

Elements of GOVERNANCE®

Providing CEOs, board chairs, directors, and support staff with the fundamentals of healthcare governance

A SERIES BY THE GOVERNANCE INSTITUTE

INDIVIDUAL BOARD MEMBER ASSESSMENT THIRD EDITION



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Elements of Governance® is designed to provide CEOs, board chairs, directors, and support staff with the fundamentals of not-for-profit governance. These comprehensive and concise governance guides offer quick answers, guidelines, and templates that can be adapted to meet your board's individual needs. Whether you are a new or experienced leader, the *Elements of Governance*® series will help supply you and your board with a solid foundation for quality board work.

Contributors

This edition of *Individual Board Member Assessment* is a result of research on current literature, Governance Institute publications, and the client experience and expertise of **Roger W. Witalis, FACHE**, President of WITALIS & Company and former Governance Institute advisor. Governance Institute Managing Editor **Kathryn C. Peisert** also contributed to the content and makeup of the assessment tools provided in this publication.

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The Governance Institute provides trusted, independent information and resources to board members, healthcare executives, and physician leaders in support of their efforts to lead and govern their organizations.

The Governance Institute is a membership organization serving not-for-profit hospital and health system boards of directors, executives, and physician leadership. Membership services are provided through research and publications, conferences, and advisory services. In addition to its membership services, The Governance Institute conducts research studies, tracks healthcare industry trends, and showcases governance practices of leading healthcare boards across the country.



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Introduction

The average size of boards is decreasing and, as a result, both the demands and rewards of serving on boards are increasing. As boards are held increasingly accountable for corporate performance, they become increasingly more proactive in the leadership of the corporations they govern.

EFFECTIVE LEADERSHIP IS SEEN AS CRITICAL TO ESTABLISHING the culture and values of the corporation, developing a strategic direction, guiding change, and formulating corporate objectives and ensuring effective implementation. In short, the role of the board has changed from management support to organizational leadership. With this role change, the experiences, skills, and commitments of individual directors change as well. Peak-performing boards are composed of peak-performing individuals with a mindset of becoming (and remaining) the best.

Hospitals and health systems today are no exception. They need more from their directors than to simply show up and ask questions. The issues and challenges of healthcare transformation require board members to come to meetings prepared to make extremely difficult decisions that have profound implications for their organization's future. If these decisions are made correctly, the organization sustains its future; if not, the organization will struggle and perhaps disappear. As Andrew Grove, former CEO of Intel, experienced converting the company from a memory chip to a computer-processing chip manufacturer, "The person who is the star of the previous era is often the last one to adapt to change, and the last one to yield to the logic of a strategic inflection point and tends to fall harder than most."

Most boards conduct a full-board assessment once a year or every other year; however, very few regularly conduct individual board member evaluations. But a board, just as any team, is only as effective as the individuals around the boardroom table. Individual member evaluations give board members the opportunity not only to examine how they perceive themselves, but also how they are perceived by their peers. Performance evaluation and

feedback can help individuals evaluate their own skills as directors and motivate them to be more effective contributors. Evaluations can also help boards assess performance over time as the needs of the board shift from management support to leadership and provide a basis for deciding whether a director should be re-appointed. The process itself can be a valuable, team-building experience. In the absence of a formal evaluation process, directors are often evaluated informally in a hit-or-miss fashion that provides neither good feedback nor valid data.

There is the potential, however, to create serious conflict within the board if individual performance evaluation is introduced when some directors are opposed to the process. Individual directors, unlike management,

do not have executive accountability and most do not have performance measures associated with their role. In addition, at its core, board effectiveness is a result of the *collective* knowledge and judgment of the directors, thus assessing individuals can risk diminishing board collegiality. But these challenges can be taken into account and mitigated, so that the benefits of individual evaluation far outweigh the negatives.

While board members are entitled to hold differing views on the benefits of individual director evaluation, consensus to conduct the evaluation must be reached before introducing the process.

