



A SERVICE OF
nrc
HEALTH

DECEMBER 2023

Governance Notes

The Crucial Role of Board Committee Leadership Succession Planning

By Kori Balul, M.P.A., Executive Director of System Governance, *Providence St. Joseph Health*, and Guy Masters, M.P.A., President, *Masters Healthcare Consulting*

There is a common adage used when speaking about board committees: “committees are the workhorses of the board.”¹

For the majority of non-profit hospitals and health systems, the board and especially the board’s committees play a pivotal role in strong board governance. These organizations rely on the leadership of their boards and, more specifically, their committee chairs to make critical decisions that impact patient care, financial stability, and overall effectiveness. Yet, according to The Governance Institute’s 2023 Biennial Survey of Hospitals and Healthcare Systems, only 50 percent of boards use an explicit process of board leadership succession planning to recruit, develop, and choose future board officers and committee chairs.²

All too often, the succession planning for committee chairs is, at best, an afterthought and more commonly not thought of at all until there is a sudden or impending loss of a committee chair, which results in a panicked reactive decision for replacement. Ensuring a smooth transition of leadership within these committees is of paramount importance. This article delves into the significance of board committee leadership succession planning, offering insights into best practices to guide these “workhorses of the board” toward continued success.

Advantages of Succession Planning

The following are five essential characteristics and benefits of effective succession planning for committee leadership:

- 1 Sean Murphy and Kathryn Peisert, *Board Evaluation and Performance: An Intentional Governance Guide*, The Governance Institute, 2016.
- 2 Kathryn Peisert and Kayla Wagner, *Think Bold: Looking Forward With a Fresh Governance Mindset*, The Governance Institute’s 2023 Biennial Survey of Hospitals and Healthcare Systems.

Identifying and nurturing future leaders within the organization is a key aspect of succession planning.

- 1. Consistency and continuity:** Consistency in leadership is vital for the stability and long-term success of any organization, and non-profit hospitals and health systems are no exception. Financial and operational uncertainty remains an unsteady factor in the nation's hospitals and health systems, resulting in 92 hospitals and health systems engaging in reductions in their workforce in 2023.³ Effective committee chairs provide guidance, expertise, and vision for their respective committees, particularly during times of disruption and loss of operational continuity supporting the work of the committees. Attention paid to committee leadership succession ensures that when a chair's term expires or they step down, there is a qualified and well-prepared successor to maintain the momentum and continuity of the committee's work.
- 2. Institutional knowledge preservation:** Non-profit healthcare institutions deal with complex regulatory environments, evolving healthcare industry trends, and unique community needs. Committee chairs often possess a wealth of institutional and organization-specific knowledge that is invaluable for effective decision making. According to ACHE, CEO turnover remains steady at 16 percent.⁴ Additionally, the high rate of executive turnover leading up to and following the pandemic means that board and committee leaders often find themselves with a greater depth of historical understanding of the organization. Succession planning allows for the transfer of this knowledge to incoming chairs, ensuring that the organization doesn't lose critical insights and historical context.
- 3. Enhanced governance:** Effective board committee leadership ensures that the board functions efficiently, with committees handling specific areas of responsibility such as finance, quality assurance, or community outreach. Through succession planning, the board can continuously select capable leaders who can adapt to the evolving needs and challenges facing the organization. This adaptability enhances governance and decision making.
- 4. Talent development and retention:** Identifying and nurturing future leaders within the organization is a key aspect of succession planning. When individuals see opportunities for growth, development, and meaningful participation, they are more likely to remain committed to the organization, reducing turnover among board members and committee chairs. This commitment contributes to a more stable and engaged board.
- 5. Confidence:** Demonstrating a commitment to thoughtful and structured leadership succession planning sends a clear message to board members, committee members, and even those in the recruitment process that the board is dedicated to long-term sustainability and accountability. This, in turn, can bolster confidence and support in the work of the board to implement best practices and strong leadership.

3 Kelly Gooch, "92 Hospitals, Health Systems Cutting Jobs," Becker's Hospital CFO Report, October 27, 2023.

4 "Hospital CEO Turnover Rate Remains Steady" (press release), ACHE, August 8, 2023.

