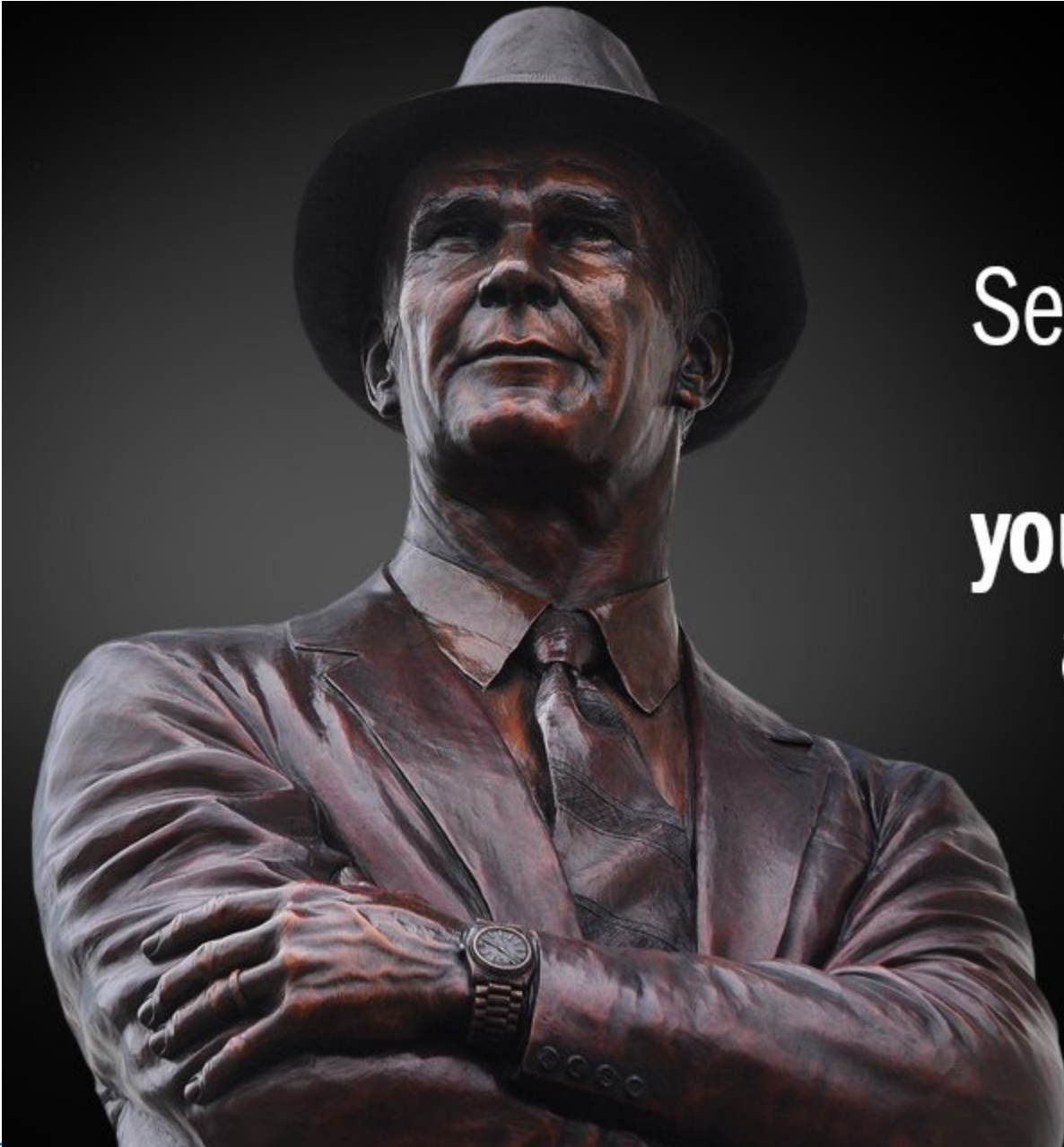


SUCCESSION PLANNING FOR YOUR BOARD

Kimberly A. Russel, FACHE
CEO, Russel Advisors





Setting a **goal is not the main**
thing. It is deciding **how**
you will go about achieving it
and staying with that plan.

