

Governance Notes

A Quarterly Governance Institute Newsletter

JUNE 2021



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HEALTH

Board Development and Recruitment: The Right Experience, the Right Balance, and the Right Attributes

By **Kendra Fiscelli**, Director of Corporate Governance,
St. Luke's Health System

Effective board development and recruitment takes time.

As a board support professional, you want to give your board confidence in the process, supported by research, including reliable case studies and data. However, documented case studies on board development and recruitment are rare and data is hard to come by. Not-for-profit boards today want to build dynamic governing bodies that are diverse, with members who truly bring the voices of the community to the table—*the right experience, the right balance, and the right attributes.*

The Right Experience

Healthcare is a complex industry and high-achieving organizations need insightful directors with broad experience across sectors. With the support of the governance committee, the board can establish a list of competencies—skills and experience that will add value to board dialogue and critical decision making.

According to the National Council of NonProfits, “With diversity of experience, expertise, and perspectives, a non-profit is in a stronger position to plan for the future, manage risk, make prudent decisions, and take full advantage of opportunities.”¹ This is even more important in the current healthcare environment. The Governance Institute states, “Boards need more diverse skills, talents, and perspectives than they may have needed in years past in order to become agile and change in a smart manner to place the organization in a competitive position.”²

1 National Council of NonProfits, “[Diversity on Nonprofit Boards.](#)”

2 Sean Patrick Murphy and Kathryn Peisert, *Board Recruitment*, The Governance Institute, 2015.

What's Inside:

- **Board Development and Recruitment: The Right Experience, the Right Balance, and the Right Attributes**
- **Resource Planning: A Framework for Enhancing Board Work**

The board should continually (at least every two years) assess board members' competencies while evaluating the needs of the organization and key industry changes on the horizon.

The Right Balance

For decades, boards in the United States have oscillated between the social and moral reasons to diversify, and the business case. Evidence suggests that organizations have stronger results when a diverse group of people are guiding the ship. Credit Suisse reports that “companies with more than one woman on their board returned a compound 2 percent over those with none—and that companies with more women at the board or top management level “exhibit higher returns on equity, higher valuations, and also higher payout ratios.”³ The research indicates that the tipping point for this type of success is to have at least three women serving on the board.

According to a BoardBuild article, “More diverse companies are better able to drive profitability, productivity, and customer experience. But the benefits don't stop there; diversity is strongly correlated to successfully recruiting top talent, improving employee satisfaction, and reducing turnover.”⁴

The business case for diverse boards is growing every day, and demonstrating inclusion in board-level organizational leadership is the right thing to do. Importantly,

→ Key Takeaways

- Establishing a written board development and recruitment process is the first step towards objectivity in recruiting.
- It is not enough to diversify the board; members must also focus on developing and maintaining an inclusive culture.
- Take your time with development and recruitment to ensure a thoughtful approach that is beneficial to the board, the organization, and the candidate.

3 Jason Wingard, “[Diverse Boards Propel Successful Companies—Three Strategies To Expand Pipelines](#),” *Forbes*, February 21, 2019.

4 Pam Cannell, “[Building a Business Case for Nonprofit Board Diversity](#),” BoardBuild, October 29, 2020.

when women and minorities see themselves reflected on the leadership team or in the boardroom, they see that there is a development path available to the highest levels of leadership.

Are U.S. Boards Getting Better About Diversifying to Include More Women and Ethnic Minorities?

According to Equilar’s Gender Diversity Index (GDI), “During the second quarter of 2020, the percentage of Russell 3000 board members who are women increased from 22 percent to 22.9 percent, pushing the GDI to 0.46, where 1.0 represents parity amongst men and women.”⁵ The Equilar report went on to state that “there is no question that Corporate America as a whole is making a concerted effort to push for greater diversity across organizations.” Equilar’s GDI does not account for not-for-profit boards; however, there is evidence to suggest that as of 2019 not-for-profit organizations continued to struggle to diversify the board and in some cases were becoming less diverse. The Governance Institute’s biennial survey of hospitals and healthcare systems reported that most boards (97 percent) have at least one female board member (with an average of three women on the board), but only 49 percent have ethnic minorities represented on the board, down from 52 percent in 2017.⁶ There is clearly opportunity for significant movement in these areas. Current national conversations indicate that we will see a shift to a more balanced boardroom in the coming years.

The Right Attributes

The right attributes include softer skills that may not jump off the page of a resume but will come out through additional inquiry and the candidate engagement process. Attributes such as innovation, collaboration, appreciation for confidentiality, and an understanding of the difference between governance and management are all important. In *Building Better Boards*, David Nadler and his colleagues wrote, “It’s crucial for board leaders to create explicit profiles that will guide their recruitment and enable them to use each appointment to help shape a board that has the collective experience, skills, and personal attributes to do real work collaboratively

5 Equilar, [Gender Diversity Index \(GDI\), Q2 2020](#), September 15, 2020.

6 Kathryn Peisert and Kayla Wagner, *Transform Governance to Transform Healthcare: Boards Need to Move Faster to Facilitate Change*, The Governance Institute’s 2019 Biennial Survey of Hospitals and Healthcare Systems.

and effectively.”⁷ Reach out into the community, beyond the board’s immediate connections, to find the right attributes, and keep in mind that candidates are looking for certain attributes in the board as well.

