

# The Crucial Role of the Board Chair

By David C. Pate, M.D., J.D.

**T**he chairman of the board of a healthcare organization is not simply an honorific title. In addition to all of the duties and responsibilities of any board member, the board chair must effectively exercise additional duties in that role if the board, CEO, and ultimately, the organization are to be successful.<sup>1</sup> This article addresses some of the board chair's key responsibilities, providing insights from my time as a health system CEO.

## Hiring the CEO

One of the most important responsibilities of a board is to select the next CEO. The chair must orchestrate the high-level process for finding and hiring a CEO that fits the hospital's or health system's culture and needs.

**Refine the position description to reflect today's realities.** This process begins with having the outgoing CEO and the board review and update the CEO job description. The chair must ensure that the position description adequately reflects the qualifications, characteristics, and duties for the next CEO that are most important to the board. The healthcare industry is evolving fast and it is likely that there are different competitive pressures in the market since the hiring of the last CEO. In addition, the board has had the opportunity to determine the traits of the last CEO that were most valuable to the organization and those that were deficient but are necessary for the future success of the hospital or health system. In fact, if there are not many redlined changes and additions to the position description, the board chair should take the position description back to the board for further reflection.

**Prepare for and conduct the search process.** Once the CEO job description is finalized, the chair needs to take the board through a process of answering key questions, such as:

- Are there suitable internal candidates?
- If so, should an external search still be conducted or does the board want to review the internal candidates before engaging a search firm to source external candidates?

## Key Board Takeaways

Critical responsibilities of the board chair include:

- **Hiring the CEO:**
  - » Ensure there is an updated CEO job description that reflects key qualifications, characteristics, and duties for the next CEO.
  - » Prepare for and conduct the CEO search process, including vetting and selecting a search firm, helping develop the process for evaluating candidates, and checking references.
- **Mentoring the CEO:**
  - » Educate the CEO about the hospital or health system, board, and the community the organization serves, as well as any noteworthy lessons learned or opportunities missed.
  - » Provide introductions to key stakeholders and influential community members or elected leaders whose support is critical to the organization's success.
  - » Be a sounding board when challenging issues arise. It is helpful for the CEO to have someone they trust that can help them think through particularly challenging issues that carry significant risk to the organization.
- **Evaluating the CEO:**
  - » Work with the chief HR executive to ensure that feedback from all direct reports and stakeholders is considered.
  - » Ensure the assessment is robust and clearly measures the CEO's performance in a way that allows for growth and development.
  - » Provide detailed post-evaluation feedback, highlighting specific examples of successes and opportunities for improvement.
- **Ensuring good governance:**
  - » Charge the relevant committee with assessing whether the board has the skillsets, experience, and diversity needed to effectively lead the organization.
  - » Have new board members participate in an orientation and onboarding process.
  - » Drive the board self-assessment process and use those results to establish board performance improvement goals.
  - » Keep meetings productive and efficient by carefully crafting agendas and meeting materials and fostering engagement.

(Note: there are situations where a search firm can be a great resource even when considering only internal candidates.)

**T**he chair must orchestrate the high-level process for finding and hiring a CEO that fits the hospital's or health system's culture and needs.

If an external search is to be conducted, it is important for the chair to lead a discussion with the board as to the criteria that will guide the selection of a search firm and the direction that will be given to the search consultant. For example, are only current CEOs with a track record to be considered, or is the board open to an up-and-comer with demonstrated leadership ability? Would the board consider a

CEO of a hospital if they are recruiting for a health system CEO, or a medical group CEO if recruiting for a hospital CEO, etc.? Does the candidate need to come from an organization of a certain size and/or complexity?

The chair will then need to lead the board through the process (most often an RFP) of selecting a search firm, together with the chief HR executive, that should consider which firms are best suited to identify the kinds of candidates the board has decided upon, the extent to which firms are limited in their ability to recruit from organizations that are of interest for the type of candidate desired due to recent candidate placements, and which firms will offer the most value-added services and the most favorable contract terms.

Finally, the chair must help the board, together with the chief HR

<sup>1</sup> For a deeper dive into the board chair's responsibilities, see *The Role of the Board Chairperson, Fourth Edition*, Elements of Governance, The Governance Institute, 2022.

executive and the lead search consultant, develop the process to be used to evaluate candidates. This almost always includes the appointment of a search committee. I have found a writing assignment is an excellent selection tool (the future CEO will have to issue many written communications to the employees and external stakeholders). Have finalists give a board presentation on a subject of their or the board's choosing, and answer a set of scenario-based questions that reflect real-life difficult leadership challenges to assess the candidates' critical thinking skills, emotional intelligence, and political awareness. These exercises can be extremely helpful in differentiating candidates at the finalist stage.

