A New Rx for Board Succession

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Your Presenters

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Kathy F. Bernhard is a senior consultant with TLD Group, an accomplished executive coach, facilitator and former senior HR executive with 30+ years of experience spanning industries including healthcare, pharmaceuticals, as well as non-profits.

Kathy’s areas of expertise include executive coaching and assessment, the design, development and delivery of senior level leadership development programs, organization development, succession planning and mentoring.

Clients value Kathy’s ability to identify and articulate the core issues preventing individuals and teams from realizing their performance potential, along with her ability to craft tailored development solutions to address these obstacles. They also appreciate her relationship skills and practical, results-oriented approach to solving business problems.
Your Presenters

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Founder and President of The Leadership Development Group, Tracy brings with her a depth of expertise in the field of talent management and leadership development. With broad experience as a senior healthcare executive and consulting partner to Fortune 100 companies, Tracy collaborates with her clients to develop impactful and innovative leadership development and talent management solutions to meet business needs and drive desired change.

As a firm, TLD Group is comprised of a team of leading-edge academicians, talent management consultants, executive and physician coaches, and facilitators who design meaningful solutions to enable leaders, teams and organizations to reach their goals. With a background combining business experience with innovative research on healthcare/physician leadership effectiveness, TLD Group works with leaders to improve performance through succession planning programs, educational workshops, tailored on-site leadership development programs, such as The Applied Physician Leadership Academy©, and tailored individual coaching for physician and healthcare leaders.
Objectives

• Understand the healthcare landscape and its impact on Board composition

• Learn how to assess your Board’s composition strengths and risks

• Review best practice strategies for effective Board succession
Agenda

• The Health Care Landscape
• Board Succession Planning Defined
• Benefits of Succession Planning to the Board
• Best Practices and Tools
The Healthcare Landscape
Healthcare – a VUCA World
The Four Tsunamis of Health Care
1st Tsunami: Red Ink
2nd Tsunami: Big Data
3rd Tsunami: Technology
4th Tsunami: Empowered Individuals
# Healthcare Trends – Impact on Board Composition

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you know the key board competencies necessary to execute on today’s strategy as well as tomorrow’s? What’s different?</td>
<td></td>
</tr>
<tr>
<td>Have you assessed / do you know how to assess your current Board against them?</td>
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<tr>
<td>Have you identified the gaps?</td>
<td></td>
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<tr>
<td>Do you have a strategy to address the gaps?</td>
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Do You Have the Right Board Composition? Your Dream Team?
## It’s a New World

| Boards no longer waiting for issues to come their way; creates new dynamics among directors |
| Boards now expected to “own up” to their accountability for the performance of the organization; accountability more apt to stop at CEO in the past |
| Role of Board has transitioned from passive governance to active leadership with a delicate balance of avoiding micromanagement |
What’s a Board To Do?

ADAPT... or DIE
What is Board Succession Planning?
What is Board Succession Planning?

Deliberate and systematic effort to ensure sustainable leadership capability in key Board positions:

• In the face of changing business conditions and skill requirements

• To maintain organization’s ability to deliver on the strategy and meet its performance goals
Board Succession Planning: The Main Goals

Ensure Board’s capacity to lead in the face of changing conditions

Smooth the transition as directors exit the board and ensure that positions are filled and gaps addressed
- Committee membership
- Board and committee chairs
- Officer positions

Adjust accordingly as internal and external conditions shift
Benefits of a Strategic Board Succession Plan

• Establishes a process to regularly **evaluate Board capability** based on needs and expectations

• Enables Board to create a realistic picture of its **succession health and readiness**

• Positions Board for the future by forcing them **to define required competencies to attain tomorrow’s goals**

• Proactively identifies **development opportunities and gaps** in skills, competencies and experience

• Enables Board to be thoughtful about creating and **developing their successors** to meet the needs of the future

• Creates a **common language and tools** for Board to talk about talent
Best Practices and Tools
Some Useful Tools

• Demographics Inventory
  - Board member names
  - Length of service
  - Expiration of their current term
  - Committee and officer positions held
  - Areas of expertise

• Directors’ Skills Matrix
  - Names on vertical axis
  - Skills / expertise on horizontal axis

• Board Member Success Profiles
Sample Demographics Inventory

<table>
<thead>
<tr>
<th>Name</th>
<th>Years of Service</th>
<th>Term Expires</th>
<th>Committee / Officer</th>
<th>Expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director 1</td>
<td>3 years</td>
<td>2018</td>
<td>Governance</td>
<td>M &amp; A</td>
</tr>
<tr>
<td>Director 2</td>
<td>5 years</td>
<td>2018</td>
<td>Audit</td>
<td>Financial</td>
</tr>
<tr>
<td>Director 3</td>
<td>7 years</td>
<td>2019</td>
<td>Compensation</td>
<td>Talent</td>
</tr>
<tr>
<td>Director 4</td>
<td>3 years</td>
<td>2017</td>
<td>Nominating</td>
<td>Marketing / Branding</td>
</tr>
<tr>
<td>Director 5</td>
<td>7 years</td>
<td>2019</td>
<td>Nominating</td>
<td>Legal, Health Care Industry</td>
</tr>
<tr>
<td>Director 6</td>
<td>5 years</td>
<td>2018</td>
<td>Audit</td>
<td>Financial</td>
</tr>
<tr>
<td>Director 7</td>
<td>9 years (Chairman 6 years)</td>
<td>2017</td>
<td>Chairman</td>
<td>Clinical, Health Care Industry</td>
</tr>
</tbody>
</table>
## Sample Directors’ Skills Matrix