What Attributes Does Your Board Have to Offer? A Positive, Inclusive Board Culture?

According to BoardSource, “The most effective boards work to build a culture of trust, candor, and respect—none of which is possible without a culture of inclusion. Boards that cultivate an inclusive culture ensure that all board members are encouraged to bring their perspectives, identity, and life experience to their board service.”⁸

When new members are introduced to the board, they must feel comfortable sharing their views and making the contributions they were recruited to provide. Inclusion requires some intentionality. Measuring board culture on a regular cadence may provide helpful feedback to continuously assess and adjust. In addition, a structured onboarding program, including member-to-member mentoring, may help.

Board Development and Recruitment Process

With support from The Governance Institute, St. Luke’s has established a board development and recruitment process that complements existing board policy. The following process steps may help to refine your approach to ensuring your boardroom has the right experience, the right balance, and the right attributes.

→ Recommended Resources from The Governance Institute

- [Board Recruitment](#)
- [Building a More Diverse Board](#)
- [Main Line Health Builds a More Diverse System Board](#)
- [“Finding the Right Talent: A Competency-Based Approach to Board Recruitment”](#)
- [Sample Board Skills Matrix](#)
- [Sample Competency-Based Selection Guidelines for Boards of Directors](#)

7 Beverly Behan, David A. Nadler, and Mark B. Nadler, *Building Better Boards*, 2005.

8 BoardSource, “[Diversity, Inclusion, and Equity](#).”

Key Process Steps

1. Review strategic objectives and long-term organizational goals.
2. Agree on desired board skills and competencies and revise as needed to meet the needs of the organization and the evolving industry.
3. Compare competencies, skills, and characteristics with the current composition of the board.
4. Review the composition requirements in the applicable corporate bylaws or other governing documents.
5. Work with the board to agree on recruitment priorities.
6. Identify potential candidates from within the organization's committees and subsidiary boards, as well as diverse external organizations.
7. Consider how potential members will contribute to and work within your board's committee structure, as well as in future board leadership roles.
8. Develop a consistent format for biographical information that promotes equitable evaluation.

Continuous Long-Term Planning Steps

1. Ensure that diversity and inclusion are key principles of your board's development and recruitment process. For purposes of board composition, diversity includes race, gender, ethnicity, geography, age, and perspective.
2. Regularly evaluate board composition, skills and competencies, and size.
3. Develop connections for identification of diverse candidates who possess high-value skills, competencies, and attributes.
4. Maintain an evergreen list of potential candidates.

Approach board development and recruitment efforts thoughtfully and with patience as it is a continuous process—a long-game. The composition of the board should include persons who have a vision for organizational success today and well into the future. It is also a key strategic consideration for the organization as membership will have a significant impact on your organization's ability to innovate, meet consumer demand, and provide high-quality care. It is one of the board's most important contributions to the organization and the community.

The Governance Institute thanks Kendra Fiscelli, Director of Corporate Governance for St. Luke's Health System, for contributing this article. She can be reached at fiscellk@slhs.org.



Resource Planning: A Framework for Enhancing Board Work

By **Matthew K. Doonan, Esq.**, General Counsel, *Inspira Health*

Board support personnel have increasingly complex responsibilities in today's environment. As best practices prompt more organizations to use board meeting time for strategic discussions, more oversight is being delegated to board committees. As a result, boards may adopt new committees to address discrete board functions or increase the frequency of existing committee meetings to address their increased workloads. Organizations now might have a dozen or more standing board committees that meet between four to six times per year. The meetings often occur in different months and weeks throughout the year. Many organizations must plan, organize, hold, and develop minutes for more than *70 meetings* throughout the year.

Board support personnel, such as either a board coordinator, senior executive assistant, and/or the general counsel, typically support the CEO to organize and prepare agendas, meeting materials, and minutes for each meeting. In any given day, there are competing demands for their attention to ensure each meeting package is published on time with complete and accurate materials, and the meeting minutes are produced accurately and swiftly after each meeting. They are like an air traffic controller attempting to land a dozen planes simultaneously, each in varying stages of landing. While the consequences of failure are not as dire as within an air traffic control tower, the tasks are similarly as complex.

Resource Planning Approach

Board support personnel can effectively stretch their attention to meet these demands and “safely land all the planes” by adopting consistent processes and timelines for each stage of landing by using a resource planning approach. This approach considers the meeting time of the board and the committees as finite resources. It encourages carefully thinking through how to best use each committee's meeting time and strategically planning for each meeting at the beginning of the

board year. Knowing the plan for each meeting allows the support personnel to develop consistent processes and know which tasks need to be performed and when.

