most obvious has been more robust, productive board discussions that in turn lead to better board decisions. In particular, having a more diverse board has made it much easier to discuss and address issues related to racial, gender/LGBTQ, and ethnic disparities in access to and quality of care. In addition, diversifying the board and senior management has assisted in recruiting and retaining qualified employees and physicians, particularly from minority communities. All these efforts, in turn, have helped Main Line attract more patients from minority communities. ■

**“W**e are not finished with this important work and likely never will be. It requires constant attention and intentional work to make progress in this important space. Remember, it’s the right thing to do and our communities expect it! It is also a wise business decision.”

—Jack Lynch, CEO, Main Line Health