– *Tom Landry*

AZ QUOTES

(More) Wisdom from Jamie

“No other characteristic so directly and immediately affects the function of a board than its members.”

- Jamie Orlikoff



Governance Succession Plan

- Board Members
- Board Leadership



Why is board succession planning so difficult?



Succession Plan Elements

- Written policy
- Position Descriptions
- Terms
- Criteria
- Onboarding



The Ideal Board

- Self-perpetuating
- Independent
- Team
- Robust participation
- Specific and differing competencies, skills, backgrounds & life experiences



What is your board's definition of diversity?

- Age
- Gender
- Race/ethnicity
- LGBTQ
- Geographic Environment
- Professional Background
- Life Experience
- Economic



One Opinion...

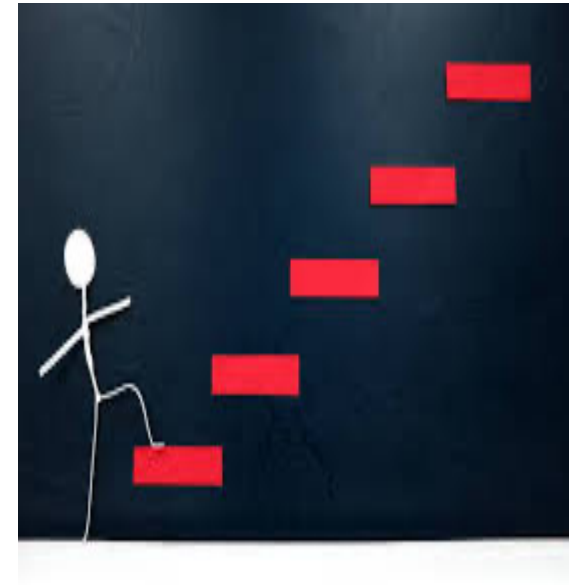
“Do they want me because my last name is Garcia, or do they want me because of my talent? I hope every time I get an offer it is because of my talent.”

- Luis Garcia, MD
President, Sanford
Health Clinic Division
Sioux Falls, SD



Step 1 – The Long Game

- Understand the long-range strategic plan
- Consider: What pathways is the hospital/health system navigating? What is the future vision and goals?



Step 2 – Competency Forecast

- Which board competencies will be essential in the next 3-5 years?



Sample Competencies

- Finance
 - Audit
 - Accounting
 - Insurance/Risk
 - Quality & Safety
 - Community Health
 - Medicine
 - Complex organization leadership
 - And many more!
- Governance
 - Technology
 - Supply Chain
 - Public Health
 - Compliance
 - Nursing
 - Strategy



In your opinion, what are the most essential competencies for trustees?



Step 3 – Current Board Composition

- Competency inventory (completed by each trustee)
- Review of term limits
- Evaluate current board size



The Governance Institute 2021 Survey

- Board Composition:
 - Average board size = 12.9
 - Average trustee age = 58.1
 - Average number of minority trustees = 1.6
 - Average number of female trustees = 3.7
 - Term limits = 64% of boards
 - Independent trustees = 75%
 - Trustee compensation = 12%



Step 4 – Governance Recruitment Plan

- What are the gaps between the two lists of needed vs. current competencies?
- Determine the 1-2 top priorities
- Develop a specific recruitment plan



Recruitment Strategies

- Development of board talent pool
- Out of area recruitment
- Outsource the trustee search
- Intentional outreach & engagement
- CEO role