#### **Thoroughly check references.**

Although search consultants often conduct reference checks on finalists, it is always helpful for the board chair to place their own call to the finalist's supervisor, if there is one, and the board chair at their institution.

It is important to compare the references the board chair obtains with those of the search consultant. In addition to obtaining references, the board chair should make additional inquiries as to how best to support and develop the new CEO based upon the current supervisor's and board chair's experience with that leader at their institution.

### **Leadership Succession Planning**

Few organizations do this well. According to The Governance Institute's 2023 Biennial Survey of Hospitals and Healthcare Systems, less than half (43 percent) of boards maintain a written, current CEO and senior executive succession plan. The board and its chair need to ensure that there is a robust process in place that identifies potential internal successors for both planned and unplanned leadership changes, as well as ensures the creation of development plans to assist in readying those potential internal successors.



### **Mentoring the CEO**

The new CEO will need mentoring no matter how experienced the leader is. The board chair can help the new CEO in several ways, including:

- Educate the CEO about the community the organization serves, the values of the organization and the community, and things that are most important to the board.
- Meet with the CEO to review lessons learned or opportunities missed.
- Provide introductions to key stakeholders and influential community members or elected leaders whose support is critical to the organization's success.
- Be a sounding board when challenging issues arise. Even if the CEO has long been established in the role when the board chair assumes his or her role, the issues and challenges the CEO faces are constantly changing and evolving, and the chair should be available to the CEO to help think through particularly challenging management issues that carry significant risk to the organization financially, reputationally, or legally. As a former CEO, I know that sometimes, especially with particularly difficult and complicated issues, I may have a perspective that is too narrowly focused. Although a board chair rarely has the technical expertise, it is amazing how often they help the CEO step back and consider some of the broader ancillary issues

and potential impacts, which is incredibly beneficial to the CEO in making a final decision. The board chair must also decide when consultation with the full board is prudent. As a CEO, I always asked myself if the decision I was contemplating were to go wrong, would it likely be picked up by the press and media. If I answered yes, I always consulted with my board chair, and in most cases, with the full board.

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### **Evaluating the CEO**

While the entire board should be involved in evaluating the CEO's performance, the board chair should work with the chief HR executive to ensure that feedback from all direct reports and stakeholders is considered.

Oftentimes, ratings in generic categories (e.g., "leadership" or "demonstrates the values of the organization") are inadequate to judge the strengths and weaknesses of the CEO, and not particularly helpful, nor amenable to providing

## Conflicts of Interest

An important role for the board chair is to review board member's conflict-of-interest questionnaires each year with the director of governance, chief legal officer, or other appropriate persons to be aware of actual and potential conflicts of interest. Although we count on board members to raise conflict issues at the time an issue is brought up, it is helpful for the board chair to also be sensitive to potential conflict issues and to consider in advance how those conflicts will be handled.

the CEO with the detailed feedback that allows for growth and improvement.<sup>2</sup>

After the evaluation, the board chair, and often one or two other board leaders, should meet with the CEO and give very detailed feedback, particularly recalling specific examples to highlight successes and opportunities for improvement. These board leaders can also determine whether they can further help the CEO with mentoring by board members, or whether the CEO would benefit from an executive coach.

## Ensuring Good Governance

### Board Performance

The board chair should charge the relevant board committee (e.g., nominating committee, board development committee, or governance committee) to conduct a periodic assessment of the range of competencies, experiences, and diversity represented by board members to ensure it reflects the needs for the governance oversight of the organization, especially as reflected by the challenges faced by the organization and the evolution of the industry.

The board chair should also ensure that new board members undergo an adequate orientation and onboarding process and that all members of the board receive continuing governance education and training to ensure that the board exercises good governance practices.

Assessing board performance is key to good governance and the board chair plays a critical role in leading this effort as well. The board chair can help drive

the board self-assessment process, as well as individual board member assessments, and use those results to establish board performance improvement goals (ideally, at least every two years).

**T**he chair must ask whether the board is best served by using valuable board time to listen to reports, or whether board members can review written updates in the board materials so more time can be dedicated to board education, strategic discussions, and/or time with the CEO in executive session.

### Tips for Making Meetings More Effective

- Carefully craft and review the meeting agenda—and stick to it.
- Distribute board packets in a timely manner (at least one week before the meeting) and ensure the materials included are the appropriate length and detail.
- Insist that board members come to meetings prepared.
- Ensure that scheduled presenters and presentations are laser-focused on their intended purpose and the associated action as a result.
- Use a consent agenda to avoid redundancy and to keep the meeting moving.
- During discussions, tap into the unique strengths of each board member.

