

Governance Notes

Designed for governance support professionals in the healthcare industry.

Finding the Right Talent: A Competency-Based Approach to Board Recruitment

Getting the right directors on the board has become increasingly important as hospitals and health systems face a multitude of challenges in a transforming industry. A board is only as good as its directors and the starting point for this is board recruitment. In order to ensure the board has the skills it needs, it's critical to have a plan in place for building a competency-based board. This article provides simple steps for board recruitment with the ultimate

goal of developing a formal plan for building a competency-based board to address current and future board needs.

Step 1. Articulate desired future board member competencies.

When planning for future board members, start by considering both the board's needs and the underlying healthcare organization's needs for leadership talent. Then identify a set of competencies that will be critical for the future success of your hospital

or health system. During this process, 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.

Once you have a long list of needed competencies, start refining it by the skills and experience that is most important to the success of the organization. Below is a sample list of competencies and qualifications to help guide you in these efforts.

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.

<p>Knowledge & Expertise ("hard skill")</p> <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
<p>Personal/Professional Experience</p> <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
<p>Personal Attributes (behaviors, "core competencies")</p> <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 2. Identify the “competency gaps.” Compare your desired competencies with the skillsets and expertise currently on the board ([download a Sample Board Skills Matrix here](#)). If more details are needed around the competencies demonstrated by current board members, the nominating or governance committee can help develop a survey around the board-approved competencies created in the step above. Then have each board member complete the assessment of whether/how well he or she demonstrates each competency. This can also include a confidential peer review where each board member answers the same questions about every other board member.

Step 3. Develop a multi-year board recruitment and development plan. Board recruitment and development should be an ongoing process. Creating a board talent management matrix is a great way to ensure that the board will have the competencies it needs going forward. This matrix can be the basis of any board recruitment and development plan.

For recruitment to be successful in closing the competency gaps, the organization must 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

Responding to the Demand for Board Talent

If your organization is experiencing a “board talent shortage,” below are a few examples of how other organizations are responding:

- **Create a board talent pool:** Many healthcare organizations are generating “board talent pools,” often in the form of advisory boards, and also populating board committees with non-board members. This can be a source to develop talent—the organization benefits from their talent and skills and the non-director becomes familiar with the organization and how it conducts business. Some healthcare organizations invite advisory board members to attend certain board meetings (sometimes on a monthly rotating basis). Some also encourage former board members (some of whom had to leave due to term limits) to stay on the advisory board so that the organization can continue to keep seasoned, valuable former board members engaged. Finally, a board talent pool may provide another important valuable benefit: to act as a “community bridge” as hospitals and health systems shift focus to value-based, patient-centered care across the population.
- **Look beyond traditional borders:** Several organizations are now more actively going outside and beyond their “traditional service areas” to recruit talent. Almost 30 percent of healthcare boards are going, or are planning to go, outside their service area to recruit new board talent. Just like recruiting for executive management, it can be beneficial to look beyond the local region to find the best directors.
- **Seek professional help:** Another trend is for hospitals and health systems to engage professional search firms to vet candidates and recruit people with the board’s needed skills and competencies.
- **Compensate directors:** Another slow but consistent trend is director compensation. Once almost unheard of, more organizations today are able to make the argument that the combined shortage of directors and increased demands on the board (legal and otherwise) help justify the decision to compensate hospital and health system board members for their time and efforts. (Note: hospitals and health systems that are considering board compensation should work with trained consultants and legal counsel to remain legally compliant.)

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.

It is also critical that the plan looks

Key Takeaways

- Do we have a comprehensive, multi-year board recruitment and development plan? Does it need updating?
- What competencies are missing on the board that are needed to successfully carry out the strategic plan?
- Do we have the board talent necessary to compete with others that are entering or already in the population health market?
- Are there members with diverse community representation on the board?
- Is there a shortage of people willing to serve on the board in our area? If so, what needs to be done to get the right board talent?
- What are we doing to ensure board members are satisfied with their role and receiving the education needed to enhance their performance?

beyond board recruitment to focus on engaging and retaining board members through:

- **Board satisfaction:** Some boards are working with consultants to construct specially designed “board satisfaction surveys” (including individual director interviews) to help board leaders and the CEO get a better sense of the board’s strengths and weaknesses, including director satisfaction. Most boards that go through this exercise not only learn a lot about their boards and governance responsibilities, but also find it helpful for the

governing board to then build a multi-year board education and development plan. Further, this is an important tool to help preempt dissatisfied directors and implement changes that can make meetings more valuable and engaging.

- **Education:** High-performing governing boards are continually learning, asking questions, and obtaining information not merely on their own organization, but also on industry trends and developments. To do this successfully requires having formalized board education

and development programs/ processes, as well as personal development plans for each board member.

Additional Resources on Board Recruitment:

- [Board Recruitment](#) (Intentional Governance Guide)
- [Board Recruitment and Retention: Building Better Boards, Now... and for Our Future](#) (White Paper)
- [“Competency-Based Board Recruitment: How to Get the Right People on the Board”](#) (Governance Notes article)

This article is an excerpt from The Governance Institute’s Board Basics Toolbook, which will be available soon. This publication includes information on understanding fiduciary duties and oversight responsibilities, clarifying roles, planning for orientation and continuing education, preparing for and effectively executing meetings, taking board self-assessments, getting the right directors on the board, and accomplishing board goals.

