Competency–Based Governance:
A Foundation for Board and Organizational Effectiveness

Monograph Series

Competency–Based Governance:
A Foundation for Board and Organizational Effectiveness

The American Hospital Association's
CENTER FOR HEALTHCARE GOVERNANCE™

Blue Ribbon Panel on Health Care Governance

Acknowledgements

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Report At-A-Glance

The 2007 report of the Blue Ribbon Panel on Health Care Governance focused on building a foundation for exceptional governance and included several tools and practices to help boards move from good to great performance.

The Blue Ribbon Panel on Trustee Core Competencies was convened in 2008 to build on the earlier panel's work:

- to identify individual board member core competencies common to different types of boards that can be used to improve board and organizational performance; and
- to provide guidance and direction for the field in developing educational and other resources that can be used to apply these competencies to the work of hospital and health system governing boards.

Panel members drew on their own experiences and reviewed work done by others to develop board and leadership competencies for both for-profit and not-for-profit organizations. The panel then identified two sets of trustee core competencies for board members of hospitals and health systems.

Knowledge and Skills
- Health Care Delivery and Performance
- Business and Finance
- Human Resources

The panel recommended that all boards, regardless of the type of hospital or system they govern, should include some members with these knowledge and skills competencies.

The panel further recommended that the competencies included in the list below should be sought in all board members.

Personal Capabilities
- Accountability
- Achievement Orientation
- Change Leadership
- Collaboration
- Community Orientation
- Information Seeking
- Innovative Thinking
- Complexity Management
- Organizational Awareness
- Professionalism
- Relationship Building
- Strategic Orientation
- Talent Development
- Team Leadership

In addition to developing individual board member competencies, the panel also considered what makes a board an effective team and identified tools and resources to help boards begin to apply competencies to health care organization governance.

Lastly, this report also includes recommendations for boards, educators and researchers to carry the panel's work forward to help the field better understand and practice competency-based governance.

Introduction

Competence is a concept we're all familiar with. Most of us have been in conversations where people say, "I really admire her. She's so competent," or "They've mishandled this situation badly. They're just plain incompetent."

If we were to ask others why they believe people are competent, they might focus on someone's knowledge or skills and say, "She knows so much about finance and investments," or "There's not a thing that's broken that he can't fix." But, we might be even more likely to hear, "She communicates so well. She makes everything easy to understand," or "He can solve any problem, big or small," or "She's a real team player." These observations focus more on people's behavioral abilities, rather than simply on what they know or tasks they can perform.

These answers tell us that true competence is more complex than we may have thought. It is more than just having specific knowledge, skills or other characteristics. It also has a lot to do with how we behave when we're in certain situations or when we perform various tasks or jobs, as well as how we work together with others in reaching decisions or meeting goals.

For almost 50 years, competencies—the combination of knowledge, skills, personal characteristics and behaviors needed to effectively perform a job—have been used to identify, develop and manage human resources in a variety of organizations. However, recently competencies have received more attention because of their potential to increase both personal and organizational success. A growing body of research is beginning to connect competencies to both individual and organizational performance in many sectors including health care. This link is motivating interest in competency-based selection and development of people in roles outside of the workforce, including service on both for-profit and not-for-profit governing boards.

In the wake of corporate failures calling for greater board effectiveness and accountability, competencies are beginning to be applied to board work because of their capacity to improve performance. For several years, competencies have been used in health care governance at the individual level, although most boards tend to focus only on certain aspects of competency, such as professional knowledge and skills. Few boards systematically look for or develop in their members aspects of competency that have to do with behavior, both individual and social. This behavioral aspect of competency is important because it not only helps people more clearly demonstrate their knowledge and skills, but can also support effective team work, which research indicates is linked to better board and organizational performance.

In the fall of 2005, the Health Research & Educational Trust (HRET) with funding and support from Russell Reynolds Associates and the

Center for Healthcare Governance, convened a blue ribbon panel to identify issues critical to board effectiveness. The panel's work also focused boards on their accountabilities to stakeholders for achieving the hospital's mission and goals; overseeing financial, quality, safety, CEO and leadership performance and for ensuring continuous improvement of governance performance as well. The 2007 report of the Blue Ribbon Panel on Health Care Governance focused on building a foundation for exceptional governance. It also included several tools and practices to help boards move from good to great performance.

The Blue Ribbon Panel on Trustee Core Competencies was convened in 2008 by the Center and HRET, with funding from Hospira, to build on the earlier panel's work by focusing on what makes individual trustees, and boards, successful.

The charge of the Blue Ribbon Panel on Trustee Core Competencies was:
- to identify individual board member core competencies common to different types of boards that can be used to improve board and organizational performance; and
- to provide guidance and direction for the field in developing educational and other resources that can be used to apply these competencies to the work of hospital and health system governing boards.

Over several months the panel gained a deeper understanding of competencies and their value and how they are being used at both executive and board levels in health care and other sectors. The panel reviewed a variety of leadership and governance competencies in the context of board

work in hospitals and systems and identified a set of board member core competencies applicable to all boards, regardless of the type of health care organizations they govern.

This report presents the panel's findings and explores new ways for boards to look at and begin to apply individual trustee core competencies. It also discusses the critical importance of boards as effective teams and suggests how they can better understand and begin to assess their performance as a group.

Recommendations for further exploration of the ideas presented here also are included for:
- boards and those who work with them;
- educators who want to develop competency-based programs and other resources for boards; and
- researchers interested in further studying and validating governance competencies and their impact on both board and organizational performance.

This report includes appendices that show how boards of systems, community hospitals, rural hospitals and other types of health care organizations are using competencies in their work. The appendices also include a sample tool that can help boards begin to apply the individual trustee competencies identified by the panel to board member recruitment and selection.

How to Use This Report
The panel believes that trustee core competencies should be integral to all board practices. This report suggests how boards can apply competencies to their work and calls for additional education,

research and development of tools and resources to further support their adoption and use.

Board Nominating Committees and other groups that appoint trustees will find this report useful in understanding how competencies can help them better identify the best candidates for board service. Governance Committees can use this report to identify competency strengths and weaknesses among board members and develop education programs, mentoring and other resources to build greater board member competency over time. Board and committee chairs can use competencies to help select committee members and to identify and develop future board leaders. Competencies can also be used to establish board policies designed to foster and develop them so that they

become a thread that strengthens the tapestry of effective governance.

Comparing their practices to the competency–based approaches suggested in this report will help boards gauge how far they have come on their journey to better governance. The panel encourages all boards to adopt the tools and approaches suggested in this report and to share their knowledge and experience in applying them with the Center for Healthcare Governance. The Center will then share these results more broadly with the field. In this way, boards nationwide will have access to knowledge, tools and resources to make board service more meaningful and rewarding and ultimately, to make a more valuable and lasting contribution to the stakeholders and communities they serve.

The Case for Competence

A growing interest in competency-based governance is not surprising. In fact, ample evidence strongly suggests a compelling need for it. Failures of organizations such as Enron, Tyco and the Alleghany Health, Education and Research Foundation have focused a spotlight on boards and the way they govern and prompted a variety of reforms and mandates aimed at improving board performance and accountability. The Sarbanes-Oxley Act at the federal level and more recent mandates requiring trustee education in states such as New Jersey and New York are but a few examples.

The ripple effect of these corporate and nonprofit failures has been profound. Major donors are now paying more attention to the governance of the organizations they fund. State attorneys general are looking at board practices related to hospital CEO compensation, use of charitable assets and billing and collection practices. And, bond rating agencies are reviewing the quality of governance in assessing hospital and health system creditworthiness. Voluntary trustee certification is on the rise as well, with programs now being developed and/or implemented by hospital associations in states such as Tennessee, Texas, Minnesota, and Georgia.

The corporate failures of the last decade also are reshaping traditional perspectives on what it means to govern well. It is now clear that the boards of many failed organizations were composed of very knowledgeable, capable individuals who were unable or unwilling to prevent these disasters. This realization, and a growing body of research linking effective board and organizational performance, are motivating us to look beyond traditional notions of board composition or structure as the keys to good governance to also examine board culture and what makes boards work together as effective teams (Sonnenfeld, 2002) (McDonagh, 2006).

Understanding the characteristics of effective board culture and teamwork will become more and more important as the work of hospitals and systems grows more complex. This increasing complexity requires boards to simultaneously address multiple, challenges and to govern at levels of detail that used to be considered "micromanagement," indicating the need for new or deeper governance competency, as well (Orlikoff and Totten, 2008).

Yet, despite greater clarity about factors that contribute to better board performance, health care trustees are often appointed without a clear understanding of the job they are supposed to perform and without receiving any written information about their roles, responsibilities, expectations and accountabilities. As Jim Small formerly of Ascension Health suggests, health care trustees are generally asked to serve for their influence or affluence rather than on the basis of predetermined competencies. "Because this is so," he says, "many boards are made up of very bright, able people whose skills and experience do not match up with the board's needs. In these cases, the board turns out to be a whole that is less than the sum of its parts….Boards should, in fact, be competency-based." (Small, 2000).

Understanding Competency

Research and writing about competency tells us that true competence is a combination of several components required for effective job performance (see Figure 1).

For its purposes, the panel defined competency as the combination of knowledge, skills, personal characteristics and individual and social behaviors needed to effectively perform a job.

Competencies also can be categorized as threshold and differentiating. Threshold competency is the generic knowledge, skills, characteristics and behaviors essential to job performance, but not causally related to superior performance. Threshold competencies are considered the minimum necessary for performance on the job and can apply to the same job industry-wide. For example, all airline pilots, regardless of the type of aircraft they fly or the airline they fly for, must have certain competencies to be successful in performing their jobs (Simpson, HRSG). Competencies are considered differentiating when they relate to superior job performance for a specific type of organization. Differentiating competencies are not generic.

Experts suggest that threshold competency is often assumed and checked by asking a few questions. However, they caution that to appropriately match needed competencies to a specific job, assuming competence or asking the wrong questions to verify it can produce unsatisfactory outcomes and may even result in under-performance or more serious negative consequences.

Experts also emphasize two aspects of competency critical to understanding and effectively applying it in the real world. The first is that competence is not related to the individual, but rather to performance of a task or job. In fact, it is meaningless to talk about competency outside of this context.

The second aspect of competency relates to behavior. The literature suggests that competencies

Figure 1: Definitions of Competence

1. A person's ability or capacity to undertake a particular task or job (Sapre, 2002)

2. The knowledge, skills and ability required to be successful in the job (Simpson, HRSG)

3. A cluster of related knowledge, attitudes and skills that affects a major part of one's job and correlates with performance on the job (Lee and Phan, 2000).

4. A complex combination of underlying characteristics. A window through which one can glimpse a person's capability. (Loughlan, Centerpoint for Leaders)

5. An underlying characteristic of an individual that is causally related to criterion referenced to effective and/or superior performance in a job or situation (McClelland in Sapre 2002)

are linked to deep, enduring aspects of an individual's personality that can predict or cause behavior and performance. They indicate ways people are able to think and generalize across situations. True competencies focus on intentional behavior, rather than simply on a person's knowledge, skills or other personal characteristics and abilities. After all, even the most brilliant or highly skilled people bring little value to a board unless they translate that knowledge and skill into action that supports both board and organizational effectiveness. Therefore, a person's behavior provides a lens through which others can better understand how competent that person really is.

The bottom line: competency is both job- and behavioral-based. These two aspects of competence can help us better understand and apply competencies to improving both individual board member and full board performance. They also can help shed light on how this level of understanding differs from the way competencies are viewed and used in health care governance today.

Developing and Using Competencies

Developing competency models is a rigorous process that involves several steps: identifying job roles and responsibilities; collecting and analyzing data on both average and superior performers using behavioral-based tools and approaches; and then developing, testing and validating the model both in and outside of a given industry. Competency development also should consider those needed for both current and future success.

The good news is that several sets of behavioral competencies have already been developed for governing and leading for-profit and nonprofit organizations. Several sets of these competencies are discussed here and provide a basis for identifying core competencies and applying them to the work of health care organization board members and boards.

