

SAMPLE BOARD COMPOSITION POLICY

Policy Number: _____

Subject: Board and Committee Composition and Succession Planning

Effective Date: _____

Review / Revision Date: _____

POLICY

Consistent with the significance ABC Health System (ABC) has placed on the board of directors, it is essential that the board be composed of individuals of high moral standards and supportive of the ABC mission and vision.

The ABC board of directors will promote effective governance by using an explicit, criteria-based process for the recruitment, selection, and reappointment of well-qualified individuals to serve on the board and standing committees of the board that allow for non-board members to serve.

The board is responsible for ensuring that boards and committees at ABC are composed of individuals drawn from a cross-section of the communities and constituencies served by the system and who bring to their responsibilities:

- Commitment to the mission of the health system
- Personal integrity
- Leadership qualities
- Competencies (i.e., areas of knowledge, skills and perspectives) that contribute to effective governance
- Diversity of geographic representation, gender, age and ethnicity that help the board to understand and connect with the populations the health system serves.

PROCEDURES

1. **Responsibility and Authority.** It is the Governance Committee's responsibility to bring to the ABC board its recommendations with regard to the appointment and reappointment of board and committee members and officers. The ABC board has the final decision making authority regarding appointment and reappointment.
2. **Terms and Term Limits.** It is the policy of the system to encourage a regular infusion of new individuals who bring fresh thinking, needed skills and current constituent perspectives to the boards. A board member may be elected for up to three consecutive three-year terms and then must be off the board for at least one year before becoming eligible for election to that board.

3. **Development of Composition Guidelines**. On an annual basis, the Governance Committee will establish or reaffirm existing size, composition, competency and diversity selection criteria to guide the recruitment, appointment and reappointment of trustees and committee members.
4. **Competency-based Composition**. The Governance Committee and the board will use the selection criteria and desired competencies as guidelines for recruitment, appointment and reappointment of board and committee members.
5. **Skills Assessment of Current Membership**. Using the selection criteria and competencies, the Governance Committee will develop and review a background/skills inventory of the boards' and committees' current composition and anticipated vacancies and will identify particular competencies or diversity characteristics to look for in new members.
6. **Role of the Full Board and CEO**. The recruitment, selection and reappointment processes will be led by the Governance Committee, with support from the CEO, the full board, and the board chairperson. All board members are encouraged to recommend candidates possessing the competencies for consideration by the Governance Committee. A Nomination Form should be submitted to the board chairperson or the Governance Committee chairperson. The board chairperson and CEO are expected to work actively with the committee to identify and review prospective members.
7. **Prospective Members**. The Governance Committee will review prospective board and committee candidates and develop a "short list" of 3 – 5 potential members.
8. **Interviews/Meetings with Prospective Members**. The Governance Committee will designate the board chairperson, Governance Committee chairperson, CEO or other board members (the interview team) to meet with prospective candidates.
 - The board chairperson contacts each potential member via phone regarding their interest in becoming an ABC board member.
 - The interview team members will meet with interested individuals and share a board job description and board expectations agreement that specifies the responsibilities and expectations of a board and/or committee member.
 - The interviewers will assess the prospect's interest and qualifications against the competencies needed by the board or committees. The potential board member will be scheduled to meet with in-house legal counsel to discuss potential conflicts of interest. The interview team will make a recommendation to the Governance Committee.
 - The Governance Committee may ask for additional information as appropriate (e.g., detailed resume, references, confirmation of experience reported, and more).
 - The Governance Committee may elect to have background checks performed on prospective candidates.

9. **Nomination of Board and Committee Members.** The Governance Committee will recommend a slate of candidates, in consultation with the CEO and after a careful review of qualifications, for approval by the full board.
10. **Reappointment of Board Members.** The Governance Committee will evaluate the performance of members who are eligible for reappointment. This review will include: attendance, participation, interpersonal relationships, compliance with policies on conflict of interest and confidentiality, philanthropic contributions, and community outreach. The committee will also consider whether the member brings a competency that is still needed on the board or a committee. Based on this review, the Governance Committee will determine if the member should be recommended for another term and if so, will verify the member's interest in serving another term prior to forwarding the nomination to the full board.
11. **Succession Planning for Board Leaders.** The Governance Committee will recommend a slate of officers and committee chairpersons to the board for election annually. To promote leadership excellence, the committee will establish and conduct a succession planning process for board leaders that will include:
 - Identifying essential competencies for the board officers and committee chairpersons
 - Developing board leadership position descriptions
 - Assessing the capabilities and interest of current members to assume leadership positions
 - Recruiting individuals with the ability to become the board chair, an officer, or a committee chair
 - Identifying the need for further education and development to help a trustee prepare to assume a leadership position in the future

The committee will conduct a formal succession planning discussion at least annually.

BOARD/COMMITTEE MEMBERSHIP COMPETENCY GUIDELINES

UNIVERSAL COMPETENCIES ... Personal qualifications required of ALL board and committee members

- Commitment to ABC's mission, values and vision and to the communities and constituents served
- Willingness to devote the time necessary to governance work, including attending at least 75% of meetings and participating in board/committee education, community events, fund raising activities, advocacy initiatives, and more
- Willingness to attend an annual governance retreat
- Understands the difference between governance and management roles
- A demonstrated capability to exercise such attributes as:
 - Leadership
 - Visionary, strategic thinking
 - Systems thinking
 - Sound and independent judgment
 - Ability to understand complex issues
 - Ability to view issues globally and objectively, and act based on the best interests of the organization and its mission
 - Personal integrity, including adherence to fiduciary duties and no material conflicts of interest that would prevent the individual from discharging his or her responsibilities
 - Respect for confidentiality
 - Good communication skills
 - Good interpersonal relationship skills

COLLECTIVE COMPETENCIES ... Should be present in the board AS A WHOLE, and present in one or more, but not necessarily all, members

- High level executive in a corporation, academic institution or community service organization
- Knowledge of, and/or ties to, the communities and consumers served by the system
- Financial management expertise, especially in not-for-profit health care
- Business management experience
- Investment expertise
- Audit / public accounting expertise
- Compliance expertise, especially in healthcare
- Medical / clinical background
- Experience in nursing or public health
- Quality/safety and/or process improvement expertise (in or outside the health industry)
- Enterprise risk management expertise
- Organization development / human resource management experience
- Information technology expertise in complex organizations
- Legal background, especially with not-for-profit organizations
- Strategic planning expertise
- Public policy / advocacy experience and contacts

- Corporate governance expertise
- Health care insurance / payor expertise
- Health care industry knowledge
- Philanthropic expertise
- Individuals who broaden the board's diversity of geographic representation, ethnicity, race, gender or age