This approach involves taking a step back and reviewing two key considerations:

1. What activities the board or committee must accomplish in that year (which are sometimes referred to as “housekeeping” items).
2. What activities the board or committee need to accomplish in support of specific initiatives the organization will pursue that year.

One effective way to identify the “housekeeping” items is to begin by reviewing the board bylaws and committee charters. Frequently, those spell out the responsibilities the board and committee must address, and those responsibilities can inform the more specific actions to be taken. For example, the compensation committee’s charter might specify that the committee must determine, on an annual basis, that the CEO’s compensation is “reasonable.” That might prompt consideration to add that as an agenda item for the compensation committee for at least one meeting that year. In addition, another way to identify “housekeeping items” is to review the meeting agendas from the past few (at least two) years, to consider which activities occurred at those meetings that might need to be undertaken again.

The ideal way to determine those activities will vary depending upon each organization. It involves a general understanding of what major initiatives the organization will pursue in the upcoming year, and which initiatives require board or committee input or approval. If the CEO or executive team use an annual work plan,

→ Key Takeaways

- Adopt a consistent process and planning timeline for each board and committee using a resource planning approach.
- View the meeting time of the board and committees as a finite resource.
- Start with board bylaws and committee charters, the executive work plan, and the strategic plan, to organize an annual board work plan and schedule of key action items.
- Plan for flexibility as needs and priorities change.

review of that work plan may identify some of those activities. Additionally, another way to identify those activities is to ask senior executives whom serve as staff to each committee and the board to identify what activities they are pursuing within the next year that require board or committee input or approval, and in what quarter they anticipate bringing each to the board or committee. The identified action items for each committee and the board should then help form the board’s annual work plan, which will ideally be aligned with the executive work plan and the strategic plan.

Schedule of Key Action Items

Once activities for the committees and board are identified, board support personnel can use the resource planning approach to determine at which specific meetings each activity will be performed, and create a schedule of “key action items” for the board and committees. For example, if the compensation committee meets in February, May, August, and November, the task to review the CEO compensation might be scheduled for the August meeting. As each task is assigned to a specific meeting, it allows for the board support personnel and the CEO to review and revise which meetings the tasks should ideally occur. This gives them the opportunity to change the scheduled plan to coordinate the overall activities of all the committees and the board. It also allows the work of the board and committees to be more evenly spread throughout the year (as opposed to perhaps end-loaded to the final meeting

Below are additional templates and publications from The Governance Institute that governance support personnel can use to help boards and committees map out and prioritize their goals and work plans:

- [Board Calendar](#)
- [Board Development Plan](#)
- [Board Work and Education Plan](#)
- [Planning Calendar \(Board Agendas, Reports, and Administrative Tasks\)](#)
- [Governance Support: A Behind the Scenes Guide to Ensure Your Board is Prepared, 2nd Edition](#)

Exhibit 1: Governance Committee Annual Agenda/Action Items

Item	Q1	Q2	Q3	Q4
Education Item	I	I	I	I
Review Governance Development Plan Progress	I	I	I	I
Review/Update Committee Charters (select two for each meeting from review calendar)	A	A	A	A
Review/Update Board Policies (select two for each meeting from review calendar)	A	A	A	A
Review Board Development Guidance Documents (select two for each meeting from review calendar)	A	A	A	A
Annual Meeting Business: <ul style="list-style-type: none"> - Review & Recommend Bylaws Revisions - Nominate Board Trustees - Nominate Board Officers - Review & Recommend Committee Assignments 	A			
Review Summary of Conflicts of Interest Disclosures		A		
Review/Update Competency & Diversity Matrix		A		
Review/Update Board Member Job Description			A	
Review/Update Committee Member Job Description			A	
Update Trustee Assessment Tool			A	
Perform Trustee Assessments (term expiring Trustees)				A
Board Retreat Planning				D
Update Annual Board Education Plan				A
Review Board Self-Evaluation Results (every two years)		D		
Approve Board Governance Development Plan (every two years)			A	

Key
 Information: I
 Action: A
 Discussion: D

in the year). (See **Exhibit 1** for an example agenda/action item planning tool for the governance committee.)

Once that schedule of key action items is developed for each board and committee meeting, it should be used when planning the meeting agendas. This allows the work of the committees and the board to be more predictable, and therefore more manageable not just for the board support personnel, but also the executive leadership team of the organization. That being said, however, strict adherence to the initial schedule of key action items for each meeting developed at the beginning

of each board year may not be ideal. In the rapidly changing healthcare industry, organizations must remain nimble and ready to act quickly. Additionally, priorities may change throughout the year. This may result in some activities being acted upon earlier, while other activities may be delayed. Allowing for flexibility is important, and the schedule of key action items should be updated as needed. It should also be evaluated periodically to ensure it remains useful as a planning tool to coordinate and plan the work of the board and to stretch the attention of the board support personnel.

The Governance Institute thanks Matthew K. Doonan, Esq., General Counsel, Inspira Health, for contributing this article. He can be reached at doonanm@ihn.org.