Individual Board Member Competencies

In their article "Competencies of Directors in Global Firms: Requirements for Recruitment and Evaluation", Lee and Phan (2000) discuss 12 groups of "supra-competencies" for corporate directors: strategic perspective, business sense, planning and organizing, analysis and judgment, managing staff, persuasiveness, assertiveness and decisiveness, interpersonal sensitivity, communication, resilience and adaptability, energy and initiative, and achievement motivation. They also identify six additional specific competencies important for effective governance of global firms: managing competitiveness, managing complexity, managing adaptability, managing teams, managing uncertainty, and managing learning.

The National Center for Healthcare Leadership (NCHL)'s Health Leadership Competency Model is based on research that identified 26 competencies for practicing health leaders in administrative and clinical positions. The model defines competencies as the technical and behavioral characteristics that leaders must possess to be successful in positions of leadership across the health professions. NCHL's model includes both baseline (threshold) and distinguishing competencies. NCHL competencies are scaled into three to six levels, indicating the progression individuals can make from novice to expert.

NCHL's model takes into account both current and future health care challenges, including:
- The emergence of a global health care system focused on wellness and preventive care;
- The transition of treatment from disease management to prevention or minimalization;
- The exacerbation of rising costs, resource allocation and priority-setting as baby boomers become senior citizens around 2020;
- The need for a customer-focused environment fueled by patients taking more control over their personal health decisions;
- Most Americans receiving care from specialized centers for chronic disease;

- Diagnostic processes enabled by electronic data collection and monitoring devices that patients can use at home.

The model incorporates benchmark data from other health sectors and insurance companies and composite leadership competencies from a group of global corporations. NCHL believes that competencies require continuous re-evaluation and updating as the environment changes.

While its competencies are not specific to health care boards, NCHL and other experts suggest that competencies for leaders and executives could be adapted for use by governing board members, although additional research would be needed to determine the relationship between board member competencies and trustee performance.

Collective Board-Level Competence

Research on nonprofits including colleges and universities and further studies involving health care organizations indicates that effective boards are distinguished from less effective ones in six areas of competence:

1. Contextual dimension—understanding and valuing the institutional history and context

2. Educational dimension—building the capacity for board learning

3. Interpersonal dimension—nurturing the development of the board as a cohesive group

4. Analytic dimension—recognizing the complexities and nuances of issues

5. Political dimension—respecting and guarding the integrity of the governance process

6. Strategic dimension—envisioning and shaping future institutional directions.

Ascension Health also has developed a set of Board Competencies and Benchmark Behaviors. They include: Mission, Vision and Values Integration; Strategic Leadership; being Results-Oriented; Relationship Building and Contributions to Board Performance. The behaviors associated with given competencies are critical to clearly understanding them. They also play a role in accurately assessing whether individuals have specific competencies and in creating tools and resources to develop them. Ascension's competencies also have been applied to board chairs and organizational leaders, with benchmark behaviors reinterpreted for organizational leadership roles.

Identifying and Using Trustee Core Competencies for Health Care Governance

The work described above has many implications for development of health care governance competencies. In considering these implications it is important to keep in mind that competencies are composed of several components, including knowledge, skills, personal characteristics and individual and social behaviors. They also relate to performance of a specific job, are behaviorally based, and can and should help improve performance.

While significant work has been done to identify individual board member competencies, less focus has been given to developing competencies for the board as a team. Therefore, the panel expanded its charge and not only identified competencies for individual board members but also characterized how the full board might function at different levels of proficiency within the six board competency dimensions discussed above on page 15. The panel believed that additional focus on effective board culture and teamwork in governance research and practice will improve the board's performance as a whole. This focus can also help identify and leverage individual competencies to further support better overall board performance, as well.

Core Competencies for Individual Board Members

For several years health care organization boards have considered components of competency in identifying and developing their trustees.

Appendix 1 shows the Board Leadership Continuity and Growth Plan for Texas Health Resources (THR). The plan includes matrices profiling the current and anticipated professional backgrounds, skills and demographic diversity of THR trustees to help determine future board membership needs. Many boards use similar profiling techniques to identify their current mix of trustee professional expertise, skills and demographic characteristics (gender, age, race and ethnicity, geographic location, etc.). They then compare the current profile against the organization's strategic priorities, identify gaps and recruit and develop new board members to fill them.

The panel affirmed that specific professional knowledge, experience and skills are needed to effectively govern different types of health care organizations. These competency components will vary among public and private hospitals, national and local systems, and urban academic medical centers and rural community hospitals, depending on an organization's individual needs and priorities. However, the panel suggested that all boards, regardless of the type of health care organization they govern, should include some members with the professional knowledge and skill competencies and associated behaviors described on page 17.

The panel also emphasized that competency-based governance goes beyond ensuring that a board is composed of individuals with diverse professional

Board Member Core Competencies: Knowledge and Skills

Health Care Delivery and Performance

Has the knowledge and skills to:

- Track measures of quality, safety customer satisfaction, financial and employee performance.
- Ensure patient and customer satisfaction scores, as well as demographic and epidemiological statistics, are used to set organizational priorities, plans and investments.
- Monitor and evaluate organizational success by tracking community wellness and clinical performance against benchmarks.
- Anticipate community needs.
- Ensure close adherence of performance to the Institute of Medicine Six Aims: to provide care that is safe, timely, effective, equitable, efficient and patient-centered.
- Advocate for care decisions that are evidenced-based.

Business and Finance

Has the knowledge and skill to:

- Guide development of long-term plans for funding growth and development.

- Oversee development of revenue sources and understand their financial implications.
- Consider the impact of reimbursement and payment systems when assessing management alternatives.
- Oversee development of long-term capital spending for renovation and expansion of facilities, equipment and services.

Human Resources (employees, physicians, volunteers, etc.)

Has the knowledge and skill to:

- Ensure human resource functions are aligned to achieve organizational strategic outcomes.
- Ensure that recruitment and selection, job design and work systems, learning and development, reward and recognition and succession planning are aligned to encourage behaviors and performance needed today and into the future.

Source: Adapted from NCHL Healthcare Leadership Competency Model, 2005

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knowledge, skills and experience who have the time and interest to serve. While these criteria are useful, true competence requires that board members also possess personal capabilities and behaviors that demonstrate how they have or would apply their specific knowledge, skills and perspectives to board work to meet the organization's needs and further its goals. These

personal capabilities and the behaviors that express them transcend the differences among boards and also should be viewed as core competencies common to all boards.

Keeping in mind that competencies are job-based, the panel reviewed basic job descriptions for the board of a freestanding hospital, a system board

and the board of a hospital in a system that appear in Appendix 2. Mindful of its charge to develop core competencies that could be applied across different types of boards and seeking to build on and adapt existing competency work, the panel compared several sets of the existing board and leadership competencies described above with the board job descriptions in Appendix 2. The panel then identified the set of personal core competencies for health care board members and the behaviors associated with them that appear below. Appendix 4 beginning on page 47 of this report shows how these personal core competencies can be applied to one board practice: trustee recruitment and selection.

The panel believed that these basic competencies would be valuable for members of all hospital and health system boards. Unlike professional knowledge and skill competencies that would reside in some, but not all, board members, competencies focused on the personal capabilities described below would be sought in all board members or board candidates.

Experts suggest that not every board member needs to exhibit all necessary competencies upon joining the board. Rather, the goal is to ensure that the board, as a whole, encompasses all needed competencies and further develops them among all board members.

Board Member Core Competencies: Personal Capabilities

Accountability: guides creation of a culture of strong accountability throughout the organization; appropriately and effectively holds others accountable for demanding high performance and enforcing consequences of non-performance; accepts responsibility for results of own work and that delegated to others.

Achievement Orientation: ensures high standards are set and communicated; makes decisions, sets priorities or chooses goals based on quantitative inputs and outputs, such as consideration of potential profit, risks or return on investment; commits significant resources and/or time in the face of uncertain results when significantly increased or dramatic benefits could be the outcome.

Change Leadership: maintains an eye on strategic goals and values during the chaos of change; exhibits constancy of purpose, providing focused, unswerving leadership to advance change initiatives; demonstrates quiet confidence in the progress and benefits of change; provides direction for overcoming adversity and resistance to change; defines the vision for the next wave of change.

Collaboration: promotes good working relationships regardless of personal likes or dislikes; breaks down barriers; builds good morale or cooperation within the board and organization, including creating symbols of group identity or other actions to build cohesiveness; encourages or facilitates a beneficial resolution to conflict; creates conditions for high-performance teams.

Board Member Core Competencies: Personal Capabilities

Community Orientation: advocates for community health needs at community, state and federal levels; engages in meaningful actions at the national level to move recognized priorities forward; partners across health constituencies to create a coordinated and dynamic health system that meets long-term health and wellness needs; understands needs of health stakeholders and pushes their agenda forward.

Information Seeking: Asks questions designed to get at the root of a situation, a problem or a potential opportunity below the surface issues presented; seeks comprehensive information; seeks expert perspective and knowledge; establishes ongoing systems or habits to get information; enlists individuals to do regular ongoing information gathering; encourages adoption of best practices from other industries.

Innovative Thinking: makes complex ideas or situations clear, simple or understandable, as in reframing a problem or using an analogy; fosters creation of new concepts that may not be obvious to others to explain situations or resolve problems; looks at things in new ways that yield new or innovative approaches—breakthrough thinking; shifts the paradigm; starts a new line of thinking; encourages these behaviors in others.

Complexity Management: balances tradeoffs, competing interests and contradictions and drives for the bigger, broader picture both to reach resolutions and expand one's knowledge; exhibits highly developed conceptual capacity to deal with complexities such as expanding markets; understands the vision, mission and strategy and their implications for the organization's structure, culture and stakeholders.

Organizational Awareness: becomes familiar with the expectations, priorities and values of health care's many stakeholders; recognizes internal factors that drive or block stakeholder satisfaction and organizational performance; addresses the deeper reasons for organization, industry and stakeholder actions, such as the underlying cultural, ethnic, economic and demographic history and traditions; uses these insights to ensure organizational leaders are building long-term support for creating local, regional and national integrated health systems that achieve a national agenda for health and wellness.

Professionalism: develops governance roles/values compatible with improving population and individual health; ensures that the organization values and exhibits professional, patient- and community-oriented behaviors; commits to addressing the health and wellness needs of the total population, including adopting new approaches that address diverse cultural attitudes about health; ensures organizational stewardship and

Board Member Core Competencies: Personal Capabilities

accountability for honesty and fair dealing with all constituents.

Relationship Building: Builds and maintains relationships with influential people in the health care field, the community and other constituencies that involve mutual assistance and support.

Strategic Orientation: understands the forces that are shaping health over the next 5 to 10 years; helps shape the organization's vision and future direction; aligns strategy and resource needs with the long-term environment and guides positioning the organization for long-term success; develops a perspective on long-term health and wellness trends and developments that is respected by colleagues and leading policymakers; helps shape competitive positioning for the organization and the industry through policymaking forums and industry–specific groups.

Talent Development: holds management accountable for developing people in the organization; ensures that succession plans for the CEO and senior leaders are robust and current; serves as a coach and mentor within the board and organization as needed and industry–wide to develop health care talent.

Team Leadership: establishes and models norms for board behavior; takes appropriate action when board members violate the norms; works with board members to gain their personal commitment and energy to support board goals; removes or reduces obstacles to board effectiveness; coaches and develops board members to top performance; encourages these team leadership behaviors organizationwide; is recognized throughout the health industry as an outstanding leader.

Source: Adapted from NCHL Healthcare Leadership Competency Model, 2005 and Lee, Soon-Hoon and Phillip H. Phan. "Competencies of Directors of Global Firms: Requirements for Recruitment and Evaluation." Corporate Governance: An International Review. Vol. No. 8, No. 3: 204-214 (2000), at 204, 207-210.

Using Individual Board Member Competencies in Health Care Governance

The panel acknowledged that boards will need new approaches and tools to identify and further develop these core competencies.

Interview and assessment tools to select new board members should dig deeply to learn how candidates have used various behavioral competencies in situations relevant to the board's work and the organization's needs and priorities. Successful application of these competencies will help boards take trustee recruitment and selection to the next level, enabling selection of the most capable candidate from among several with similar backgrounds and experience.

Competencies can be used in developing evaluation tools that assess board member performance against them. Feedback from these evaluations should

then be used to identify educational opportunities to strengthen or develop new competencies in individual board members. Feedback from individual board member evaluations also will indicate strengths and weaknesses across the full board that can then be addressed through board retreats and other board education programs.