This *Elements of Governance*[®] presents several methods for evaluating individual board member performance. Each method is intended for different situations and will have different outcomes—select the method that is right for your own board's culture and what will work best for the individual board members.



How to Conduct the Review

To be effective, the individual board member evaluation process needs to have specific, clearly defined steps and practices and a special commitment from the board and individual directors. This is necessary to overcome the hurdles and address the pitfalls.

- 1. Overcome discomfort:** to overcome any discomfort the evaluation process may generate, the best approach is to have the chair of the governance committee (or the board chair) engage the board in a discussion of the purpose of the evaluation, potential advantages, and the steps of the process.
- 2. Define the dimensions:** the governance committee should design two preliminary sets of assessment criteria, which should be approved in advance by the full board and individual directors:
 - **The essential behaviors and responsibilities expected for all directors:** dimensions should be those that every director can actually observe. These could include knowledge of the business, knowledge of senior management, initiative, preparation, commitment of time, and judgment and candor.¹
 - **Established criteria for each director** based on their own set of competencies they bring to the board.
- 3. Define the approaches:** individual board members may select from a menu of approaches to evaluation. These might include:
 - Self-evaluation
 - Self-evaluation with mentor review
 - Peer-to-peer evaluation
 - Governance committee evaluation
 - Third-party evaluation
- 4. Clarify ownership and confidentiality:** the board chair must make certain that all board members participating in the evaluation process (either being evaluated, or participating in the evaluation of another) are clear on who owns this process (usually the board chair or, in the case of self-evaluation with mentor review, the mentor) and that all information will remain confidential. If a board member being evaluated decides to do a peer-to-peer evaluation, it is recommended that peers' names not be associated with specific feedback.
- 5. Adapt and customize the survey²**
 - Review the evaluation questions to be sure they are relevant to your organization and board.
 - Add board member roles and criteria not covered and delete items that are not applicable.
 - Include a board member job description.³ The criteria being assessed should correlate to the job description.
 - Include a board member development plan if necessary/desired.
- 6. Distribute the survey**
 - Distribute the survey and components listed above to the board members participating in the assessment.
 - Set a firm deadline for completion—typically about two weeks.
- 7. Review the results**
 - The board chair or governance committee chair compiles the responses and sends feedback to each individual board member.
 - Those who want further feedback usually come back to the board chair or governance committee chair.
 - Individual responses should be anonymous—confidentiality is crucial.

¹ See Appendix 1 for a sample list of characteristics of a high-performing board member.

² See Appendix 2 for sample peer-to-peer and self-evaluation questionnaires.

³ See Appendix 3 for a sample board member job description.

Approaches

- **Self-evaluation** on a yearly basis without feedback from the rest of the board
- **Self-evaluation** on a yearly basis with review and feedback from a mentor
- **Peer-to-peer evaluation**, in which all members of the board—including the individual being assessed—have a chance to participate in the process
- **Evaluation by a committee**, generally the governance committee
- **Third-party evaluation**

Self-evaluation processes are generally simple, unique, and dependent upon the individual and their board. The aim of self-evaluation is to encourage directors to reflect on their contributions to board activities and have them identify their personal strengths and weaknesses. However, while useful for personal reflection and development, self-evaluation may not provide an objective view of the individual's performance.

Third-party evaluations are usually necessary for boards that are struggling, don't have consensus around individual evaluation, boards that have just finished a major restructuring, or when there is a need for transparency. An external facilitator can provide objectivity and remove assumptions or fears of the process being biased. The process of these evaluations is largely determined and led by the third-party facilitator.

As such, this section will focus on the steps for conducting a peer-to-peer evaluation and evaluation by a committee, which have more components that are key to execute properly in order for the desired outcome.

Considering the complexities of board membership, it is important from the beginning that board members have a clear understanding of two key areas:

- Individual director responsibilities
- Organizational needs

Identification of these key areas allows board members to focus their planning efforts and develop action plans to improve their performance and attain new goals.

