



Recruitment Tips to Advance Subsidiary Board Diversity

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“We always hope for the easy fix: the one simple change that will erase a problem in a stroke. But few things in life work this way.

—Atul Gawande, M.D.

These wise words from Dr. Gawande are directly applicable to recruiting diverse talent to hospital and health system boards. There is no singular, one-size-fits-all solution, and it is certainly not simple. However, when CEOs and board leaders are intentional about governance diversification, it can and does happen.

As both the corporate and non-profit worlds have increased focus on diversity, equity, and inclusion at the governance level in recent years, my conversations with many CEOs have revealed this sentiment: “We would love to diversify our board, but it’s just not possible given our community’s composition.” The purpose of this article is to reset this oft-stated opinion with new recruitment directions for board and CEO consideration.

First, a reminder of the business case underlying a diverse board. The premise is that governance-level decision-making is vastly improved when the board is composed of directors with a variety of professional and personal backgrounds, competencies, and perspectives. And doesn’t it make sense that a board is less likely to miss a key consideration and is more likely to spot new opportunities if board composition includes a broad array of experiences and differing frames of reference? Finally, system boards are depending on subsidiary boards to closely connect with all population subgroups of the local service area—and a diverse subsidiary board is an important step toward fulfillment of this expectation.

The First Two Steps

There are two foundational areas for boards and CEOs to recognize as board diversification is prioritized:

1. **Discuss the definition of diversity.** It should not be surprising that different organizations have differing definitions of this term. Subsidiary boards should first understand their parent board’s definition of diversity. Successful boards are using a wide lens in defining diversity. Diversity as a broad concept encompasses age, race, ethnicity, religion, gender, professional background, sexual orientation, geographic environment, family structure, point of view, and more.
2. **Remember that board diversification does not happen quickly.** Achieving this goal is a long-term play and will only show results after consistent and ongoing recruitment strategies are deployed. This is not a goal that can be achieved with an occasional discussion at a governance committee meeting.

Effective boards recruit for specific competencies paired with diverse backgrounds and perspectives. Board recruitment should focus on adding needed competencies *and* becoming more diverse as simultaneous goals.¹ It is a disservice to invite an individual to join a board solely to meet a diversity goal.² And, in most cases, board recruitment is not successful unless the director prospect sees a purpose in connecting with the organization. It is especially important that subsidiary board

→ Key Board Takeaways

- Adopt a broad definition of diversity.
- Understand that board diversification is a long-term strategy.
- Charge the CEO with significant responsibility for potential director identification.
- Challenge the CEO to build connections with new community constituencies.
- Access new recruitment pathways to source potential board talent.
- Consider changing board meeting schedules if needed to recruit and retain new members.
- Diversity at the subsidiary governance level adds unique value to the parent health system.

- 1 Sean Patrick Murphy and Kathryn Peisert, *Board Recruitment: An Intentional Governance Guide*, The Governance Institute, 2015; Kendra Fiscelli, “Board Development and Recruitment: The Right Experience, the Right Balance, and the Right Attributes,” Governance Notes, The Governance Institute, June 2021.
- 2 Jim Taylor, “Recruiting for Board Diversity—Without Disrespecting People of Color,” *BoardSource Blog*, August 31, 2020.

candidates are clear on the distribution of responsibilities between the subsidiary and parent boards.³

The Role of the CEO

The first step of board recruitment is identification of potential governance candidates. Although the system board generally maintains ultimate responsibility for subsidiary board membership, the CEO has an important role to play in assisting the governance committee. The CEO must be personally supportive of the quest for board diversification and must be intentional about contributing to this goal. It is appropriate for the governance committee to expect the CEO to recommend potential board candidates for committee consideration.

The external aspect of the CEO's role opens doors to meeting and interacting with a wide variety of people in the broader community who may be outside of the personal and business circles of current directors. After each external meeting or community interaction, the CEO should contemplate, "Did I meet anyone who might be a good board prospect in the future?" For example, a silver lining from the fight against COVID-19 is that many CEOs report new contacts and relationships within their communities.

In addition to the CEO, each C-suite member has unique community connections. The CEO should engage executive team members in spotting potential board talent during their involvement in external work and community activities.