Appointing trustees to board committees should maximize use of existing board member competencies and help board members gain additional competence in areas where they have less capability. Board member core competencies should be integrated into board leadership development and succession planning, as well. They also could be used to improve capabilities that make the most difference to performance, promote standards of leadership excellence and support organizational transformation initiatives (NCHL, 2005). In this way, competencies can become the foundation for a system of governance designed to achieve better board member, board and organizational performance.

The panel suggested that trustee competencies should be regularly reviewed and revised as needed to remain relevant as health care organization priorities and needs change over time. Achieving superior governance performance also may require additional board member competencies.

The panel also acknowledged that a deeper exploration of competencies for health care organization board members and their relationship to board and organizational performance would be valuable. Further work would be necessary to validate the core competencies identified by the panel and to identify additional competencies that may be needed as well.

Appendix 3 shows how Presbyterian Healthcare Services based in Albuquerque, NM, uses board member core competencies in a variety of board practices systemwide. Appendix 4 provides a tool for interviewing prospective board members that assesses the extent to which candidates exhibit behaviors associated with the 14 personal core competencies identified by the panel.

Collective Board-Level Competence: The Next Frontier

While competent board members are the foundation for competent boards, it is clear that board effectiveness requires more than just a collection of competent individuals. If high-performing, effective boards required no more than competent members, then the corporate failures of the last decade might never have happened. The boards of these failed organizations were all composed of highly capable people who were nonetheless unable to prevent these catastrophes. Why did otherwise competent individuals fail to perform well as a group? Research into these governance failures concludes that their causes are rooted in board culture and how boards function as teams.

These conclusions are not surprising. Both board members and CEOs can recall situations where their boards voted on a proposal without much discussion, only to have the real issues debated vigorously in the parking lot after the meeting. Many trustees would be able to describe more than one meeting where discussion was dominated by one or two board members, quelling participation from others. These situations suggest that people behave differently in groups than they might as individuals and that group action tends to overwhelm individual behavior. In acknowledging these differences, the panel suggested that the board's behavior as a group is at least as important as individual board member behavior and explored elements of board culture and behaviors of effective teams to gain insight into board-level competence.

Board Culture and Teamwork

Culture can be defined as the norms, values and beliefs held by groups and the way they function within that context. David Nadler in his work on building better boards says that the key to improved governance lies in the working relationships between the board and the organization's executives, the social dynamics of board interaction and the competency, integrity and involvement of individual board members. In his analysis of why governance failed in companies such as Enron and Tyco, Jeffrey Sonnenfeld concludes that the social system of the board is what sets exemplary boards apart from the rest. He says great boards focus on achieving the organization's mission; building trust and candor; encouraging open, respectful dissent; avoiding inflexible roles and behavior; requiring individual accountability and evaluating performance.

Chait, Ryan and Taylor, in *Governance as Leadership,* say that boards that govern beyond the fiduciary or strategic modes and engage in generative governance operate differently as a group than more traditional boards. They focus on making sense of issues facing the organization, inviting questions and alternative explanations for these issues, shedding new light on perceived problems and opportunities and finding and framing new problems and opportunities that may change the organization's values, beliefs and behaviors.

Recent studies linking board and organizational performance also suggest that board effectiveness relates to boards as social systems. This view supports a governance culture of active, engaged oversight and board members who possess quality of mind, a tolerance for ambiguity, an appetite for organizational puzzles, fondness for robust discourse and commitment to team play (McDonagh, 2006).

Examinations of board culture have identified dimensions of high-functioning and low-functioning boards, as well. Boards that are high-functioning include members who are highly interested and engaged, have a sharp focus on well-defined governance priorities, exhibit high-attendance and enthusiasm, engage in extensive questioning, dialogue and deliberation, offer constructive dissent and welcome debate. A low-functioning board culture is characterized by members who are passive and reactive, have unclear priorities and spotty attendance with low energy, spend much of their time listening with little discourse and suppress challenges and disagreements. (Prybil, 1999) (BRP, 2007).

Work focused on understanding effective teams defines them as groups of people committed to balanced participation, equal contribution, and regular deliberation. Effective teams use the ideas and abilities of individual members for the overall good. A list of characteristics of effective teams appears in Figure 2.

High-performing teams are interactive, cooperative, creative and results-oriented. They achieve their level of performance intentionally, by focusing on three types of behaviors.

Figure 2:
Characteristics of Effective Teams

Effective teams:

1. have clear unity of purpose.
2. are intentional and explicit about how they function.
3. set concrete, demanding performance goals.
4. establish a working environment that is informal, comfortable and relaxed.
5. engage in a lot of discussion where almost everyone participates.
6. allow members to freely express their ideas and feelings.
7. encourage constructive disagreement.
8. make decisions when there is general agreement.
9. have members that carry their own weight.
10. engage in frequent, frank, constructive criticism.
11. shift the leadership of the group from time to time.

Adapted from "Characteristics of Effective Teams", www.stanford.edu.

Task behaviors are those that move a team toward accomplishing its objectives. Examples of these behaviors include setting goals, identifying tasks, gathering facts, providing information, clarifying and summarizing ideas and building consensus.

Interaction behaviors are those that define how the team will function and are sometimes referred to as rules of engagement. Examples include encouraging participation, expressing feelings, deciding how to handle conflict, determining how work will be distributed, determining how the group will make decisions, keeping communication open, setting and applying standards for group performance and building on each other's ideas.

	Education	Contextual
Figure 3: **Board Competencies Implemented at Various Proficiency Levels**		
Novice	Conducts board orientation, provides background information with board agenda materials	Input received primarily at board meetings; understands organization's mission; understands role of the medical staff; lacks input and participation from stakeholders
Competent	Conducts board orientation and provides orientation manual; provides background information tailored to the board with board agenda materials; conducts education sessions at board meetings; conducts annual board retreat; has a budgeted line item for board education	Understands mission and role of the medical staff; involved with staff at committee meetings; involved in discussions with the community; conducts stakeholder analyses; integrates mission into board activities; implements policies to deal with medical staff issues and conflicts
Expert	Conducts all competent board practices and: assigns mentor to new trustees; develops and follows a policy stating board education requirements; has a budgeted line item for board education to support board member and full board educational activities; has an annual board education plan tied to the organization's strategic objectives and to educational needs identified by annual board and individual board member evaluation results; takes advantage of cross-industry learning and collaborative learning opportunities with other organizational leaders; provides individualized board member education to leverage skills and clarify roles; supports off-site educational opportunities for board members	Conducts all competent board practices and: participates with CEO in advocacy efforts; uses results of stakeholder analyses in matching competencies of individual board members with organizational needs; evaluates all board decisions and organization's business plans to ensure mission fulfillment; integrates physician board members into all board committees and work; engages proactively with the community to determine community benefit and needs

Self-oriented behaviors are those that place individual needs ahead of group needs and can undermine teamwork. Effective team members avoid dominating discussion, interrupting, wasting time, pursuing tangents, not listening, withdrawing from discussion and having side conversations.

High–performing teams pay attention to all of these behaviors. And, their members are willing to challenge the team when it behaves in ways that compromise group effectiveness. High–performing teams attend to both the task and the way the team interacts to accomplish it; members of these teams also manage themselves to comply with desired team behaviors.

A good team, therefore, doesn't just happen. It takes work and vigilance on the part of all team members to support effective team function. Given what it takes to be a high–performing team and

	Strategic	**Political**
	Figure 3 *(continued)* **Board Competencies Implemented at Various Proficiency Levels**	
Novice	Reviews and approves strategic plan proposed by management; ensures strategic plan is consistent with mission; operates with a short-term perspective	Pursues individual agendas versus a collective approach; changes direction when pressured by key stakeholders; episodically involved in advocacy activities; CEO sets board agenda and directs board work
Competent	Involved in strategy development and setting strategic priorities; uses environmental issues and trends in planning process; approves strategic plan and ensures it is consistent with the mission; annually reviews progress toward achieving the strategic plan; operates with a mid-range (1 to 3-year) perspective	Understands that mission-focus supersedes individual agendas; works as a whole with those impacted by hospital decisions; understands that stakeholder needs and priorities differ; collaborates with CEO to set meeting agendas and determine board work; sets expectations and performance goals for CEO; incorporates advocacy issues into board meetings and work
Expert	Conducts all competent board practices and: involves stakeholders in developing strategies and priorities; conducts ongoing environmental scanning to support dynamic strategy development; evaluates progress on key strategies at each board meeting; flexibly responds to environmental change; incorporates lessons from other industries; operates with a long-term perspective	Conducts all competent board practices and: proactively advocates for hospital and community needs in both legislative and policy arenas; balances stakeholder needs to optimally fulfill organization's mission; leads in partnership with the CEO in a mutually trusting, supportive relationship and incents and rewards CEO for achieving goals

recognizing that group behavior typically trumps individual behavior, it's not difficult to understand why boards often don't do the hard work required to perform well as a team. It's also easy to see why many highly capable individuals serve on poorly performing boards.

Assessing Board-Level Competence

To help boards better assess their own level of competence as a team, the panel developed the matrix shown in Figure 3 which identifies, within the six dimensions of board competence discussed on page 15 of this report, a range of typical board practices and ways boards behave in executing them at different levels of proficiency: novice, competent and expert. Boards can compare how they execute various governance practices with those included in this matrix to identify both strengths and opportunities for improvement in their overall performance.

	Interpersonal	Analytical
Figure 3 *(continued)* **Board Competencies Implemented at Various Proficiency Levels**		
Novice	Board members interact primarily at meetings; sets minimal guidelines about decision-making, handling conflicts and other norms for board behavior; discussion dominated by a few individuals; rehashes past and present versus being future-focused; little or no evaluation of governance processes; only vague sense of board culture and need for cohesion and teamwork	Reacts to issues and crises; asks minimal questions and rubber stamps management proposals; operates primarily in fiduciary governance mode; relies on anecdotal, informal information-sharing rather than engaging in evidence-based decision-making; uses little to no formal performance reporting, such as scorecards or dashboards and is often overwhelmed with "too much data"; uncomfortable with ambiguity and seeks black and white solutions
Competent	Establishes guidelines for board practices and behaviors consistent with board norms and culture; has a Governance Committee that uses results of board evaluations to develop board initiatives and goals; participates in organizational and board events and social functions	Brainstorms ideas and considers multiple scenarios and alternatives in planning and decision-making; operates primarily in the strategic governance mode; relies on data provided by management to inform decision-making; uses standardized performance reports and benchmarks; understands complexity and nuances of issues and strategies
Expert	Conducts competent board practices and: has a robust Governance Committee focused on board and individual member development and performance improvement; conducts board, individual and peer performance assessment; engages in candid, constructive dialog and debate; is willing to call the board to task when it deviates from established culture and norms; mentors board members; develops positive working relationships among board members and with CEO and other organizational leaders in support of the board's and organization's culture	Proactively assesses risks and ensures alternative courses of action are in place to address them; conducts ongoing succession planning including identification of internal and external candidates to ensure leadership and operational continuity and momentum; pursues robust dialog to discern impact of strategies and future plans; operates across all governance modes including generative mode to frame issues and problems in new ways that may change strategies, mission and values; seeks diverse sources of information beyond those provided by management and employs "devil's advocate" role to ensure thorough analysis of issues and to inform board decisions; uses results of performance reporting and benchmark comparisons to set goals and drive performance improvement organization-wide; leverages complexity and competing priorities to develop robust strategies in a dynamic environment

Panel Conclusions and Recommendations

The charge of the Blue Ribbon Panel on Trustee Core Competencies was:

- to identify individual board member core competencies common to different types of boards that can be used to improve board and organizational performance; and

- to provide guidance and direction for the field in developing educational and other resources that can be used to apply these competencies to the work of hospital and health system governing boards.

In pursuing its work the panel sought to:

- foster a better understanding of competencies and their potential to increase individual and group performance;

- present the case for why competencies are needed to improve the work of health care organization trustees and boards;

- review work that has been done in health care and other sectors to develop and use leadership and governance competencies;

- suggest opportunities for health care organization boards to deepen and expand their use of competencies beyond current practice;

- build on existing work to identify trustee core competencies for boards of hospitals and health systems and suggest how they can be applied to board work;

- indicate how competency concepts and practices could be used beyond their application to individual trustees to improve the performance of boards as teams.