Regardless of the method, each review should include feedback from the board member as to his or her satisfaction with board service, such as:

1. Does the board member feel that his or her service on the board has contributed to the organization's services/programs, image, or future prospects?
2. Has the experience been challenging?

3. Has the experience been satisfying?
4. How has the service differed from expectations prior to serving?
5. Is there any one thing he or she would like to change about his or her board service? If so, what would that be and how would he or she change it?

Board Member Peer-to-Peer Review

Best for: boards with healthy dynamics, directors who are open to constructive criticism from their peers, and a high level of trust.

Purpose

This instrument is intended to identify specific areas for individual directors to improve. It is also intended to bring out each individual's strengths. When done properly, the effects will be more positive than negative. More participation may be encouraged, allowing directors to find out how valuable their ideas and opinions truly are. If the feedback is not positive, it should be handled in a constructive manner so directors become aware of their behavior without the embarrassment of personal confrontation.

Method

Each board member completes the same assessment of each of his or her peers and the results are compiled by the board chair or governance committee chair. The chair can then discuss the composite results with individual directors, one-on-one.

Steps:

1. Finalize the survey: obtain full board approval on the criteria that will be used to assess each board member. (For boards that use individual director criteria based on competencies, there would be a separate list for each board member in addition to the set list of criteria for all board members. The personal criteria can be determined/approved in advance by the individual board member and the board chair, rather



than the full board.) Rating scales for the survey could be either a 1 = “needs improvement” up to 5 = “excellent,” or a strongly agree/disagree scale. A section for comments should also be included on the assessment form.

2. The chair distributes the survey with instructions and response deadline.
3. The chair then compiles the responses and sends feedback to each individual board member. Those board members who want clarification can discuss it with the chair.

Pros of Peer-to-Peer Review

- Individuals being reviewed receive feedback from all members of the board
- Allows for greater self-awareness
- May reveal board dysfunction

Cons of Peer-to-Peer Review

- May lead to “mudslinging” if not treated carefully
- Because of confidentiality, poor reviews may lead to resentment and distrust

Governance Committee Review

Best for: boards with some degree of tension between board members, directors who are less open to constructive criticism from their peers, and who do not have a high level of trust.

Purpose

The governance effectiveness committee is responsible for developing and monitoring the effectiveness of existing members. Therefore, boards may prefer to have the governance committee assess the performance of individual directors.

Method

The process is essentially the same as for the peer-to-peer, except that only committee members rate each board member. The committee members then discuss their conclusions in order to reach consensus on individual performance. The committee chair can then give feedback and discuss any sensitive issues with each individual director.

Pros of Governance Committee Review

- Committee members can get a better sense of biases and can take these into account during the assessment
- Allows for open discussion rather than just a written form
- May provide for a more balanced view of each member

Cons of Governance Committee Review

- Allows for less feedback
- Committee members may be reluctant to reveal their biases
- Those serving on the governance committee may find themselves in a smaller, peer-to-peer review rather than an unbiased committee review

The governance committee can handle the details of a peer-review process, but as with the peer-to-peer evaluation process, the board as a whole must agree on the criteria being measured. The specifics of the process should be carefully thought out and suited to each particular board.

Director Development Plan

As with the assessment for the full board, an important next step is to create an actionable development plan based on the results. However, this step should be up to the needs of the individual director. Board members may not feel a concrete plan is necessary, as the results themselves can allow the director to personally reflect on and determine ways to enhance his or her ability to contribute. For those directors who desire to create a development plan for their own board education, the board chair can discuss some ideas and options with the director and lay out a plan ranging from reading educational materials and publications, participating in online learning, attendance at educational conferences, and/or having a seasoned director serve as a mentor.⁴ It is important to note that if the board chooses to conduct a formal assessment of individual directors, the organization should then be prepared to provide resources for further education of individual directors as needed.

To aid in this conversation, board chairs can ask questions such as:

1. In what specific areas would you like to develop?
2. Where would you most like to contribute?
3. What would make your experience more fulfilling?