<table>
<thead>
<tr>
<th></th>
<th>Clinical Expertise</th>
<th>M &amp; A Experience</th>
<th>Big Data Analytics</th>
<th>Non-Health Care</th>
<th>IT / IT Security</th>
<th>Marketing / Branding</th>
<th>Talent Mgmt</th>
<th>Financial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director 1</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Director 2</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Director 3</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Director 4</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Director 5</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Director 6</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Director 7</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>
## Sample Success Profile

<table>
<thead>
<tr>
<th>ORGANIZATIONAL IMPERATIVES</th>
<th>RESPONSIBILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Enhancement of hospital reputation as the “safest” hospital in the region</td>
<td>▪ Determine mission and vision</td>
</tr>
<tr>
<td>▪ Continue to build hospital brand within the community</td>
<td>▪ Select and hold accountable CEO</td>
</tr>
<tr>
<td>▪ Achieve hospital’s critical role as a system “feeder” hospital</td>
<td>▪ Support and evaluate the CEO</td>
</tr>
<tr>
<td>▪ Fulfill hospital’s role with transitional care continuum and the system’s ACO</td>
<td>▪ Ensure effective planning</td>
</tr>
<tr>
<td>▪ Increase market share</td>
<td>▪ Monitor and strengthen programs and services.</td>
</tr>
<tr>
<td>▪ Focus workforce on the Total Patient Experience</td>
<td>▪ Ensure adequate financial resources</td>
</tr>
<tr>
<td>▪ Align community physicians to support hospital mission, strategy and goals</td>
<td>▪ Protect assets and provide proper financial oversight</td>
</tr>
<tr>
<td>▪ Ensure integration of processes with medical staff</td>
<td>▪ Ensure legal and ethical integrity</td>
</tr>
</tbody>
</table>

### COMPETENCIES

#### Interpersonal Skills
- Communicates with impact
- Patient/Client Centric
- Cultivates collaborative relationships across boundaries
- Builds trust

#### Leadership Skills
- Leads through vision & values
- Change champion
- Effective delegator
- Builds team & organizational bench strength
- Drives culture of Accountability

#### Business/Management Skills
- Healthcare Financial Acumen
- Operational Decision making
- Mobilizes resources across boundaries

#### Personal Attributes
- Drive for results
- Adaptability
- Reads the environment
- Managerial courage
- Learning agility
- Approachability
# Sample Success Profile

## KEY SUCCESS FACTORS

- Engages CEO and C-suite
- Quickly gains the trust of board members and hospital executives
- Works well across traditional boundaries
- Has senior management & organizational support
- Understanding of healthcare environment

## KEY DERAILERS

- Not self-aware or open to feedback
- Compromises on ethical issues for short term gains
- Micromanagement of staff
- Avoids confrontation – backs off difficult decisions, is too nice, protects people or too thin-skinned
- Frequent problem escalation
- Poor organizational fit
- Lack of senior management & organizational support
- Not championing & living the quality standards

## LEADERSHIP STYLE & ORGANIZATIONAL CULTURE

- Puts the success of hospital ahead of own aspirations
- Empowers others while monitoring progress and consistently providing performance feedback & coaching
- Displays the right balance of patience and urgency to allow strategies enough time to develop and to deliver agreed upon results.
- Demonstrates an energetic, adaptive and optimistic approach to the challenges
- Shows ability to think creatively and take appropriate risks
- Deals well with ambiguity

## FOUNDATIONAL EXPERIENCES

- Senior leadership experience
- Working effectively across industries
- Successful experience in a team, results-oriented environment
- Ability to develop operational systems that provide high quality patient care experience while achieving financial results
- Depth of experience in one of more of the following: clinical, M&A, data analytics, non-healthcare, IT, marketing/branding, talent management, finance
- Demonstrated ability to hold others accountable
Best in Class Board Succession Practices

- Review strategy and implications
- Assign Board Nominating Committee
- Build a future-focused success profile
- Assess and develop current Board members
- Identify pool to address current gaps and future needs
- Narrow the field
- Select new Board members
- Onboard and make a successful transition
Characteristics of High Performing Hospital Boards

• Optimal “zone” for board turnover
• Robust succession planning process in place
• Boards average 14 voting members
• Composition includes physicians and nurse leaders
• Adoption of a proactive role and active engagement in governance work
• Willingness to evaluate performance objectively, commit to high standards, and readiness to make change
• Regular self-evaluation
  ➢ What it does?
  ➢ How it does it?
Self-Assessment Questions for the Board

• Has our Board found it difficult to identify new board candidates? If so, why is this occurring?
• What is our Board’s current process for recruiting and selecting new members?
• When was the last time we critically examined our process for bringing new trustees onto the Board?
• What have we done to improve our process and our chances for attracting the best candidates for Board service?
• What is our turnover rate? Is it optimal?
• Are we, as a Board, willing to try a new approach?
Final Thought: The Call to Action

• How do we figure out what our board needs?

• Are we periodically asking:
  ➢ If we were the owners, what expertise would we need to govern?
  ➢ How do we expect that will change in the next few years?
Questions?

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