- provide tools and resources that can be used to carry the panel's work forward.

In sharing its deliberations and findings, the panel concluded that competencies, when understood and appropriately applied, are more than the sum of their parts. They can help boards move beyond personality-driven governance to leadership based on the knowledge, skills and behaviors best suited to helping organizations achieve their mission and goals. Even if a competent board may threaten some organizational leaders today, as the scope and pace of change deepens in health care, the overriding value of a competent board will become clear. Competencies also have the potential to eliminate destructive board behaviors, such as micromanagement and rubber-stamping decisions, replacing these behaviors with others that support active, effective oversight and leadership.

The panel acknowledged that a competent board alone cannot propel itself or the organization it governs to improving performance or outcomes. It can, however, reach these goals by engaging in shared governance with executives and clinicians and can lead the way by adopting competencies as the basis for elevating board practice and performance. The panel envisioned that boards

that practice competency-based governance will become part of a community dedicated to high standards of leadership and committed to continuous performance improvement and excellence.

Recognizing that more work is needed to validate and broadly apply board competencies, the panel offered the following recommendations to help the field better understand and adopt competency-based governance. The panel's recommendations focus on:

- practical steps boards can take to begin applying competencies to board work;
- suggestions for educators interested in developing curricula and other resources to improve board competency; and
- additional research that should be undertaken to validate the utility of governance competencies and more firmly establish the link between competencies and better board and organizational performance.

Recommendations

1. The panel encourages boards to use this report and the trustee core competencies, resources and tools included here to begin applying competencies to their work, especially in selecting, orienting, educating and developing board members; assessing their performance; and preparing future board leaders (see Appendices 1, 3 and 4).

2. The panel urges boards to share their experiences in using governance competencies with the Center for Healthcare Governance and in other forums to help more boards better understand competencies and adopt competency-based governance practices (see Appendices 1 and 3).

3. The broad dissemination of this report to hospital and health system board members and chief executives nationwide will facilitate board discussions about governance improvement. Other organizations can help by championing this work. The panel encourages hospital associations, payers, regulators, insurers, rating agencies, accreditation organizations and others who support board effectiveness to endorse competency-based governance and consider providing incentives for boards to adopt it.

4. The panel encourages governance educators to assist boards in assessing current member competencies and to develop new or adapt existing tools to help boards apply governance competencies across the range of board practices outlined in this report.

5. The panel also urges governance educators to develop curricula designed to educate boards and those who support their work to better identify and further develop member competencies.

6. The panel calls for identification of "early adopters" who can help move competency-based board work into the governance mainstream (see discussion of Ascension Health's board competency development on page 15 of this report as well as Appendices 1 and 3).

7. Health care organization CEOs will play a critical role in successful adoption of competency-based governance practices. The panel suggests convening CEO/board chair focus groups to determine how to best implement use of governance competencies.

8. Additional research is needed to explore linkages between governance competencies and board and organization performance.

The panel encourages researchers to study whether competencies can predict improved performance and help achieve improved performance over time.

9. The panel calls for research focused on high-performing organizations and their boards to help validate currently identified board competencies and to identify specific or differentiating competencies associated with superior performance.

10. The panel also encourages comparison of the outcomes of health care governance competency research with results of similar research conducted in other sectors.

More information about competencies and their applications in health care is available in the appendices and bibliography that follow and by going to www.americangovernance.com.

Appendix 1

Texas Health Resources System–wide Board Leadership Continuity And Growth Plan

JUNE 2008

The Need for a Board Continuity and Growth Plan

The health care environment in the United States today is one of significant risks, challenges and rapid change. Today's hospitals and health care systems are moving into an environment unlike that experienced by any organization before. A successful hospital organization in the future will be one that is able to sustain its mission while enduring the complex challenges of the future. The ability to go beyond sustainability and attain a goal of "greatness" will depend upon the success of executives and trustees in building upon the unique culture, mission, vision, values, the Promise, history, and ethics that characterize the organization.

As Texas Health Resources ("THR") completes its eleventh year of operation as a System, it is the commitment and leadership of its boards, medical staff physicians, management, employees, and volunteers that will carry it along the path toward continued sustainability and greatness. In its short history, THR and its affiliated boards have been fortunate to be able to attract and retain board members who are knowledgeable, experienced, and dedicated business leaders committed to THR's mission, vision, values, and the Promise. Over the next several years, a number of board members will reach term limits or decide to retire from board service, creating a number of vacancies. It will be critical that these vacancies are filled by individuals who are committed and possess the trustee competencies adopted by the THR Board, as illustrated by the chart on page 31.

THR has a comprehensive governance infrastructure that includes a Governance Plan. This Plan provides for standardized board meeting and board reporting processes, standardized articles and bylaws, and board roles, responsibilities, and expectations. It also contains an authority matrix, board education and a communication plan, and a database that tracks board/committee competencies and demographics.

Competencies for All Individual System and Entity Board Members

Mission: *To improve the health of the people in the communities we serve*

Vision: *Texas Health Resources, a faith-based organization joining with physicians, will be the health care system of choice*

COMPETENCIES

Board Experience

Philanthropy

Core Competencies:
Developed by Founding/ Sponsoring Members & THR Governance Committee

Occupational Skills

Faith-Based and Member Values

Demonstrated Leader

Age/ Gender/ Ethnicity

Community Involvement

Relationship Skills

Clinical Experience

Reputable

CORE COMPETENCIES

Realistic Strategic Thinker

Strategic Needs of THR

Competencies:
Developed by Founding/ Sponsoring Members & THR Governance Committee

Intelligent

THR Values

Objective/ Open

Big Picture Thinker

Willingness/ Ability to Serve

Diverse

Connections/ Influence

Quality Awareness

System Thinker

Specific Expertise/ Knowledge

Professional/Business Achievement

Sources:
Ad Hoc Committee Consultants References, Staff

Values: *Respect, Integrity, Compassion, Excellence*

A number of years ago, the THR Board established standards for trustee selection and competency criteria, including a process for verification by the Governance Committee that these competencies are met for each prospective board member. These System standards criteria are incorporated into the bylaws of each entity in the System. The THR Board has an expectation that each board will identify and recruit individuals to fill vacancies who meet the competencies adopted by the THR Board and address competencies lacking in that board's current membership, with particular emphasis to be placed on improving diversity.

Over the past several years, all boards have made progress in strengthening their competencies and diversity. Hospital presidents have sought assistance from corporate and external resources and have been successful in identifying and recruiting new board members resulting in greater board diversity. For some boards, the challenge has been a lack of resources and contacts necessary to identify and recruit individuals who meet the desired competencies and are willing to serve. In its evaluation of board membership, the THR Governance Committee has noted there is a need to do more to improve diversity of all boards across the System.

In order to sustain and continuously improve the level of board leadership across the System, as well as provide for additional needed competencies and diversity, THR has adopted this multi-year Board Leadership Continuity and Growth Plan, which is updated annually. This Plan serves as a road map for board membership continuity, growth and development for now and into the future. It is important to recognize that the responsibility and accountability for developing and maintaining a competent and committed board rests with each board. The purpose of the Board Leadership Continuity and Growth Plan is to provide analytical and resource support to each board to assist it in carrying out its responsibilities in selecting and nominating qualified board members.

THR Board Leadership Continuity and Growth Plan

THR Governance Services has compiled information provided by trustees across the System regarding their professional and educational background, areas of expertise, competencies, skills, demographic information (including race/ethnicity, gender, age, faith, and geographic location), and membership/involvement in other community organizations and boards. The Governance database

Texas Health Resources
All Boards
2007 Diversity

Texas Health Resources
All Boards
2007 Competencies
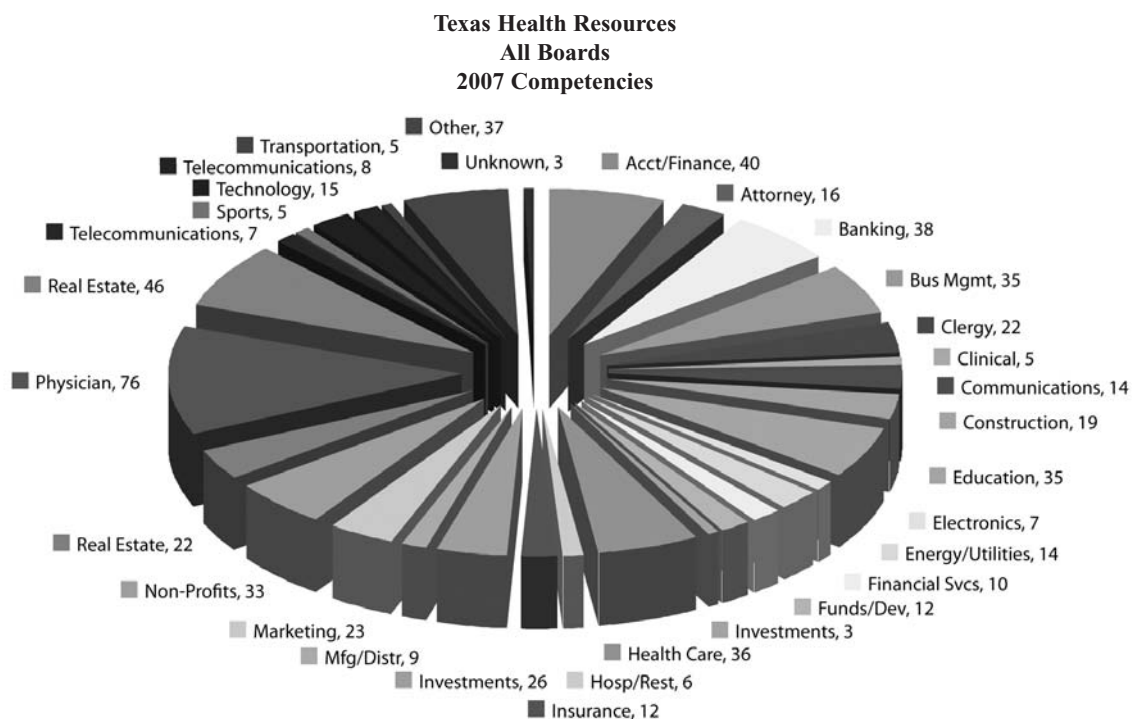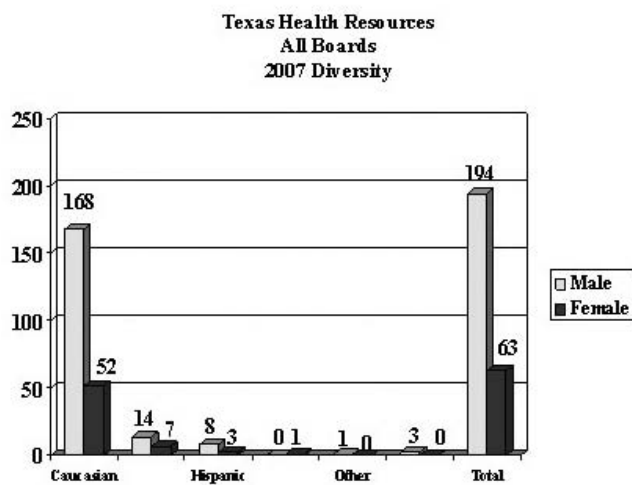
XYZ Hospital
2008 Board Composition Report

BOARD MEMBER	John Smith	Bob Jones	Sally Johnson	Kimberly Clark, MD	Alfonso Herrera	Tom Hanson	Nancy Lawson	George Spencer, MD	Greer Roosevelt	Richard Davis	Takamoto Jisatsu, MD
CLASS	2011	2008	2008	Ex Officio	Ex Officio	2008	2009	2009	2011	2009	Ex Officio
TERM LIMIT	2010	2011	2014			2011	2015	2015	2016	2012	
RACE/ETHNICITY											
Caucasian	X	X	X			X	X	X		X	
Black				X					X		
Hispanic					X						
Asian											X
Other											
Unknown											
GENDER											
Male	X	X			X	X		X	X	X	X
Female			X	X			X				
AGE											
25-35											
36-45		X									X
46-55				X				X			
56-65					X						
66-75	X		X				X		X		
Over 75						X				X	
Unknown											
FAITH											
Presbyterian						X		X	X		
United Methodist		X			X						
Other Christian				X						X	
Jewish			X								X
Other											
Unknown							X				
COMPETENCIES											
Accounting/Finance			X								
Attorney											
Banking										X	
Business Management											
Clergy								X			
Clinical/Non-physician											
Communications/Media											
Construction						X					
Education		X									
Electronics									X		
Energy/Utilities							X				
Financial Services											
Funds Development											
Government											
Healthcare				X	X						
Hospitality/Restaurant/ Hotel/Entertainment											
Insurance											
Investments											
Manufacturing/Distribution											
Marketing			X								
Non-profits								X			
Other			X								
Philanthropy											
Physician				X				X			X
Real Estate						X					
Sales/Retail											
Sports											
Technology			X								
Telecommunications											
Transportation											
RECOMMENDATIONS:											

The board currently has no vacancies and none anticipated until 2010. Note that two board members are over the age of 75, and may opt to retire prior to reaching term limits. Recommendations are as follows:

1. Since the current demographic of this board includes ethnic diversity, focus on future recruiting efforts should be on maintaining this balance. Three of the current 11 board members are female, and 1-2 additional females are recommended. The board has age and faith diversity.