4 For a sample director development plan, visit www.governanceinstitute.com.

Appendix 1:

Sample Characteristics of a High-Performing Board Member

THE INDIVIDUAL BOARD MEMBER EVALUATION SHOULD begin with a discussion of how each person is doing against criteria that are important to the board, such as the following categories:

1. Contribution to the board
2. Interest in corporate matters
3. Level of knowledge of the corporation and the healthcare industry in general
4. Participation in committee activities
5. Attendance and preparation for board meetings
6. Conflict-of-interest issues

The board must then translate the desired characteristics into questions about specific knowledge, skills, and attitudes, such as whether the board member:⁵

1. Understands the board's fiduciary duties and core responsibilities
2. Is well-versed on the needs of the community and stakeholders
3. Is guided by the mission, vision, and values in their decision making
4. Is committed to the organization
5. Possesses a high level of integrity
6. Is good at leading groups of diverse people toward shared goals
7. Helps the board stay focused on matters of true board importance
8. Gives criticism constructively
9. Is a positive question raiser and has an entrepreneurial mindset to be decisive at the right moments
10. Brings a unique and fresh perspective to discussions and thinks strategically
11. Possesses strong communication skills (knows when to listen and when to speak up)
12. Handles potential or actual conflicts of interest transparently and appropriately

⁵ For a comprehensive list of board member knowledge, attitudes, and skills, refer to The Governance Institute's *Leadership Criteria*, available for members to download at www.governanceinstitute.com.

Appendix 2.

Sample Assessment Questionnaires

1. Sample Peer-to-Peer Assessment of Board Member Performance

Complete this questionnaire by indicating how much you agree with the following statements regarding the following board member.

Board Member's Name: _____

Scale (circle one)

Expectations of all board members	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	NA Can't Rate
1. Demonstrates commitment and passion for the mission, purposes, goals, and values of the organization.	1	2	3	4	5	NA
2. Demonstrates knowledge of the organization's policies, programs, services, history, strengths, and needs.	1	2	3	4	5	NA
3. Understands the fiduciary duties of care, loyalty, and obedience, and performs duties of board membership according to them.	1	2	3	4	5	NA
4. Exhibits strong integrity...is trustworthy, honest, and open.	1	2	3	4	5	NA
5. Understands the difference between governing and managing a complex organization.	1	2	3	4	5	NA
6. Comes to board and committee meetings well prepared.	1	2	3	4	5	NA
7. Contributes the time necessary to be an effective member.	1	2	3	4	5	NA
8. Participates actively but not to excess and makes comments at the appropriate times.	1	2	3	4	5	NA
9. Articulates his or her views clearly and succinctly in positive ways.	1	2	3	4	5	NA
10. Contributes to the CEO's and the board's perspective and wisdom by freely sharing pertinent experience and knowledge.	1	2	3	4	5	NA
11. Brings new thinking and creative ideas.	1	2	3	4	5	NA
12. Raises constructive questions and is willing to challenge prevailing assumptions when necessary.	1	2	3	4	5	NA
13. Suggests agenda items periodically for board and committee meetings to ensure that significant, policy-related matters are addressed.	1	2	3	4	5	NA
14. Avoids asking for special favors of the staff, including special requests for extensive information, without prior consultation with the CEO, board, or appropriate committee chairperson.	1	2	3	4	5	NA
15. Draws out others to make contributions.	1	2	3	4	5	NA
16. Helps move discussions along toward closure.	1	2	3	4	5	NA
17. Listens to others and is willing to change his or her views.	1	2	3	4	5	NA
18. Accepts challenges without becoming defensive.	1	2	3	4	5	NA
19. Displays independence, developing his or her positions based on objective information, not only based on management's recommendations.	1	2	3	4	5	NA
20. Maintains confidentiality of the board's executive sessions, and speaks for the board only when authorized to do so.	1	2	3	4	5	NA
21. Serves the organization as a whole rather than any special interest group or constituency.	1	2	3	4	5	NA

