

## Prioritizing Board Leadership Succession Planning at Children's Hospitals

Since the outbreak of COVID-19, children's hospitals have been working diligently to meet an array of challenges. While, in most cases, they have not been at the epicenter of the virus, they have still needed to reengineer the way they deliver care and develop new policies and processes for the safety of the patients and families they serve. Children's hospitals have not been immune to the financial impact of the pandemic either. At the beginning, many children's hospitals offered their facilities as backups to their adult counterparts, suspended non-emergency surgeries, and stocked up on protective gear and test kits, preparing for a surge that, in many regions, never came.<sup>1</sup> And while many children's hospitals are beginning to resume elective procedures, they are now faced with the task of assuring parents that it is safe enough to bring their children into the hospital's facilities.

Boards of children's hospitals are busier than ever helping management navigate these challenges and strategically plan for a new future. On top of this, many board members are facing pressure at their own full-time jobs. While board leadership succession planning may be tempting to put

<sup>1</sup> Bernard J. Wolfson, "The Pandemic Is Hurting Pediatric Hospitals, Too," *Modern Healthcare*, May 19, 2020.

### Key Board Takeaways

Boards of children's hospitals will need strong, stable board leadership to manage the many disruptions triggered by the COVID-19 pandemic. If you do not have a board leadership succession plan, begin by creating a plan with the following:

- A formal process and written policy statement on leadership succession planning
- Leadership position descriptions that are updated regularly
- Selection criteria for board leaders
- Procedures for identifying and developing board leaders
- A process for evaluating board leaders

If you do have a plan in place, do a thorough review of each of the items listed above, considering questions such as:

- Does our board leadership succession planning policy need to be updated?
- When was the last time we refreshed our board leadership position descriptions? Do they reflect the current primary responsibilities of these leaders?
- Do we have any immediate or future gaps in leadership that should be addressed? Do we have a pipeline of leaders ready to step up in case of an unexpected board leadership exit?
- Are we effectively evaluating the board chair to ensure she/he is properly fulfilling their role?
- How are we preparing current board members for a future leadership role (e.g., through individual development plans, focused education, or mentorship)?
- Are we thinking about leadership positions when recruiting new members to the board? What new qualities should we be searching for in board members?
- How can we improve board member engagement—especially during a crisis?

on the back burner, for these and other reasons, it is critical to make this a priority. Children's hospitals will need strong board leadership to get them through this crisis, and the disruption that will follow. According to The Governance Institute's Biennial Survey, only 42 percent of hospitals and health systems have an explicit board leadership succession planning process that they use to recruit, develop, and choose future

board officers and committee chairs.<sup>2</sup>

If your organization does not have such a plan in place, now is the time to create it. If you have a plan in

<sup>2</sup> Kathryn Peisert and Kayla Wagner, *Transform Governance to Transform Healthcare: Boards Need to Move Faster to Facilitate Change*, 2019 Biennial Survey of Hospitals and Healthcare Systems, The Governance Institute.

place, then it's important to review and update it as needed.

## Creating an Intentional Plan

Board leadership succession planning is one of The Governance Institute's seven elements of Intentional Governance.<sup>3</sup> It is essential to having a high-performing, effective board, and that is even more true with today's environment. To continue managing the COVID-19 pandemic, as well as the aftermath, it will be critical for boards of children's hospitals to plan ahead so they don't have any gaps in board leadership. Securing new board leaders should happen long before the current leaders rotate off the board or out of leadership positions. A well-thought-out leadership succession plan should consist of the following elements.<sup>4</sup>

**A written policy statement:** The board leadership succession planning policy can be drafted in a similar format as that of the policy for the CEO succession plan. It should be written in accordance to the bylaws and include the following details:

1. Board leadership positions
2. Terms of each position
3. Guidelines and criteria for each position (i.e., skills necessary for the position and amount of time required for board service prior to serving in the leadership position)
4. The process of selecting board leaders
5. The succession plan for each position, to include timelines

3 To view the full Intentional Governance Spectrum, see [www.governanceinstitute.com/page/IntentionalGov](http://www.governanceinstitute.com/page/IntentionalGov).

4 This section highlights content from The Governance Institute's [Board Leadership Succession Planning toolbox](#). For more details, refer to the full publication.