2. The current board competencies are a good balance and mix. Primary recruiting focus for future vacancies should be on community leaders with business acumen, particularly in the areas of sales/retail, hospitality, or telecommunications.

3. The rotation of the chair and vice chair positions will not occur until the end of 2009, as both will reach board officer term limits (the vice chair can move to the chair position). Consideration should be given to the development of the current vice chair or other board member to become chair, as well as a board member to become the new vice chair, in January 2010.

also includes information on each trustee's service on boards across the System, and is searchable by category, board, competencies, and more in a variety of combinations and configurations.

An analysis of this aggregate data for all boards across the System is provided on the following charts. These charts reveal the magnitude of the challenge faced by boards in meeting diversity and

competencies requirements through the Board Leadership Continuity and Growth Plan.

Analysis and Recommendations

Utilizing the THR Governance database, a profile has been developed for each board and each individual serving on that board in order to identify current competencies, skills and diversity, as well as to identify needed or desired competencies for board vacancies. A comprehensive analysis and recommendations for current and future board development for each board is provided, beginning on page 32.

By implementing a multi-year strategy to achieve the recommendations as set out above, the boards of trustees across the THR System will be able to achieve a more balanced complement of competencies and diversities. This strategy will be achieved through a variety of means, which may

**XYZ Hospital
2008 Diversity**

**XYZ Hospital Board of Trustees
2008 Competencies**
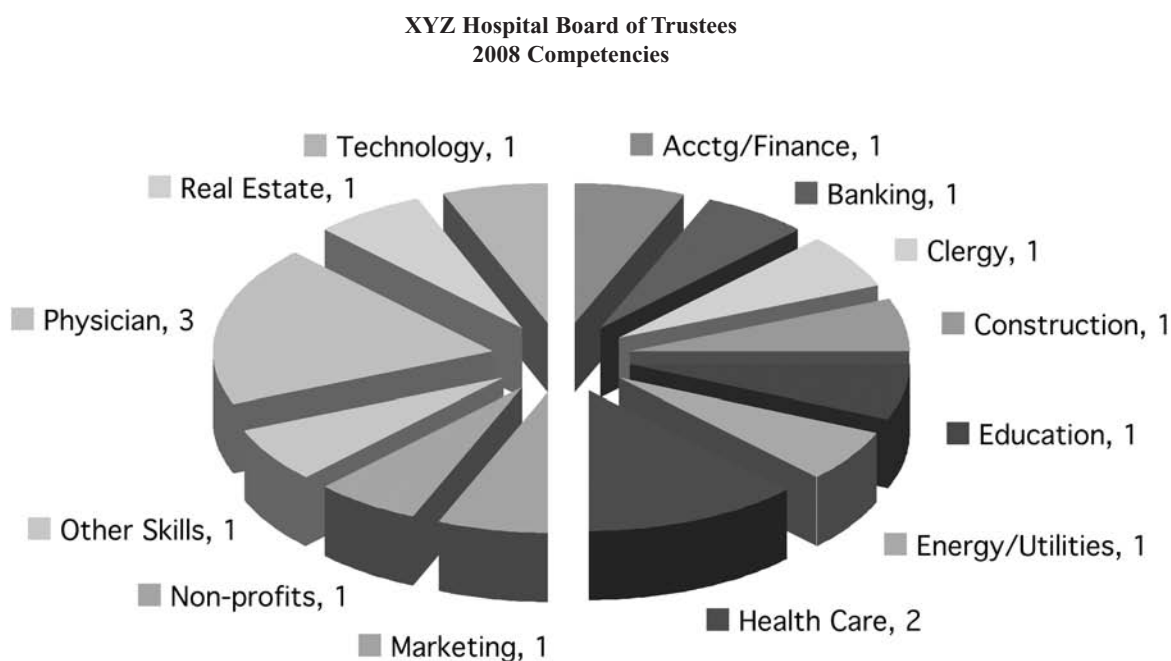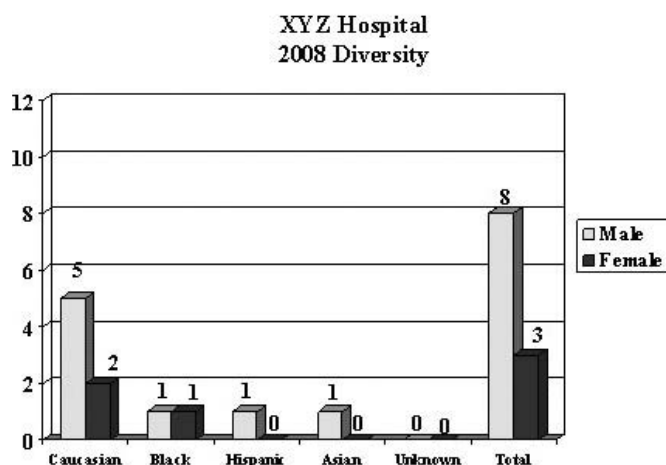
vary from board to board. The goal of each board should be to identify qualified candidates, which will then be presented for consideration to the nominating committee of the board in the usual board selection process. The selection of potential board candidates will be focused on demonstrated leadership capability, standing in the community, willingness and availability to serve, and contribution to the intellectual blend of perspectives on a board (all identified as core competencies), rather than on vocation or representation of a geographic area or constituency group. With this focus as the basis for potential board member selection, the search will then focus on the other core and desired competencies, as well as the specific competency needs identified for each board.

It is the recommendation of the THR Governance Committee that each entity board appoint a nominating committee that will serve to evaluate potential board candidates, as well as evaluate the competencies retained and needed by the board on an ongoing basis in order to position the board to meet the challenges it will face in the coming years.

"As American health care confronts declining revenues, older and sicker patients, shortages of workers, and public doubts about quality, it is essential to invest in the selection, education and development of health care trustees."

Connie Curran,
President, Cardinal Health Consulting Services

Governing effectively has never been more difficult than it is today, the level of board commitment required is greater than ever, and the decisions that boards face that can "make or break" organizations are plentiful. Since its inception, THR has been committed to making the investment in the selection, education and development of its health care trustees, which is in no small part one of the keys to its successful governance strategy to date. This continued focus and investment is absolutely critical to the future success of the organization. It is hoped that this multi-year governance leadership continuity and growth plan will be a key step in preserving our achievements and building on them for the future.

Job-Descriptions for the Board of a Freestanding Hospital, a System Board and a System Hospital Board*

Freestanding Hospital Board

The board sets policies, makes decisions and oversees organizational performance within the context and scope of its role and authority in discharging the following responsibilities:

- Select, support, evaluate, compensate the CEO
- Develop organization vision and mission
- Provide sound financial oversight
- Ensure availability and effective allocation of resources
- Approve and monitor the quality and performance of hospital programs/services
- Engage in goal setting and strategic planning
- Assure legal and regulatory compliance
- Build and sustain relationships with key internal and external partners, including the medical staff
- Strengthen board effectiveness
- Identify and respond to stakeholder needs and advocate on their behalf
- Assess and demonstrate the health care organization's benefit to the community and other stakeholders

System Board**

The board sets policies, makes decisions and oversees system-wide performance within the

context and scope of its role and authority in discharging the following responsibilities:

- Select, support, evaluate, compensate the system CEO
- Develop system vision and mission
- Provide sound financial oversight for the system
- Oversee systemwide quality and quality improvement
- Ensure availability and effective allocation of resources across the system
- Engage in goal setting and strategic planning for the system
- Assure legal and regulatory compliance across the system
- Strengthen board effectiveness across the system

System Hospital Board**

The board sets policies, makes decisions and oversees organizational performance within the context and scope of its role and authority in discharging the following responsibilities:

- Approve and monitor the quality and performance of hospital programs and services
- Build and sustain relationships with the hospital medical staff
- Assure the hospital complies with legal and regulatory requirements

- Strengthen hospital board effectiveness
- Identify and respond to hospital stakeholder needs and advocate on their behalf
- Assess and demonstrate the hospital's benefit to the community and other stakeholders

The board provides input to the hospital or system CEO, as appropriate, to assist in discharging their responsibility to:

- Select, support, evaluate, and compensate the hospital CEO

- Develop the hospital's vision and mission
- Provide sound hospital financial oversight
- Ensure availability and effective allocation of hospital resources
- Engage in goal setting and strategic planning for the hospital

★ Adapted from the Illustrative Board Charter and the Illustrative System-Parent and System Subsidiary Board Charter, © Dennis D. Pointer and Center for Healthcare Governance, 2005

★★ This delineation of system and subsidiary hospital board roles and responsibilities represents one of many possible options for allocating governance responsibilities among boards in a system.

Competencies in Action at Presbyterian Healthcare Services

Presbyterian Healthcare Services, based in Albuquerque, NM, has a governance structure comprised of 11 boards — 1 system board and 10 affiliate boards: 6 for hospitals located outside the Albuquerque area, 1 for Albuquerque area hospitals, 1 for the health plan, 1 for the medical group, and 1 for the foundation. Ultimate fiduciary responsibilities lie with the system board; however, some duties, such as physician credentialing, are delegated to the affiliate boards.

Both required and individual board competencies were developed soon after Presbyterian's governance structure was revised in 2002. The system believes that an excellent board, regardless of location, is comprised of members who exhibit certain behaviors and also offer unique points of view/knowledge that go beyond a "representative" position. The Governance Committee of the system board was solely involved in the initial development of the competencies and then recommended the final set of competencies to the system board for approval. Once approved, the competencies were deployed to affiliate boards systemwide. Presbyterian's required and individual board competencies appear in Figure 1 on pages 39 and 40.

Presbyterian recently revised the individual competencies for the first time since they were originally deployed to better reflect the changing focus of both the health care industry and the organization. The Governance Committee of the system board conducted the revision, with the chairs, vice chairs, and lead staff person for all boards providing input. The process for evaluating individual competencies was also simplified.

The revision process brought further clarity to how Presbyterian uses its board member competencies. When the original individual competencies were first deployed, the affiliate boards were allowed to modify them to better match their communities. At that time, the thinking was, for example, that a high level leader in a highly complex organization might not be needed for a hospital board in a community made up of mostly ranchers and small business owners and a 25-bed hospital. However, as the individual competencies were being revised to better reflect the direction of the organization, a discussion of the Process Improvement competency and the organization's more deliberate approach to "systemness" caused Presbyterian to require application of the same board member competencies systemwide. The organization believes that having standard competencies for all boards not only speaks to Presbyterian as a system, but also helps with board succession planning as well as assuring all boards are reflective of the system.