Expectations of all board members	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	NA Can't Rate
22. Discloses any possible conflicts to the board in a timely fashion and according to board policy.	1	2	3	4	5	NA
23. Never offers or accepts favors or gifts to or from anyone who does business with the organization.	1	2	3	4	5	NA
24. Is willing to take on leadership responsibilities and undertakes special assignments enthusiastically.	1	2	3	4	5	NA
25. Helps to open doors and communicate effectively to key external constituencies.	1	2	3	4	5	NA
26. Is willing to participate in educational opportunities and remains current on changing trends and issues affecting governance.	1	2	3	4	5	NA
Competencies specific to board member:						
27.	1	2	3	4	5	NA
28.	1	2	3	4	5	NA
29.	1	2	3	4	5	NA
30.	1	2	3	4	5	NA
31.	1	2	3	4	5	NA

Peer Assessment of Board Member Performance: Open-Ended Questions

Board Member's Name: _____

1. What are the strongest ways that this member contributes to the work of the board?

2. Where is this individual weakest as it relates to contributing to the work of the board?

3. How could this member improve his or her contribution to the work of the board?

4. Do you recommend this board member be nominated for a new three-year term?

___ Yes

___ No

2. Sample Self-Evaluation for Individual Board Members

The tool provided below is for individual self-evaluation. Board members are asked to evaluate themselves on each item (ideally via an online survey tool). The evaluation can be anonymous if you are simply seeking a general idea of how board members perceive their own performance in total; if your board wants to be able to perform self-evaluations with follow up review and discussion with the board chair or board mentor, the survey should not be anonymous. However, the board member evaluating him- or herself should be assured that the survey responses will go only to the agreed upon person (board chair or mentor).

Board Member's Name: _____

Scale (circle one)

Expectations of all board members	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	NA
1. I am committed to and passionate for the mission, purposes, goals, and values of the organization.	1	2	3	4	5	NA
2. I know and understand the organization's policies, programs, services, history, strengths, and needs.	1	2	3	4	5	NA
3. I understand the fiduciary duties of care, loyalty, and obedience, and perform duties of board membership according to them.	1	2	3	4	5	NA
4. I exhibit strong integrity...I am trustworthy, honest, and open.	1	2	3	4	5	NA
5. I understand the difference between governing and managing a complex organization.	1	2	3	4	5	NA
6. I come to board and committee meetings well prepared.	1	2	3	4	5	NA
7. I contribute the time necessary to be an effective member.	1	2	3	4	5	NA
8. I help the board to quickly grasp the strategic context and critical aspects of new and complex issues.	1	2	3	4	5	NA
9. I participate actively but not to excess and make comments at the appropriate times.	1	2	3	4	5	NA
10. I articulate my views clearly and succinctly in positive ways.	1	2	3	4	5	NA
11. I contribute to the CEO's and the board's perspective and wisdom by freely sharing pertinent experience and knowledge.	1	2	3	4	5	NA
12. I bring new thinking and creative ideas.	1	2	3	4	5	NA
13. I raise constructive questions, encourage others to face realities, and am willing to challenge prevailing assumptions when necessary.	1	2	3	4	5	NA
14. I suggest agenda items periodically for board and committee meetings to ensure that significant, policy-related matters are addressed.	1	2	3	4	5	NA
15. I avoid asking for special favors of the staff, including special requests for extensive information, without prior consultation with the CEO, board, or appropriate committee chairperson.	1	2	3	4	5	NA