Even in a post-pandemic world, there may still be segments of the hospital's service area where connections can be strengthened. It is the CEO's responsibility to deliberately seek out these sometimes-hidden groups. Through outreach to these community segments, the CEO is building relationships on behalf of the organization. This networking may eventually lead to identification of board prospects. Just as important, this work may contribute to the healthcare organization's community health improvement plan (CHIP) and fulfillment of its mission.

Religious Leaders

Tap into the vast knowledge of the community's religious leaders. Perhaps a local church is frequented by a particular community subdivision; learn about the church's

3 Pam Knecht, "Clarifying Fiduciary and Advisory Roles," *Subsidiary Focus*, The Governance Institute, December 2018; Jim Gauss, "The Subsidiary/Local Board's Evolving Role and Emphasis on Diversity and Inclusion," *Subsidiary Focus*, The Governance Institute, October 2020.

lay leaders. An established working relationship with leaders of the faith community is helpful for many reasons, including the identification of future board talent.

Patient Advisory Councils

Individuals who have served on a patient advisory council are often good prospects for board service. Patient advisory council members have a personal or family connection to the organization's services and therefore have an established relationship with the hospital/health system. Some patient advisory councils have been successful in recruiting membership from a diverse array of patients as many councils seek to be representative of the patient population.

Colleges and Universities

Institutions of higher education are another source for board talent. Of course, not all communities have a college or university in their town. However, many have a "close by" or "close enough" college or university. Both academic leaders and faculty should be considered for board recruitment.

Community Leadership Programs

Does your community or state have a community leadership program? Such programs are often sponsored by a local or state chamber of commerce. Community leadership programs usually target emerging talent. The curriculum typically exposes participants to the regional business, cultural, and political landscape. If your community does not offer such a program, consider starting one as a cultivation technique for future community leadership.

→ Recruitment Tips Summary

- The CEO carries significant responsibility in identifying potential director candidates.
- Engage with religious leaders from the entire service area.
- Tap into the patient advisory council.
- Seek talent through area colleges and universities.
- Consider graduates of local community leadership programs.
- Grow your own future board talent.
- Add a director with a unique personal network.

Grow Your Own

Identification of future board prospects may also reveal a need for further development before an individual is well-prepared for board service. Some organizations turn to their own affiliated boards or councils for board preparation. For example, service on the organization's foundation board and/or patient advisory council can familiarize a potential board candidate with the organization, its healthcare services, and board processes. Remember that physician board members in active medical practice are in touch with a wide variety of patients and their families and may be able to spot individuals with potential.

Directors with a Unique Network

As noted above, diversifying a board is a long-term strategy. Another approach is to recruit to the board someone who brings a unique network or new connections. For example, consider a leader of a local non-profit who interacts with members of the community that existing board members may not have contact with on a regular basis. Place this director on the governance committee so that he or she can assist with the ongoing effort to diversify the board.

Getting to Yes

Perhaps your board has identified potential new board talent but has had difficulty in receiving a "yes, I will serve" commitment. If this becomes a pattern, the board should reexamine its approach. Would the potential board member benefit from service on an advisory board as a first step toward deeper engagement? Is the individual willing to attend a committee or board meeting as a guest to gain a more complete view of board service?

The board may also need to reconsider its meeting time and schedule. Do board meetings interfere with the work schedule of an individual who may not be a CEO or business owner? Is the board meeting time inconvenient for those with responsibility for young children? These items are worthy of discussion by the governance committee and the full board.

Final Thoughts

Diversifying governance is a goal that is worthy of intentional efforts because a broadly diverse board will advance overall board effectiveness. Subsidiary boards

can strengthen their value to the overall health system by populating the board with a broad range of diverse governance talent. Boards are advised to develop a written plan of action with specific steps that will be undertaken to achieve this goal. Boards should also be realistic in setting an appropriate timeframe to achieve board diversification.

The Governance Institute thanks Kimberly A. Russel, FACHE, Chief Executive Officer of Russel Advisors and Governance Institute Advisor, for contributing this article. She can be reached at russelmha@yahoo.com.