Figure 1: Presbyterian Healthcare Services Board Member Competencies	
Competency	**Definition**
Characteristics	
Team Player	Encourages and facilitates cooperation within the Board
Motivated	Demonstrates desire to serve on the Board with the sole purpose of helping Presbyterian achieve its mission
Intellectual Honesty	Absolute integrity between what is stated and what is thought
Commitment	Complete involvement in ensuring a strong and successful organization
Required Competency	
Demonstrated commitment to the mission, vision, values, and ethical responsibilities to the community served by PHS	Uses Prebyterian's Vision, Value, Purpose, Strategies, and PHS Plan as a basis for discussions and decisions
Demonstrated willingness to devote the time necessary for Board work, including Board education	Welcomes requests for work to be completed at other times other than Board meetings
Demonstrated capability to exercise: leadership, teamwork/consensus building, systems thinking, and sound judgement on difficult and complex matters that come before a governing body	Consistently develops and sustains cooperative working relationships, identifies and analyzes problems, distinguishes between relevant and irrelevant information to make logical decisions, Exercises good judgement by making sound and well-informed decisions; perceives the impact and implications of decisions
Personal integrity and objectivity including no conflicts of interest that would prevent a Director or Trustee from discharging his or her responsibilities	Informs the Board of Directors of any activity, personal or otherwise, that may be considered a conflict of interest; maintains an open mind
Demonstrated ability and willingness to support and motivate management while holding management fully accountable for results	Sustains an organizational culture which encourages management to provide the quality of service essential for high performance. Enables management to acquire the tools and support needed to execute decisions and improve performance. Guides the organization toward a spirit of service and meaningful contributions to the accomplishment of PHS' mission.
Demonstrated general knowledge and understanding of healthcare finance policies and trends, healthcare quality initiatives, physician practice management, and health insurance	Understands the reasons underlying presented proposals and decisions made. Utilizes knowledge of these topics when making organizational decisions.
Remains current on national, state, and local healthcare issues	Shows a working knowledge of the possible effects of national, state, and local healthcare issues on PHS; uses multiple mediums to educate self on healthcare topics
Remains current on national, state, and local governance issues	Shows a working knowledge of the possible effects of governance issues and trends on the PHS Governance Structure; uses multiple mediums to educate self on governance topics
Attends various governance educational sessions and Annual Leadership Retreat	Attends the Annual Spring Leadership retreat, as well as other educational opportunities such as the annual Premier and Western Symposium Governance Conferences
Meets or exceeds attendance requirements per Bylaws	Self-explanatory
Prepares prior to Board meetings	Demonstrates knowledge of the Board packet materials through questions and discussions
Demonstrates honesty, ethical behavior, and respect for other Board members	Supports mutual trust and confidence; helps to create a culture that fosters high standards of ethics; behaves in a fair and ethical manner toward other Board and staff members and demonstrates a sense of corporate governance responsibility and commitment to public service.
Appropriately participates during meetings	Listens effectively and clarifies information as needed. Openly exchanges ideas and supports an atmosphere of open communication

Figure 1: Presbyterian Healthcare Services Board Member Competencies (continued)		
Individual Competencies (Areas of Expertise)		
Process Impvmt.	Process Improvement	Understands and has had experience using various modes of process improvement, such as Baldrige, Lean Six Sigma, and the Improvement Model.
Healthcare; Clinical Quality	Healthcare	Is/was a physician, physician assistant, nurse, healthcare administrator, or currently holds or held a leadership position in the healthcare industry
	Clinical Quality	Understands the key indicators of clinical quality, including patient safety, and their impact on the organization. Has experience finding possible solutions for improving performance.
Community; Political	Community	Has networks and/or is able to find common ground with a widening range of stakeholders, including both the community and customers served by Presbyterian. Utilizes contacts to build and strengthen support bases. Has general knowledge about cultural beliefs, values, attitudes, and behaviors, including effective ways for building trust and relationships.
	Political Environment	Understands various political issues at the local, state, and national level and interacts with local, state, and/or national legislators or regulators about healthcare issues on a consistent basis.
	Environmental Issues	Understands key local, state, national, and global environmental issues, is able to communicate the impact Presbyterian has on the environment, including the community, customers, and workforce, and identifies methods for mitigating this impact.
Cust. Sat.	Customer Satisfaction	Holds/has held a senior manager level position in an organization that is customer-centric and has a high volume of customer-related transactions.
Transformation; Innovation	Technology	Knowledgeable of efficient and cost-effective approaches and strategies for integrating technology into the organization. Understands the impact of technological changes on the organization.
	Innovation	Is leading/has led the development and implementation of new approaches and solutions to problems and is able to link this experience with Presbyterian's definition of innovation (making meaningful change that improves value for PHS customers). Is skilled in seeking out information and applying new technology and practices to improve processes and generate unique solutions to emerging concerns.
	Globalization Trends	Understands and keeps informed on globalization trends in markets, products, and technologies as well as key global factors affecting the healthcare industry, such as medical tourism.
Corporate Leadership; Governance	Leading within a highly complex organization	Is/was a senior manager of a large multi-faceted organization that interacts with several diverse audiences and/or is regulated. Examples of such organizations include, but are not limited to, businesses, universities and state and city governments.
	Corporate Governance	Understands the structure and rules of the board of directors and its affiliate Boards of Trustees and Committees, its relationship with Management, the guidelines involved in disclosing information and the importance of the governance role in the monitoring and oversight of auditing the organization's practices.
	Workforce Issues	Is knowledgeable of evidence-based methods for successful workforce recruitment and retention, understands key drivers of employee satisfaction, and stays informed on general and industry trends associated with unionization activities.
Finance; Legal; Regulatory	Financial Skills	Able to comprehend a balance sheet and P & L statement. Has a broad understanding of financial management principles, as well as experience necessary to ensure appropriate funding levels. Knowledgeable of cost-effective approaches.
	Healthcare Regulatory Environment	Familiar with the financial and regulatory complexities associated with not-for-profit healthcare systems and has some understanding of Medicare, Medicaid, Commercial insurance, and the uninsured.

Using Competencies in Board Work

Presbyterian uses the individual competency wheel in Figure 2 to assess the current composition of a board in order to identify the desired skills and backgrounds of potential board candidates. Diversity (e.g., ethnicity, gender, chronological diversity) is also considered when identifying potential candidates, as well as the communities served.
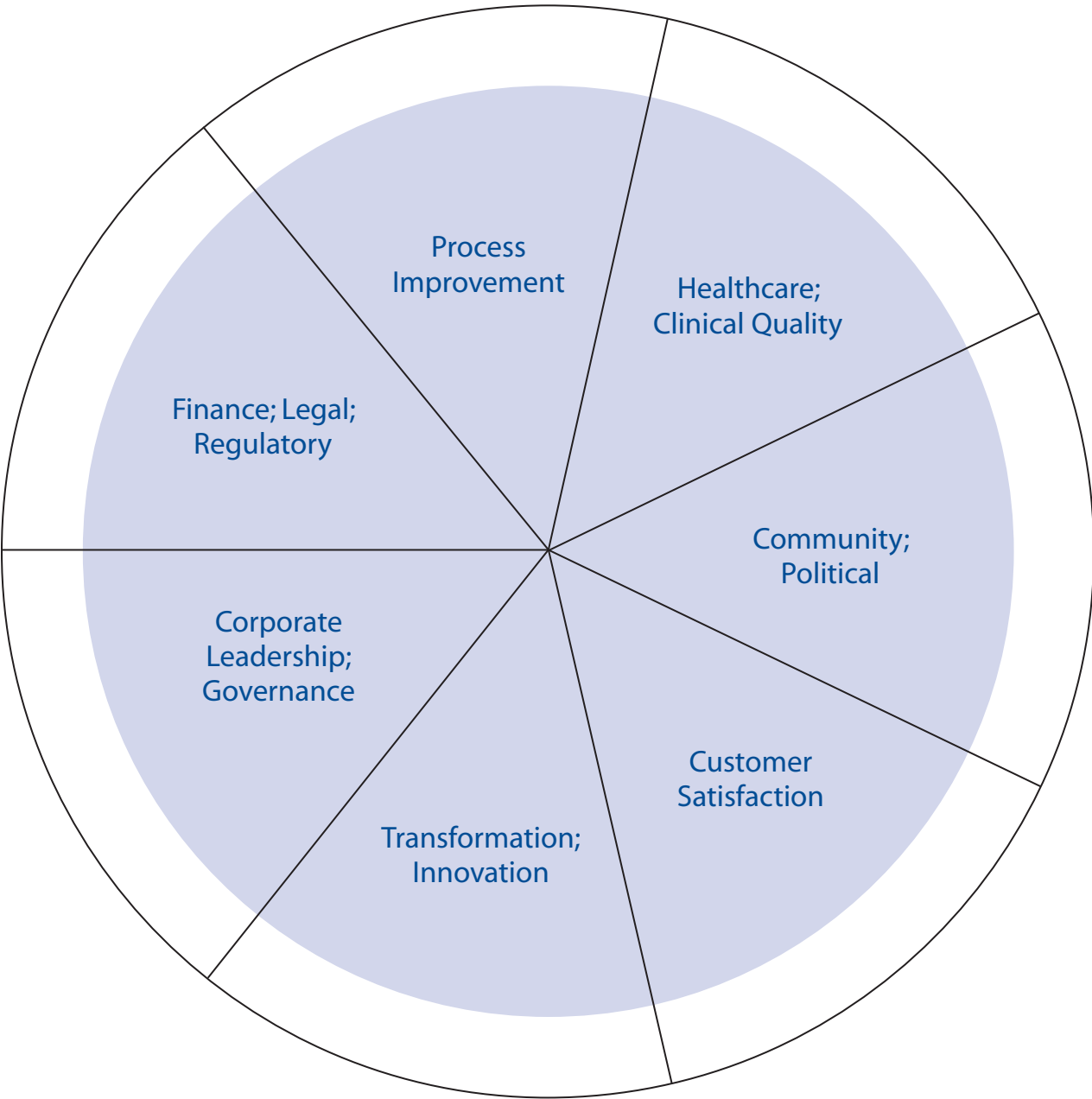
Figure 2: Individual Competency Wheel

Process Improvement

Healthcare; Clinical Quality

Finance; Legal; Regulatory

Community; Political

Corporate Leadership; Governance

Customer Satisfaction

Transformation; Innovation

PHS Board of Directors Candidate Nomination

Note: **The Nomination form is to be completed by the Board's Governance Committee or the Chairman and Administrative Lead for the Board.**

Candidate Contact Information

Name:

Phone Number:

Place of Employment: Position Held :

Criteria for Nomination

1. Does the Governance Committee feel the candidate will be able to demonstrate the basic competencies required by the PHS Board of Directors? Why? (Note: This information should directly relate to the Required Competencies.)

2. What community interests does the candidate possess that will benefit PHS?

3. What specific talents does the candidate possess that will add to the diverse composition of the PHS Board of Directors? (Note: This information should directly relate to the Individual Competencies.)

4. Is the candidate willing to meet other criteria that may be established by the PHS Board, through the Governance Committee?

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The nomination form shown in Figure 3 also serves as a board candidate interview form. Both required and individual competencies are specifically noted. A potential candidate's specific interests and other duties that may be expected of board members also are considered.

The board member recruitment process begins with a conversation between the candidate and the lead staff person who informs the candidate of the basic requirements of board membership, such as meetings, retreats, and duties as described in the bylaws. Interested candidates are interviewed by members of the Governance/Nominating Committee. Interviews are based on the required and individual competencies, which candidates receive in advance of their interviews.