## Productive and Efficient Board Meetings

Meetings are where board work gets done and the chair plays a main role in keeping them productive, on track, and engaging. Below are steps for the board chair to take, in partnership with the CEO and governance support person, to ensure meetings are effective.

**Review the board agenda format** to ensure that the topics reflect where the board should be spending its time. For example, it is not unusual for organizations to have lengthy reports from management to review operational matters and/or from board committee chairs and staff to review past committee meetings. The chair must ask whether the board is best served by using valuable board time to listen to reports, or whether board members can review written updates in the board materials so more time can be dedicated to board education, strategic discussions, and/or time with the CEO in executive session to discuss challenges the CEO is dealing with or advice the CEO might want to solicit from the board.

**Outline the board calendar for the upcoming year.** The board chair and CEO should discuss new developments in the industry and in their market and determine whether board education is indicated. Doing so allows a discussion as to whether that education can be provided by someone on the CEO's team or whether an outside resource will be needed, allowing the CEO time to make arrangements. The board chair and CEO will also want to identify important strategic topics or issues and plan for their presentation at the appropriate time in the upcoming year. Personally, I always dedicated time at each meeting for at least one, and sometimes, two



<sup>2</sup> The Governance Institute's [BoardCompass® CEO Performance Evaluation tool](#) can be utilized by members looking for a thorough assessment that will reliably measure your CEO's performance and accountability against recommended performance measures.

discussions relating to strategy or a strategic issue. Outlining a calendar also gives executives significant advance notice as to when they may be expected to give a presentation to the board, so that their presentations are not hastily put together.

I recommend that the board chair and CEO share the draft board calendar with the board to ensure that these are the topics of greatest relevance and importance to board members. Once finalized, the board chair can check in with board members at least semi-annually to make sure they feel that the board is spending the right amount of time on the right topics and issues.

**T**he board chair should press the CEO to ensure that each page of the board book serves an important purpose and is necessary for informing board members or for aiding them in understanding something to be presented at the meeting.

**Ensure board materials and presentations are high quality and appropriate in length and detail.** Board meetings are only effective when board members have read the board materials in advance of the meeting. Therefore, ask:

- Did we get the board materials out in time (at least a week in advance) so that board members have adequate time to read and reflect on the materials before the board meeting?
- Are the materials the right length and level of detail? One of my favorite quotations is from Blaise Pascal, a French mathematician and philosopher, who wrote, "I have made this longer than usual because I have not had time to make it shorter." The board chair should press the CEO to ensure that each page of the board book serves an important purpose and is necessary for informing board members or for aiding them in understanding something to be presented at the meeting. The board chair should also periodically ask board members whether the board materials are of sufficient quality and whether they contain the right information.

### Asking the Right Questions

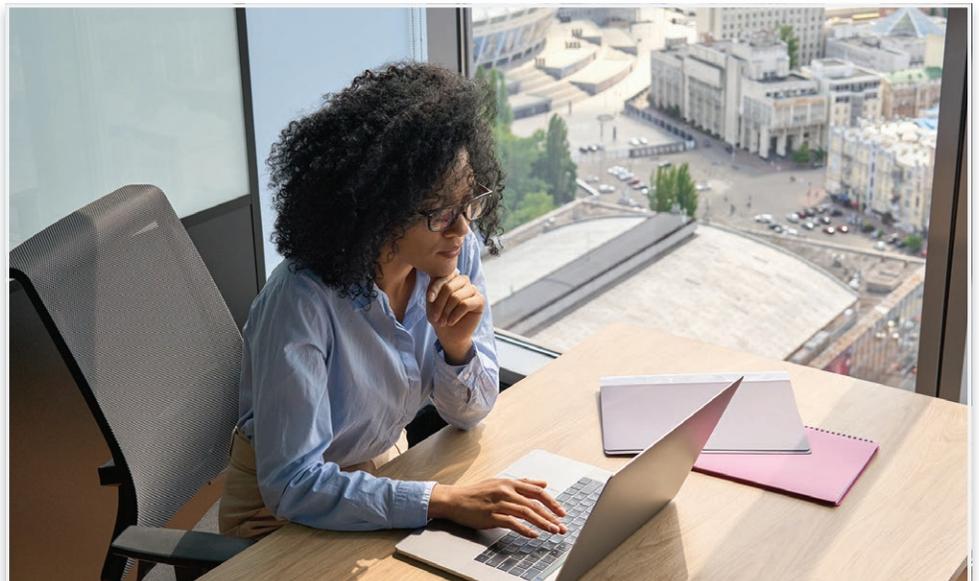
The board chair should always be raising questions that allow the board to stay ahead of potential controversies and crises. For example:

- What is the union activity in our market? Has our organization conducted a risk assessment and provided leader education and training?
- How advanced is our cybersecurity? Do we conduct regular education and testing of our staff for phishing and other potential threats? Are we using multi-factor authentication? Have we done scenario planning and tabletop exercises?
- Have we updated our pandemic plans based on the lessons learned from the COVID-19 pandemic? Are we doing anything to address failures in the supply chain that occurred during the pandemic? Do we have a plan for temporary expansion of bed capacity and staffing if the next pandemic were to involve children disproportionately, or at least in equal measure to adults?
- Is our strategic planning robust enough? Have we adequately informed our staff and physicians and key stakeholders about our strategy? How are we measuring our progress against the plan's timeline?
- Is our Web site easy to navigate? Are we being sufficiently transparent about pricing? Quality outcomes? Hospital-acquired conditions?
- Are we prepared for a weather emergency? How would we preserve staffing levels?
- Do we have adequate plans to deal with drug shortages?

The board chair should regulate any written materials that staff intend to hand out at the meeting. There are on rare occasions good reason for materials to be handed out at a board meeting. However, all too often, handouts result from staff not meeting deadlines for the board book assembly and distribution. That should not be tolerated. Further, if the materials relate to a matter that will be the subject of a board vote, giving these last-minute documents is disrespectful in that there may not be sufficient time for board members to read the documents prior

to the vote. Attempts by board members to hastily read these new materials may require board members to try to do so while a presentation is being made, ensuring that they can give neither their full attention.

The board chair should also work with the CEO to ensure that presentations made to the board are effective. Fewer slides are better and "less is more" when it comes to the slide content. In other words, slides should be clear, ideally making only one or two points per slide, and not jam-packed with



details that make them difficult to read or understand as the presenter is talking and advancing through the slides.

The board chair and CEO need to be the timekeepers to ensure that the board can get through its work; however, it is critical that there is sufficient time for discussion and for board members to ask questions. In fact, the best and most engaging presentations I have participated in are those in which my staff and I ask questions of the board members as we go through the presentation. If every board meeting runs behind schedule, the board chair and CEO need to review to determine whether the board chair is not efficiently managing the time (meetings starting late, board members not returning from breaks on time, etc.) or whether too much information is being crammed into the agenda or insufficient time allotted for board discussion. Then future agendas need to be modified accordingly.

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**Foster engaging board meetings.** Few, if any, people want to sit through an entire day of PowerPoint presentations or lectures. The board chair should strive to promote discussion, especially for strategic issues.

The board chair should make sure that all board members are participating and engaging throughout the meeting, but not necessarily on every topic. One key method to engage board members is for the board chair to consider individual board members' careers and past experiences, especially as to how topics of current discussion might have been dealt with in other industries. As an example, the banking industry went through significant disruption relative to consumerism and online services long before healthcare, and thus, the board chair might engage a banking executive on the board to offer the board insights on lessons learned in that industry.

Executive sessions, if done right, can be the most engaging part of the board meeting. My board chair and I started and ended our board meetings in executive session:

- **Beginning executive session:** This is a great way to make sure board members arrive on time! No one wanted to miss these. As CEO, I would bring up topics of interest (new programs, competitive information, concerns, or challenges I was dealing with, new initiatives, restructuring, succession planning, etc.) and the board and I would have very informal discussion. Without staff, some board members who fear asking a "stupid" question feel much more comfortable asking questions. Without staff present, I also feel more at liberty to expound on sensitive issues or information that I am not ready to share more broadly. This was also the time for board members to raise questions about things they have heard from family or friends or read in the press. These are terrific discussions. We never ended early.
- **Ending executive session:** This was shorter than the initial session. It was an opportunity for board members to ask me questions about presentations earlier in the day that perhaps they did not want to ask in a room filled with staff. It also allowed them to ask questions that might not have occurred to them during the presentation. After finishing answering questions and

making any announcements, I would then be excused so that the board could meet in executive session with the board chair alone. I always think this is a good idea because if the board has any feedback or concerns about me, I don't want that to build up; I prefer they bring it to the attention of the board chair in a timely manner. The board chair maintains a position of trust with the CEO by then meeting with the CEO to review any of that feedback, although most of the time, there likely will be none and that part of the meeting may only last for five minutes.

The role of the board chair is unique and critical to the success of the CEO and the organization. A high-performing CEO will welcome the relationship and partnership with the board chair.

*The Governance Institute thanks David C. Pate, M.D., J.D., for contributing this article. Dr. Pate retired as President and CEO of St. Luke's Health System (Idaho) in 2020. He is currently chairman of the board of trustees for the Idaho College of Osteopathic Medicine and the coauthor of the recently released book: Preparing for the Next Global Outbreak: A Guide to Planning from the Schoolhouse to the White House. He can be reached at [davidcpatemd@gmail.com](mailto:davidcpatemd@gmail.com).*