5 The Governance Institute, *Governance Development Plan, 3rd Edition*, Elements of Governance, 2023.

Best Practices in Committee Leadership Succession Planning

Consider the following best practices to ensure continuity in leadership transitions, as well as to enhance ongoing effectiveness in committee performance:

- **Identify candidates early and select mentors.** Succession planning should start well in advance of a committee chair’s term expiration and be built into the core dimensions necessary for an annual governance development plan that works to ensure the security and success of the structures and leadership crucial to successful governance:⁵
 - » Create a multi-year board term tracking tool that includes each board member’s term information, as well as leadership service to facilitate long-range planning.
 - » Utilize this monitoring system, in concert with an annual governance development plan, to identify potential successors early and provide them with opportunities to shadow and learn from current leaders.
 - » Establish mentorship programs to facilitate knowledge transfer and leadership development.
- **Have clear criteria for selecting committee chairs.** Emphasize the necessary competencies, skills, and qualifications needed for each committee’s chair. Utilization of this criteria, even as early as when recruiting members to the board, will help to ensure that a robust pipeline is in place for upcoming committee leadership replacement needs.⁶ Evaluate potential candidates against these criteria to ensure they are well-equipped to lead the committee effectively.
- **Provide leadership training and development.** Ensure there is ongoing leadership training and development opportunities for potential successors. In addition to early identification and mentorship opportunities, this should include participation in leadership conferences, e-learning opportunities, and access to recommended practices resource materials that encourage continuous learning to enhance leadership skills.
- **Maintain a succession bench.** There is a common saying, “if you stay ready, you don’t have to get ready.” Having an annual governance plan that includes a “succession bench” and contingency plans for the board and committees’ leadership is also useful in preparing for unforeseen circumstances, such as sudden resignations or incapacitation of committee chairs. Maintain a “succession bench” of individuals, as a part of recruitment and ongoing as board members display greater amounts of interest and competencies in their service on the board and within committees, who are ready to step into leadership roles when needed. To accomplish this and do it well, the chair, the governance committee, and the

-
- 6 Sean Murphy and Kathryn Peisert, *Board Recruitment: An Intentional Governance Guide*, The Governance Institute, 2015.
 - 7 Kim Scott, *Radical Candor: How to Get What You Want by Saying What You Mean*, Pan Books, 2019.

executives need to take an interest in the expertise and ambition of board members as a part of team building and succession planning.⁷ This pool of talent can consist of current committee members, board members, or even external individuals with the required expertise.

- **Develop a detailed transition plan.** This can be created as a part of an annual governance workplan that outlines the transfer of responsibilities to maintain ongoing preparedness for all facets of governance leadership. The current committee chair, working in concert with the board chair and governance support professionals, should contribute to a plan that includes a timeline, key tasks, and a communication strategy to ensure a seamless handover of leadership.
- **Emphasize diversity and inclusion.** In addition to placing a premium on board recruitment efforts that are inclusive of diversity, skills, expertise, cultural/ethnic demographics, and diverse background and experiences, it is important to continue to emphasize this in succession planning efforts. Ensure that leadership opportunities are accessible to individuals from diverse backgrounds, including multi-generational governance leadership,⁸ as diverse perspectives can enrich decision making and innovation.

Key Takeaways

- Invest early and often in the work, performance, and leadership of the committees. Have each committee create an annual development plan, which includes their engagement every few years in committee assessments, leadership transition plans, and a review of committee charters. What adjustments in leadership, membership, or clarified expectations could increase effectiveness?
- Create a “succession bench” for your committee’s leaders that is diverse and provide mentorship to that incoming pipeline of committee leaders.
- Recognize and acknowledge the analysis, work products, and recommendations made by the committees to prevent frustration, eroding trust, and burnout.
- Board work gets done in committees. Create an environment and culture of productivity, enthusiasm, and high expectations, always grounded in the organization’s mission, vision, and values. Acknowledge value-added contributions by individuals and collectively.

8 Amelia Gulkis, “Looking Out for Tomorrow’s Board Leaders,” The Governance Institute, Governance Notes, June 2022.

- **Evaluate and utilize feedback.** Assessing your committees’ performance will help to better understand areas of strength and weakness, develop an action plan for performance improvement, track improvement goals, and therefore enhance committee and board performance.⁹This evaluation process should be a collaborative effort involving the board, committee members, and the chairs themselves. Use this feedback to guide leadership development efforts. Additionally, assessment of the committee’s performance, as well as the current committee chair, provides feedback that can also be used in creating succession plans, and assisting in the transition of committee leadership by providing invaluable feedback on areas to address with the committee as an incoming committee chair.

Accelerating Effective Committee Leadership Through Succession Planning

Effective board committee leadership succession planning is essential for the long-term success, stability, and growth of non-profit hospitals and health systems. It ensures consistency, preserves institutional knowledge, enhances governance, develops leadership talent, and instills stakeholder confidence. By following best practices that include early identification, committee assessment, ongoing governance workplans and development, and a commitment to diversity and inclusion, these governing committees, “the workhorses of the board,” can navigate the complex healthcare landscape with confidence and resilience.

The Governance Institute thanks Kori Balul, M.P.A., Executive Director of Governance, Providence St. Joseph Health, and Guy Masters, M.P.A., President, Masters Healthcare Consulting, and Governance Institute Advisor, for contributing this article. They can be reached at kori.balul@providence.org and guymasters11@gmail.com.



9 For more information on The Governance Institute’s Committee Self-Assessments, see www.governanceinstitute.com/committee-self-assessment.