Figure 4: Presbyterian's Organizational Culture
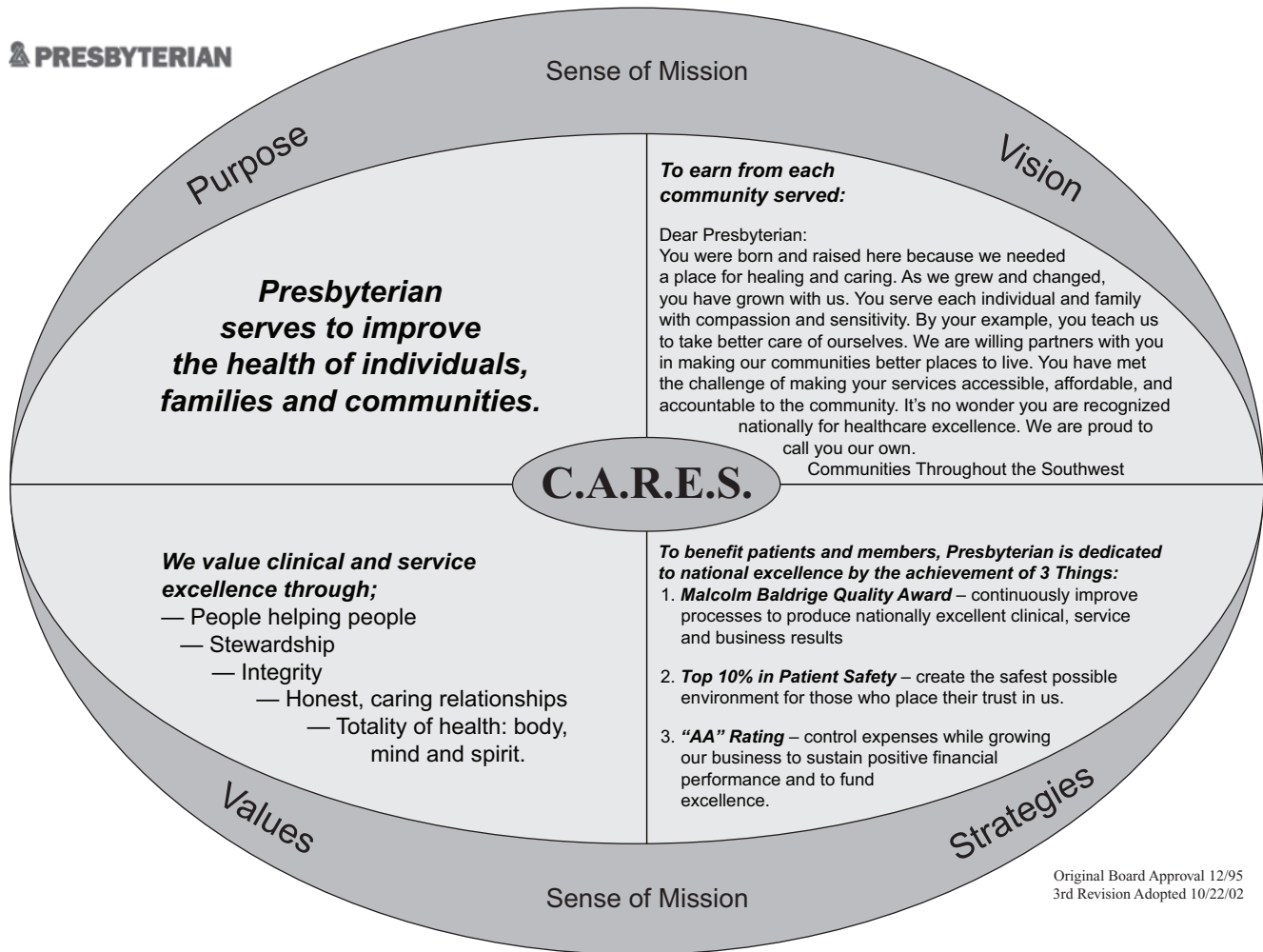
Presbyterian's organizational culture is best described in the "Egg" depicted in Figure 4, which reflects its "Sense of Mission" as described by the organization's Purpose, Vision, Values, and Strategies.

The board culture is one of governance excellence as illustrated by the required competencies and application of governance best practices, such as handling of potential conflicts of interest. Any indication that a candidate may not be aligned with either the Egg or culture of governance excellence will result in non-selection. Other "red flags" in the selection process include potential conflicts of interest or candidates who appear to have a personal agenda for serving on the board.

In addition to using the competencies in board member selection, all board members complete a self evaluation of both the required and individual competencies using the individual competency wheel shown on page 41 as well as the Personal Development Plan (PDP) shown in Figure 5 on pages 45-46. The PDP is used to assess required competencies; the wheel is used to evaluate individual competencies.

In addition to reviewing the self-assessments, the Governance/Nominating Committee for each board also assesses each board member using the same tools. Board members who are not meeting any of the required competencies are asked to identify in their PDPs how they will address this deficiency. Because Presbyterian's bylaws allow for a one, two, or three-year term for board members, those who have significant deficiencies typically are assigned to a one-year term. If the deficiencies are addressed, the board member is typically re-appointed to a 2-year term (to equal the 3 years he or she would have been re-appointed to serve if not in the deficiency category). If deficiencies are not addressed, board members who have them are not re-appointed.

All boards and system level committees also complete an annual evaluation which specifically asks about other skill sets needed on the board or committee.

Feedback from these evaluations is used in developing board education programs and setting annual board goals, as well.

Presbyterian offers the following advice for boards interested in developing and using board member competencies:

- Keep the current and future focus of the industry as well as the organization in mind.
- Gain stakeholder input. Deploying Presbyterian's revised competencies the second time around was much easier after getting input from the chairs, vice chairs, and lead staff of boards systemwide.
- Link the competencies to existing governance practices/processes.
- Inspect what you expect. Hold board members accountable for fulfilling competency expectations.
- Keep the process simple. The more complex things are, the less likely they will be accepted or used.

Personal Development Plan—PHS Board of Directors

Name: _____   Date: _____

Based on input from both the board member and the Governance Committee regarding the board member's demonstration of Required Competencies, please identify the board member's strengths and opportunities for development in the following areas: _____

Area	Strengths	Opportunities
Governance Knowledge • Remains current on national, state, and local governance issues		
Healthcare Industry Knowledge • Demonstrated general knowledge and understanding of healthcare finance policies and trends, healthcare quality initiatives, physician practice management, and health insurance • Remains current on national, state, and local healthcare issues		
Integrity • Team Player • Intellectual Honesty • Personal integrity and objectivity, including no conflicts of interest that would prevent a director or trustee from discharging his or her responsibilities • Demonstrates honesty, ethical behavior, and respect for other board members		
Dedication • Motivated • Commitment • Demonstrated commitment to the mission, vision, values, and ethical responsibilities and to the community served by PHS • Demonstrated willingness to devote the time necessary for board work, including board education • Demonstrated ability and willingness to support and motivate management while holding management fully accountable for results • Attends 75% of board meetings • Prepares prior to board meetings		
Communication • Demonstrated capability to exercise: leadership, teamwork/consensus building, systems thinking, and sound judgment on difficult and complex matters that come before a governing body • Appropriately participates during meetings		
Continuous Learning • Attends various governance educational sessions and Annual Leadership Retreat		

Discussion

Focus for (next year)

During next year, what opportunity(ies) will the board member address?

_____

_____

_____

_____

_____

Opportunities for
for the Entire Board

What suggestions does the board member have regarding opportunities for the board as a whole?

_____

_____

_____

_____

_____

Other

What other feedback does the board member have?

_____

_____

_____

_____

_____

X_____   (Board/Committee member)

X _____   (Chairman)

A Tool for Personal Competency–Based Board Member Selection

Listed below are 14 personal core competencies that can be used in evaluating candidates for board service. A definition is provided for each competency as well as behaviors associated with demonstrating the competency. Interview questions and assessment criteria follow to help boards evaluate whether and to what extent candidates can demonstrate behaviors associated with each competency.

1. Accountability

The ability to hold people accountable to standards of performance or ensure compliance using the power of one's position or force of personality appropriately and effectively, with the long-term good of the organization in mind.

Accountability Behaviors: guides creation of a culture of strong accountability throughout the organization; appropriately and effectively holds others accountable for demanding high performance and enforcing consequences of non–performance; accepts responsibility for results of own work and that delegated to others.

Sample Interview Questions to Identify Competency Behaviors

Think of an example of a situation where you were responsible for holding someone accountable

for high performance and demanding high performance in others.

- How would you define a "culture of accountability"? Describe any experiences you have had in guiding creation of such a culture.

- Overall, how would you describe the type of performance you expect of others who are accountable to you?

- What types of performance requirements and expectations have you held others accountable to and how did you communicate those requirements and expectations?

- When individual performance problems developed, how did you handle them?

- Describe a situation where you held yourself accountable to high standards of performance. Did you achieve the standards you set for yourself and what was the outcome of your performance?

Assessment Criteria

_____ Demonstrates no behaviors associated with this competency

_____ Demonstrates one or two behaviors associated with this competency (List the behavior(s) demonstrated)

_____ Demonstrates three or more behaviors associated with this competency (List all behaviors demonstrated)

2. Achievement Orientation

A concern for surpassing a standard of excellence. The standard may be one's own past performance (striving for improvement); an objective measure (results orientation); outperforming others (competitiveness); challenging goals or something that has not been done previously (innovation).

Achievement Orientation Behaviors: ensures high standards are set and communicated; makes decisions, sets priorities or chooses goals based on quantitative inputs and outputs, such as consideration of potential profit, risks or return on investment; commits significant resources and/or time in the face of uncertain results when significantly increased or dramatic benefits could be the outcome.

Sample Interview Questions to Identify Competency Behaviors

Think of a situation or situations where you were involved in setting goals, either working or overseeing work to achieve them and then assessing performance against the goals.

• What type of performance goals did you establish and how did you set and communicate them?

• What steps did you and others take to achieve the goals?

• How did you overcome obstacles, balance competing priorities or allocate resources in pursuing achievement of the goals? Did you ever have to take these steps when the outcome of the work was uncertain and if so, what motivated you to do so?

• How did you measure goal achievement?

• Did you meet or exceed the goals?

Assessment Criteria

_____ Demonstrates no behaviors associated with this competency

_____ Demonstrates one or two behaviors associated with this competency (List the behavior(s) demonstrated)

_____ Demonstrates three or more behaviors associated with this competency (List all behaviors demonstrated)

3. Change Leadership

The ability to energize stakeholders and sustain their commitment to changes in approaches, processes and strategies.

Change Leadership Behaviors: maintains an eye on strategic goals and values during the chaos of change; exhibits constancy of purpose, providing focused, unswerving leadership to advance change initiatives; demonstrates quiet confidence in the progress and benefits of change; provides direction for overcoming adversity and resistance to change; defines the vision for the next wave of change.

Sample Interview Questions to Identify Competency Behaviors

Think of a situation or situations where you were involved in leading a group or organization through significant change.

• Briefly describe the change and how you provided leadership in moving change initiatives forward.

• How did you maintain a focus on strategies and values during the change?

• How did you guide the group or organization to stay the course throughout the change process?

- How did you help overcome obstacles or resistance to change?
- Once the change process was completed, how did you help the group or organization envision the next wave of change?

Assessment Criteria

_____ Demonstrates no behaviors associated with this competency

_____ Demonstrates one or two behaviors associated with this competency (List the behavior(s) demonstrated)

_____ Demonstrates three or more behaviors associated with this competency (List all behaviors demonstrated)

4. Collaboration

The ability to work cooperatively with others, to be part of a team, to work together, as opposed to working separately or competitively. Collaboration applies when a person is a member of a group of people functioning as a team, but not the leader.

Collaboration Behaviors: promotes good working relationships regardless of personal likes or dislikes; breaks down barriers; builds good morale or cooperation within the board and organization, including creating symbols of group identity or other actions to build cohesiveness; encourages or facilitates a beneficial resolution to conflict; creates conditions for high–performance teams.

Sample Interview Questions to Identify Competency Behaviors
Think of a situation or situations where you were working as a member, but not the leader, of a team

and where there may have been multiple teams working together.

- How did you promote good working relationships with all team members—even those you may have disliked or found difficult to work with?
- How did you work to break down barriers within your team and across teams?
- How did you help foster cooperation or build morale within the team?
- Did conflict arise during the team's work and how did you help overcome it?
- How did you help create conditions or an environment that supported the team in achieving high-performance?

Assessment Criteria

_____ Demonstrates no behaviors associated with this competency

_____ Demonstrates one or two behaviors associated with this competency (List the behavior(s) demonstrated)

_____ Demonstrates three or more behaviors associated with this competency (List all behaviors demonstrated)

5. Community Orientation

The ability to align one's own and the organization's priorities with the needs and values of the community, including its cultural and ethnocentric values, and to move health forward in line with population–based wellness needs and the national health agenda.

Community Orientation Behaviors: advocates for community health needs at community, state and federal levels; engages in meaningful actions at

the national level to move recognized priorities forward; partners across health constituencies to create a coordinated and dynamic health system that meets long-term health and wellness needs; understands needs of health stakeholders and pushes their agenda forward.

Sample Interview Questions to Identify Competency Behaviors
Think of a situation or situations where you were working to align a group's or organization's priorities with the needs and values of that group's or organization's stakeholders.

