



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

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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.

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.