Expectations of all board members	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	NA
16. I draw out others to make contributions.	1	2	3	4	5	NA
17. I help move discussions along toward closure.	1	2	3	4	5	NA
18. I listen to others and am willing to change my own views.	1	2	3	4	5	NA
19. I accept challenges without becoming defensive.	1	2	3	4	5	NA
20. I exercise sound judgment, applying pertinent principles and benchmarks to board deliberations and decision making.	1	2	3	4	5	NA
21. I am independent and develop my positions based on objective information, not only based on management's recommendations.	1	2	3	4	5	NA
22. I maintain confidentiality of the board's executive sessions, and speak for the board only when authorized to do so.	1	2	3	4	5	NA
23. I serve the organization as a whole rather than any special interest group or constituency.	1	2	3	4	5	NA
24. I disclose any possible conflicts to the board in a timely fashion and according to board policy.	1	2	3	4	5	NA
25. I never offer or accept favors or gifts to or from anyone who does business with the organization.	1	2	3	4	5	NA
26. I am willing to take on leadership responsibilities and undertake special assignments enthusiastically.	1	2	3	4	5	NA
27. I help to open doors and communicate effectively to key external constituencies.	1	2	3	4	5	NA
28. I am willing to participate in educational opportunities and remain current on changing trends and issues affecting governance.	1	2	3	4	5	NA
Competencies specific to board member:						
29.	1	2	3	4	5	NA
30.	1	2	3	4	5	NA
31.	1	2	3	4	5	NA
32.	1	2	3	4	5	NA
33.	1	2	3	4	5	NA

Please comment on any of the above:

Board Member Satisfaction:

1. Do you feel that your service on the board has contributed to the organization's services/programs, image, or future prospects?

___ Yes

___ No

2. Has the experience been challenging?

___ Yes

___ No

3. Has the experience been satisfying?

___ Yes

___ No

4. How has the service differed from expectations prior to serving?

5. Is there any one thing you would like to change about your board service? If so, what would that be and how would you change it?

Appendix 3. Sample Job Description: Individual Board Member

The Fundamental Duty of Oversight

Under the laws of most states, the board of directors of a non-profit organization is the party responsible for the organization. The board must supervise and direct its own officers and govern the organization's efforts in carrying out its mission. The duties of care, loyalty, and obedience describe the manner in which the directors are required to carry out their fundamental duty of oversight.

Duty of Care

Duty of Care requires board members to have knowledge of all reasonably available and pertinent information before taking action. The board member must act in good faith, with the care of an ordinarily prudent businessperson in similar circumstances, and in a manner he or she reasonably believes to be in the best interest of the organization.

Duty of Loyalty

Duty of Loyalty requires board members to candidly discharge their duties in a manner designed to benefit only the hospital or health system, not the individual interests of the board member. It incorporates the duty to disclose situations that may present a potential for conflict with the organization's mission, as well as a duty to avoid competition with the organization.

Duty of Obedience

Duty of Obedience requires board members to ensure that the organization's decisions and activities adhere to its fundamental corporate purpose and charitable mission, as stated in its articles of incorporation and bylaws.

Each board member is also entrusted with individual responsibilities as a part of his or her board membership. The obligations of board service are considerable; they extend well beyond the basic expectations of attending meetings or participating in hospital events. Individual board members are expected to meet higher standards of personal conduct on behalf of the organization than what is usually expected of other types of community volunteers.

Yet, despite all of these "special" responsibilities, board members as individuals have no special privileges, prerogatives, or authority. They must meet in formal sessions to negotiate and make corporate decisions.

A clear statement of individual board member responsibilities adapted to the organization's needs and circumstances can serve at least two purposes:

- It can help with the process of recruiting new board members by clarifying expectations before candidates accept nomination.
- It can provide criteria by which the committee responsible for identifying and recruiting prospective nominees can review the performance of incumbents who are eligible for reelection or reappointment.

General Expectations

Prospective and incumbent board members should commit themselves with regards to the following:

- Know the organization's mission, purposes, goals, policies, programs, services, history, strengths, and needs.
- Perform the duties of board membership responsibly and conform to the level of competence expected from board members as outlined in the duties of care, loyalty, and obedience.
- Prepare for the policy discussions and decision making required for governance excellence within the organization.
- Serve in leadership positions and undertake special assignments willingly and enthusiastically.
- Suggest possible nominees to the board who are individuals of achievement and distinction and who can make significant contributions to the work of the board and the organization's progress.
- Avoid prejudiced judgments on the basis of information received from individuals and urge those with grievances to follow established policies and procedures through their supervisors (all matters of potential significance should be called to the attention of the CEO and the board's elected leader as appropriate).
- Avoid asking for special favors of the staff, including special requests for extensive information, without prior consultation with the CEO, board, or appropriate committee chairperson.
- Know the difference between the board's role and the role of the CEO and management.
- Counsel the CEO as appropriate and support him or her through difficult relationships with groups or individuals.
- Give an annual gift according to personal means.
- Assist the development committees or affiliated foundation and staff by implementing fundraising strategies through personal influence with others (e.g., corporations, individuals, and foundations). (*Note: this is appropriate for organizations that do not have a separate foundation board; remove this if the foundation board members have this responsibility.*)
- Participate annually in educational opportunities to remain current on changing trends and issues affecting governance.