- How did you come to understand stakeholder needs and values?
- How were you involved in advocating for stakeholder needs and concerns?
- How did you partner with various stakeholders and stakeholder groups to help the organization meet their needs over time?
- How did you address competing stakeholder needs and priorities?
- Have you been involved in work focused on meeting the needs of stakeholders at community, state or national levels? If so, describe how you worked to help meet stakeholder needs and advance their interests.

Assessment Criteria

_____ Demonstrates no behaviors associated with this competency

_____ Demonstrates one or two behaviors associated with this competency (List the behavior(s) demonstrated)

_____ Demonstrates three or more behaviors associated with this competency (List all behaviors demonstrated)

6. Information Seeking

An underlying curiosity and desire to know more about things, people or issues, including the desire for knowledge and staying current with health, organizational, industry and professional trends and developments. It includes pressing for exact information; resolving discrepancies by asking a series of questions; and scanning for potential opportunities or information that may be of future use as well as staying current and seeking best practices for adoption.

Information Seeking Behaviors: Asks questions designed to get at the root of a situation, a problem or a potential opportunity below the surface issues presented; seeks comprehensive information; seeks expert perspective and knowledge; establishes ongoing systems or habits to get information; enlists individuals to do regular ongoing information gathering; adopts the best practices from other industries.

Sample Interview Questions to Identify Competency Behaviors
Think of a situation or situations where you were involved in seeking out information or learning about new issues or trends in order to resolve a problem or keep current.

- What steps did you take to gain a greater understanding of the problem or issue?
- How did you go about gathering the information you needed to address the issue or problem?
- What kinds of questions did you ask to gain greater clarity about how to address or resolve the issues or problems?
- How did you know you had enough information to take action?

- What systems and processes did you help put in place to get relevant information on an ongoing basis?
- Were you able to identify and apply best practices to addressing the issue or problem and if so how did you accomplish this?

Assessment Criteria

_____ Demonstrates no behaviors associated with this competency

_____ Demonstrates one or two behaviors associated with this competency (List the behavior(s) demonstrated)

_____ Demonstrates three or more behaviors associated with this competency (List all behaviors demonstrated)

7. Innovative Thinking

The ability to apply complex concepts, develop creative solutions or adapt previous solutions in new ways for breakthrough thinking in the field.

Innovative Thinking Behaviors: makes complex ideas or situations clear, simple or understandable, as in reframing a problem or using an analogy; fosters creation of new concepts that may not be obvious to others to explain situations or resolve problems; looks at things in new ways that yield new or innovative approaches—breakthrough thinking; shifts the paradigm; starts a new line of thinking; encourages these behaviors in others.

Sample Interview Questions to Identify Competency Behaviors
Think of a situation or situations where you were involved in reinventing or creating a new program, product or service.

- How did you identify and help others understand all of the factors contributing to the need to reinvent the existing resource or to create something completely new?
- How did you help make complex ideas or situations more clear or understandable?
- How did you help explain problems or obstacles in ways that may not have been obvious to others?
- How did you help others involved in the creative process look at things in new ways?
- Have you participated in a process of breakthrough thinking and what role did you play in the process?

Assessment Criteria

_____ Demonstrates no behaviors associated with this competency

_____ Demonstrates one or two behaviors associated with this competency (List the behavior(s) demonstrated)

_____ Demonstrates three or more behaviors associated with this competency (List all behaviors demonstrated)

8. Managing Complexity

Ability to balance tradeoffs and competing interests and contradictions and drive for the bigger, broader picture.

Managing Complexity Behaviors: balances tradeoffs, competing interests and contradictions and drives for the bigger, broader picture both to reach resolutions and expand one's knowledge; exhibits highly developed conceptual capacity to

deal with complexities such as expanding markets; understands the vision, mission and strategy and their implications for the organization's structure, culture and stakeholders.

Sample Interview Questions to Identify Competency Behaviors

Think of a situation or situations where you had to understand and address several complex issues in order to help an organization reach a bigger goal or outcome, for example expanding into new markets with an existing product, service or business.

- Describe the types of issues and the relationships among them that you had to understand and deal with?

- Did you have to expand your own knowledge or broaden your perspectives in order to handle these issues and relationships and if so how did you do this?

- What were some of the tradeoffs or challenges involved and how did you address them?

- How did you deal with these complex issues and challenges in relation to the organization's mission, vision and strategies?

- What implications did dealing with these issues and challenges have for the organization's structure, culture and stakeholders?

Assessment Criteria

_____ Demonstrates no behaviors associated with this competency

_____ Demonstrates one or two behaviors associated with this competency (List the behavior(s) demonstrated)

_____ Demonstrates three or more behaviors associated with this competency (List all behaviors demonstrated)

9. Organizational Awareness

Ability to understand and learn the formal and informal decision-making structures and power relationships in an organization or industry (such as stakeholders, suppliers). This includes the ability to identify who the real decision makers are and the individuals who can influence them and to predict how new events will affect individuals and groups within the organization.

Organizational Awareness Behaviors: becomes familiar with the expectations, priorities and values of health care's many stakeholders; recognizes internal factors that drive or block stakeholder satisfaction and organizational performance; addresses the deeper reasons for organization, industry and stakeholder actions, such as the underlying cultural, ethnic, economic and demographic history and traditions; uses these insights to ensure organizational leaders are building long-term support for creating local, regional and national integrated health systems that achieve a national agenda for health and wellness.

Sample Interview Questions to Identify Competency Behaviors

Think of a situation or situations where in order to accomplish a task or goal you needed to understand how decisions were made and influenced and the power relationships that existed in an organization or industry.

- Describe how you came to understand these decision-making and power structures and relationships.

- What were some of the expectations, priorities and values of those who participated in or were affected by the situation you were involved in?

- What insights were you able to develop regarding the deeper motivations of the stakeholders involved?
- How were you able to use these insights to influence or gain stakeholder support for accomplishing the task or goal?

Assessment Criteria

_____ Demonstrates no behaviors associated with this competency

_____ Demonstrates one or two behaviors associated with this competency (List the behavior(s) demonstrated)

_____ Demonstrates three or more behaviors associated with this competency (List all behaviors demonstrated)

10. Professionalism

The demonstration of ethics, sound professional practices, social accountability and community stewardship. The desire to act in a way that is consistent with one's values and what one says is important.

Professionalism Behaviors: develops governance roles/values compatible with improving population and individual health; ensures that the organization values and exhibits professional, patient- and community-oriented behaviors; commits to addressing the health and wellness needs of the total population, including adopting new approaches that address diverse cultural attitudes about health; ensures organizational stewardship and accountability for honesty and fair dealing with all constituents.

Sample Interview Questions to Identify Competency Behaviors

Think of a situation or situations where you needed to demonstrate ethical behavior or professional practices or act in a way that showed you were socially accountable or a good community steward.

- Briefly describe the situation and the roles you played and how they were compatible with work or outcomes that benefited the community or broader society.
- In doing this work did you ever encounter issues that required you to address ethical issues or ensure ethical behaviors and act in ways that supported them and if so what were the issues and how did you address them?
- Did this work ever require adapting approaches that took into account diverse cultural attitudes or practices and if so describe how you addressed these issues?
- Describe how you helped ensure honesty and fair-dealing with all constituents?

Assessment Criteria

_____ Demonstrates no behaviors associated with this competency

_____ Demonstrates one or two behaviors associated with this competency (List the behavior(s) demonstrated)

_____ Demonstrates three or more behaviors associated with this competency (List all behaviors demonstrated)

11. Relationship Building

Ability to establish, build and sustain professional contacts for the purpose of building networks of people with similar goals and that support similar interests.

Relationship Building Behaviors: builds and maintains relationships with influential people in the health care field, the community and other constituencies that involve mutual assistance and support.

Sample Interview Questions to Identify Competency Behaviors

Think of a situation or situations where you established, built and sustained a network of professional contacts with similar goals and interests.

- Have you established relationships with individuals who have proven to be important current and future contacts for you? Describe how you went about establishing your contact network.

- How do these contacts help support your work, interests and goals and how do you support theirs?

- What steps have you taken to build and sustain these key relationships?

- Describe a situation where you called upon a contact to help support a goal or initiative that was important to you. What was the outcome of your efforts?

Assessment Criteria

_____ Demonstrates no behaviors associated with this competency

_____ Demonstrates one or two behaviors associated with this competency (List the behavior(s) demonstrated)

_____ Demonstrates three or more behaviors associated with this competency (List all behaviors demonstrated)

12. Strategic Orientation

Ability to consider the business, demographic, ethno-cultural, political and regulatory implications of decisions and develop strategies that continually improve the long-term success and viability of the organization.

Strategic Orientation Behaviors: understands the forces that are shaping health over the next 5 to 10 years; helps shape the organization's vision and future direction; aligns strategy and resource needs with the long-term environment and guides positioning the organization for long-term success; develops a perspective on long-term health and wellness trends and developments that is respected by colleagues and leading policymakers; helps shape competitive positioning for the organization and the industry through policymaking forums and industry-specific groups.

Sample Interview Questions to Identify Competency Behaviors

Think of a situation or situations where you had to think strategically and consider the business, demographic, political, cultural and other implications of decisions to ensure long-term success for an organization or undertaking.

- Describe how you came to understand the forces that would have a strategic impact on the organization.

- How did you help the organization set vision and strategy to address these forces and their impacts?

- In what ways did you help the organization align its work and resources with the strategy?

- Have you been involved with developing long-term strategies for addressing issues and trends and positioning organizations across markets or throughout an industry? If so, describe how you were involved.

Assessment Criteria

_____ Demonstrates no behaviors associated with this competency

_____ Demonstrates one or two behaviors associated with this competency (List the behavior(s) demonstrated)

_____ Demonstrates three or more behaviors associated with this competency (List all behaviors demonstrated)

13. Talent Development

The drive to build the breadth and depth of the organization's human capability and professionalism, including supporting top-performing people and taking a personal interest in coaching and mentoring high-potential leaders.

Talent Development Behaviors: holds management accountable for developing people in the organization; ensures that succession plans for the CEO and senior leaders are robust and current; serves as a coach and mentor within the board and organization as needed and industry-wide to develop health care talent.

Sample Interview Questions to Identify Competency Behaviors

Think of a situation or situations where you were involved in building and developing an organization's human capital.

• Describe your views on the value of human assets in helping an organization achieve its goals. How important is it for organizations to train and develop their human resources?

• Describe any experiences you have had for holding others accountable for developing human resources.

• Have you had any experience in serving as a coach or mentor in developing people to assume more challenging roles and responsibilities? Describe the role you played as a mentor or coach.

• Describe any experience you have had in developing or overseeing development of leadership succession plans.

• Have you had experience in establishing future leadership requirements across multiple organizations or across an industry and if so, describe how you participated in establishing and implementing those requirements?

Assessment Criteria

_____ Demonstrates no behaviors associated with this competency

_____ Demonstrates one or two behaviors associated with this competency (List the behavior(s) demonstrated)

_____ Demonstrates three or more behaviors associated with this competency (List all behaviors demonstrated)

14. Team Leadership

Sees oneself as a leader of others, from forming a team that possesses balanced capabilities to setting its mission, values and norms, as well as to holding the team members accountable individually and as a group for results.

Team Leadership Behaviors: establishes and models norms for board behavior; takes appropriate action when board members violate the norms; works with board members to gain their personal commitment and energy to support board goals;

removes or reduces obstacles to board effectiveness; coaches and develops board members to top performance; encourages these team leadership behaviors organizationwide; is recognized throughout the health industry as an outstanding leader.

Sample Interview Questions to Identify Competency Behaviors

Think of a situation or situations where you built and led a team to achieve results.

- Describe your experience with building and leading teams.

- What aspects of team leadership do you think are most important? What aspects of leading teams have you found most challenging?

- Describe a situation where you had to take action when a member of your team behaved in ways that undermined team effectiveness.

- Describe a situation where you had to gain commitment and energy from team members in order to achieve team goals. How did you go about enlisting their support?

- Describe an instance where you provided mentoring and coaching to team members to help them achieve top performance.

- Have you played a role in advising others on leadership or taken an industry–level role in establishing or spreading leadership best practices? If so, describe your experience.

Assessment Criteria

_____ Demonstrates no behaviors associated with this competency

_____ Demonstrates one or two behaviors associated with this competency (List the behavior(s) demonstrated)

_____ Demonstrates three or more behaviors associated with this competency (List all behaviors demonstrated)

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