

Choosing Directors with the “Right Stuff”

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STUDIES HAVE SHOWN THAT individuals who play action video games make better pilots and surgeons. Are there characteristics that predict which individuals have the “right stuff” to succeed as directors of non-profit healthcare boards?

The question is important as boards take succession planning more seriously and follow various best practices. Many have adopted guidelines describing the areas of knowledge, skills, and personal characteristics they seek from new directors. Many governance committees maintain a prospect list of potential future trustees rather than waiting until a vacancy occurs to think about a replacement.

Here are some of the characteristics that our experience suggests could portend a potential director’s effectiveness:

- 1. Willingness to devote the time required.** It’s so obvious yet it’s often overlooked in the zeal to recruit a talented individual. Articulate expectations and ask for a commitment up front. Make it clear how many meetings a director must attend, the committee service required, and the fact that an orientation and annual board retreat are mandatory, not optional. If directors are expected to support philanthropy, don’t keep it a secret.
- 2. Professional competence in the board’s key areas of responsibility.** Board members who aren’t healthcare professionals can learn about the industry and the organization’s mission, but there is no substitute for first-hand professional accomplishment in key governance responsibilities. For example, a board should have one or more members who, as executives or directors in other organizations, are familiar with selection, evaluation, and compensation of senior executives, so they know how to perform the same function for the hospital or health system CEO.
- 3. Successors for committee chairs.** Every major board committee needs one or two individuals who have the competence to assume the committee chairmanship at any time. Look for new directors who keep the pipeline flowing.
- 4. A passion for the organization and its mission.** Passion is vital to effective governance. Without it, board members are less likely to exhibit the courage and diligence required when the going gets rough. Assess whether the individual’s values and life experiences suggest that he or she is likely to develop a deep sense of commitment for the organization. Pay particular attention to the candidate’s stated reasons for wanting to serve on the board and avoid those individuals who view board membership as an



opportunity to secure business from the organization or fellow board members.

- 5. Understand the difference between governance and management.** Boards set big goals and make major policies and decisions. They think more about the future than the present. They think strategically and know how to oversee operations without usurping management’s authority. They spend time understanding stakeholders’ needs and assessing the organization’s mission effectiveness. Medical staff members who are directors must understand they have a fiduciary rather than a representational responsibility. To assess an individual’s governance “IQ,” look beyond the resumé to performance. Ask CEOs or fellow members on other boards how this individual performed. Did she function at 30,000 feet or 300 feet? Were his relationships with the CEO and other directors collegial or abrasive? Would you put this individual on another board if you had the chance?
 - 6. Help the board understand its community and customers.** Diversity has become such a buzzword that it’s lost its meaning. Why is having a mix of gender, ethnicity, geography, or other demographic factors important? Credibility is a partial answer—a board that doesn’t look like its community may be suspect to its stakeholders. However, a board could be both talented and mirror its community like a digital photo and yet perform dreadfully if its members lack genuine understanding of community needs. A sensitivity to the perspectives of stakeholders—minority groups, the elderly of all races and walks of life, the uninsured, the business community, the medical staff, and so on—is a starting point. A board really needs individuals who ask the right questions and frame policies and strategies that truly serve stakeholders’ needs.
 - 7. Balance the board’s group dynamics.** To function as an effective team, a board needs a mixture of interpersonal working styles. A few contrarians to challenge the prevailing wisdom can be helpful, but a board full of contrarians will drive capable management out the door screaming. At the other extreme, a board full of polite listeners may lack the leadership to raise candid questions or face confrontation when necessary. Seek a healthy mix of leadership styles when recruiting new directors.
- One final thought: student pilots fly simulators before they get jets. Budding surgeons practice under a resident’s watchful gaze. Consider making all new directors’ terms one year—and then assess the director’s “fitness” before granting a full term.