6. An emergency succession plan for the board chair in the event of an unexpected vacancy (usually the vice chair steps in, and the emergency plan can include information regarding participation and assistance as needed by the previous chair)
7. The board committee responsible for maintaining the succession plan and process (usually the governance/development committee)

### Leadership position descriptions:

The board should have in place leadership position descriptions that are updated regularly.<sup>5</sup> Most healthcare board leadership positions include the board chair, vice chair or chair-elect, secretary, and treasurer. The vice chair is elected by the board to become the next chair, and the secretary and treasurer could be next in line to be vice chair. Committee chairs and other board members are also considered for leadership positions. As such, all board members that are placed in officer positions should be considered to have the requisite skills to be the board chair. The board chair's position description is of particular importance since they are the one leading the process that results in high-performance governance. Ensure this description clearly lists primary responsibilities such as appointing committee chairs and directing board committees, leading the CEO performance evaluation

5 For sample board leadership position descriptions, see The Governance Institute's template collection at [www.governanceinstitute.com/templates](http://www.governanceinstitute.com/templates).

process, and developing agendas with the CEO and residing over board meetings.

**Selection criteria:** When creating or refreshing selection criteria, the first step is to identify any gaps in leadership needs that will be immediate or in the near future. This includes asking:

- What are your board leaders' current terms and when do they end?
- Do the other board members in the leadership queue (such as committee chairs) understand that they may be asked to serve as a board leader in the near future?
- Do those board members have what it takes to be chair?

Then the full board and CEO should agree upon selection criteria for each of the leadership positions, taking special care to address the board chair role.<sup>6</sup>

### Leadership identification and development:

The identification process of board leaders is cyclical if the board already has in place the usual set of officers mentioned above. Some guidelines for leadership identification are:

- Have the current chair and governance/development committee refer to the agreed-upon board chair selection criteria prior to selecting the other officers and

6 For a complete list of board member criteria recommended by The Governance Institute, refer to The Governance Institute's Leadership Criteria, available at [www.governanceinstitute.com/templates](http://www.governanceinstitute.com/templates).

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chairs. This is important since the other board officers (secretary, treasurer, committee chairs) are often cycled up to become the future board chair.

- For each position, have established criteria for number of years of board service, as laid out in the board leadership succession planning policy.
- As the committee considers board members for officer positions, ensure it keeps top of mind how each individual will do as board chair now, or several years in the future.
- Consider board member terms. For example, if an ideal candidate for board chair will be termed out relatively soon, it would be important to consider that person for vice chair so they can move up to board chair prior to their term ending.

In many cases, board members will make excellent committee chairs and officers in the future, but are not yet ready to take on those positions. The development portion of planning for board leadership succession can be tied directly into the ongoing board education plan, which is already a primary responsibility of the governance/development committee. Educational opportunities for each board member should be considered in the context of how those experiences will help the individual prepare to become a board officer or even board chair. Individual director assessment provides another opportunity to create specific development opportunities that address director weaknesses so that they can become leadership candidates, as well as to

enable the full board to perform at its highest potential.

### Additional Considerations

During this time, boards need to make sure that they are sustaining recruitment efforts and pipeline development, recognizing that it may be challenging to attract new members to the board and leadership positions if this pandemic extends into 2021.<sup>7</sup> Board leadership succession planning is naturally linked to board recruitment. As board leaders plan to rotate off the board, they create openings for new board members. The selection criteria for board leaders should be considered during recruitment of new board members, so that those new board members selected have the prerequisites (and time, interest, and desire) required to eventually become board leaders.

For children's hospitals, there may be new skills currently being sought after in the boardroom such as expertise in technology, patient experience, population health, or change management. It will also be beneficial for children's hospitals to look to add younger, millennial-aged members who are tech-savvy, more open to change/new ideas, have an innovative mindset, better understand the concerns and needs of parents, and bring a new energy to the board. These millennial members can benefit

7 Marian Jennings et al., "Preserving Critical Board Functions during the COVID-19 Crisis," The Governance Institute, May 2020.

from being mentored by the older, more-experienced directors. This mentorship relationship will be valuable when considering whether they are good candidates for future board leadership. While not all board members need to become leaders, boards that govern with intention have a solid number of board members at any given time that have the potential to become leaders when they have served long enough to become "seasoned" and the need arises.

Throughout this crisis and beyond, children's hospital boards should ensure they are keeping all board members engaged. Right now, this means constant communication from management so that members are clear about the organization's response and preparation for COVID-19-related issues and can speak to them in the community. Board members of children's hospitals need to feel invested in the mission of the organization and that they are playing a part in effectively serving local youth and families. This will help prevent board leadership leaving unexpectedly and causing a need to fast-track succession plans—or worse, find the right people for the job because there is no plan.

Board leadership succession planning needs to be front and center, especially during a crisis. Experienced directors are critical in leading healthcare organizations now and post-pandemic. Change will be inevitable for all children's hospitals, but it will be much easier to manage if the board is performing at its best.