Public Hospital Recruitment Strategies

- Use all flexibility granted in your state law which governs public boards
- Hold a public meeting to describe the trustee role and needed competencies
- If trustees are appointed, invest in education of appointing body
- Informally identify/approach potential trustees
- Discourage hospital board service as a stepping-stone toward higher elected office

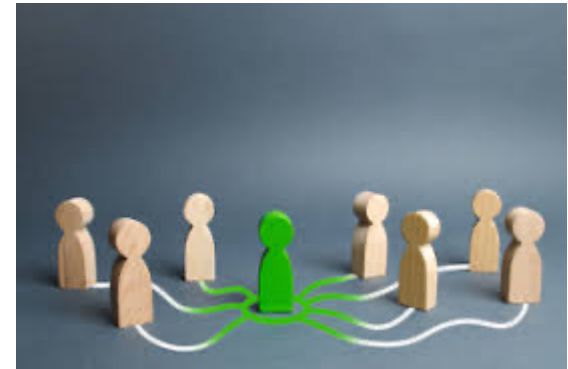


What recruitment strategies have been successful in your experience?



Step 4.5 – Board Leadership

- Ideally, 2-3 deep
- Advance selection
- Education & development plan
- Evaluation & feedback



Does your board evaluate individual trustee performance?



Board Chair Must Haves

- Meeting facilitation skills
- Ability to lead discussion and not dominate
- Suitable time commitment
- Ability to effectively counsel a peer director
- Thought leader partnership with CEO



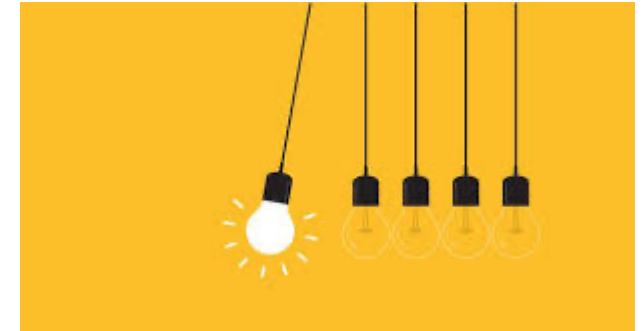
Governance Committee

- Up to speed on long-range strategies
- Members can impact the board long-term – after their individual terms end
- Ongoing prospect-identification mode
- Push for connections between the hospital/health system and new groups and organizations



Takeaways

- Develop a board policy on succession planning
- Governance Committee membership – key!
- Connect the hospital/health system's future strategic pathway with needed trustee expertise
- Seek future board talent from new avenues
- Careful and intentional selection of board leadership



Questions and Discussion

Kimberly A. Russel, FACHE
CEO, Russel Advisors
Russelmha@yahoo.com

*Thank
you*



Additional Resources

- Jared Landaw, “How Diverse is Your Board, Really?”, hbr.org, June 11, 2020.
- Jim Taylor, “Recruiting for Board Diversity – Without Disrespecting People of Color,” blog.boardsource.org, August 31, 2020.
- Kimberly A. Russel, “Rightsizing Your Board,” Texas Healthcare Trustees, Trustee Bulletin, Spring 2021.
- Stanislav Shekshnia, “How to be a Good Board Chair,” Harvard Business Review, March/April 2018.



Additional Resources (continued)

- Kimberly A. Russel, “The Board Chair-CEO Partnership: An Essential Element of Successful Healthcare Organizations,” The Governance Institute, January 2022.
- Pamela Knecht et al, “Coaching: A Critical Tool for Board Chair Development,” TrusteeInsights, January 2019.
- Kimberly A. Russel, “Recruitment Tips to Advance the Diversity of Independent Hospital Boards,” Hospital Focus, The Governance Institute, October 2021.



Additional Resources (continued)

- Kimberly A. Russel, “Recruitment Tips to Advance Rural Board Diversity,” Rural Focus, The Governance Institute, September 2021.
- Paul LeBlanc, “Finding Depth With a Smaller Board,” Trusteeship, May/June 2017.