Meetings

The board only exists, in both a legal and functional sense, when it meets. Consequently, board meetings are the center of governance. The way they are planned and conducted—in addition to the dynamics that emerge in them—significantly influence the quality of governance. Therefore, individual board members are expected to:

- Prepare for board and committee meetings, including appropriate organizational activities.
- Participate in board and committee meetings with forethought, courtesy, critical thinking and analyses, and attention to results.
- Ask timely and substantive questions at board and committee meetings consistent with the board member's conscience and convictions, while at the same time supporting the majority decision on issues decided by the board.
- Maintain confidentiality of the board's executive sessions, and speak for the board or organization only when authorized to do so.
- Suggest agenda items periodically for board and committee meetings to ensure that significant, policy-related matters are addressed.

Conflict of Interest

Conflict of interest, confidentiality, disclosure—these concepts figure prominently in the understanding of governance responsibilities. They do not tell a board, or an individual director, how to govern; rather, they imply a code of conduct and ethical behavior. In order to prevent using the power, position, or information derived from their situations to influence organizational activities and decisions, individual board members must:

- Serve the organization as a whole rather than any special interest group or constituency. The board member's first obligation is to recognize that he or she represents only the organization's best interests.
- Disclose any possible conflicts to the board in a timely fashion.
- Maintain independence and objectivity and act with a sense of fairness, ethics, and personal integrity, even though you may not be required to do so by law, regulation, or custom.
- Never offer or accept favors or gifts to or from anyone who does business with the organization.

Appendix 4. Sample Job Description: Governance Effectiveness Committee

Purpose

The governance effectiveness committee (also called board development committee or governance and nominating committee) will be responsible for developing and monitoring the effectiveness of existing members of the board. The committee will establish and maintain an orientation and continuing education program for the board of directors.

Responsibilities

In fulfilling its charge, the governance effectiveness committee is responsible for the following activities and functions:

- Develop and review with the full board an individual board member job description detailing responsibilities and expectations.
- Plan board members' development, including recruitment, orientation, education, and evaluation of their effectiveness.
- Review and update board policies and procedures.
- Review the performance of board members prior to reappointment.
- Identify and select candidates for committees of the board using criteria for board service as a guide.
- Lead the succession planning process for the board chair and other board leaders.
- Maintain an awareness of the needs of the board and/or its affiliate organizations for executive and board talents.
- Plan for orientation and education of board members and non-board members of board committees.
- Conduct an annual board self-evaluation.

- Confirm compliance with the system's/hospital's conflict-of-interest policy.
- Set goals and objectives of the board of directors annually.
- Provide an orientation program conducted by management for new board members.
- Periodically conduct an assessment to determine educational needs. The president of the system/hospital will be responsible for researching and updating the committee on educational opportunities.
- Obtain education through a variety of formats, including meetings, conferences, workshop participation, review of printed material, and video and oral presentations.
- Provide educational opportunities outside the hospital.
- Provide funding, as part of the operating budget of the institution, to support educational programs for the board of directors.

Composition

The committee shall be appointed by the board chairperson and ratified by the system/hospital board of directors. The committee shall consist of at least five persons, including the board chairperson, the president/CEO of the organization, and at least two other board members. One of the board members may also be a member of the medical staff. The chairperson of the committee shall be a member of the board of directors.

Meeting Schedule

Quarterly or as needed.

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