

# GREAT GOVERNANCE

A PRACTICAL GUIDE FOR BUSY BOARD  
LEADERS AND EXECUTIVES OF NONPROFIT  
HEALTH CARE ORGANIZATIONS

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## Introduction

Excellence in nonprofit health care governance has never been more necessary as our sector enters an era of health care reform within a fragile economy, where the general public and our many stakeholders are demanding from us more for less: maximizing the value of health care within available resources.

There is a wealth of information already available in the health care field on governance in general, and on nonprofit health care governance in particular—especially nonprofit hospital/system governance. That’s good in theory, but for busy leaders the amount of guidance available can be overwhelming and of limited practical value.

We believe that busy nonprofit health care leaders want the answer to a very basic question: Among all of the 50–100 “best practices” that permeate the literature, which are the ones that are likely to make the most difference in achieving excellence in governance?

The overall goal of this document is to answer that question. It intentionally does not cover all necessary, basic governance practices. In addition, it doesn’t include what some may consider “cutting-edge” practices that haven’t been well tested yet and/or chronicled in governance literature. Consequently, the guidance presented here should be updated periodically as the state of the art and science of governance continue to improve.

With that caveat, we hope that many nonprofit health care leaders will find this guidance, which incorporates the views of leading governance experts in the field, to be both practical and inspirational.

### Seven Benchmark Areas are Identified in This Document:

1. CEO Commitment to Great Governance
2. Effective Board Chair Leadership
3. Highly Capable and Dedicated Board Members
4. Healthy, Productive Board Culture
5. Effective Oversight of Organizational and CEO Performance
6. Continuous Governance Evaluation and Improvement
7. Board Leadership and Succession Planning

The order in which the benchmarks are presented should not be interpreted as a rank ordering of importance. They are all necessary for great governance.

Please bear in mind that great individuals involved in governance may come and go, but what sustains great governance are the great governance structures and processes that they put in place.

A statement and rationale are given for each benchmark, followed by recommended key steps to achieve it, which total twenty-three across all of the benchmarks.

Appendix A, organized according to the seven benchmarks, provides a list of recommended resources for additional information and guidance to accomplish the key steps.

Appendix B to this document provides checklists that board leaders and executives can use to conduct (1) a snapshot assessment of meeting practices and (2) an annual assessment of other, more “foundational” practices. These two checklists were derived from the key steps, with the relevant benchmark noted after each item on the checklists.

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Please direct any questions or comments on this document to Bruce McPherson, Alliance President, who served as the facilitator for this project. He can be reached at [mcphersonbruce@aol.com](mailto:mcphersonbruce@aol.com) or 1-877-299-6497.

BENCHMARK

# 1

**CEO Leadership and Commitment to Great Governance**

High-performing organizations have CEOs who appreciate the benefits of great governance and have the confidence and humility to strongly, consistently promote and support it.

**Rationale:** One key to great governance is a CEO who understands the value of demanding but respectful board independence and oversight, thoughtful and probing questions, and diverse perspectives. While strong boards will not hesitate to pose tough issues at times for management to address, the best CEOs understand that constructive challenges will contribute directly to organizational effectiveness and success.

### *Key Action Steps:*

**Effective Board Size. Organizational Support for Governance.** A specific member of the senior management team should be assigned to the board and to each of its committees, who ensure that the necessary meeting preparation materials are distributed in a timely manner and that matters discussed in meetings requiring follow-up action are also dealt with in a timely and effective manner.<sup>2</sup>

**Executive Sessions.** The CEO should encourage the board, as well as committees, to regularly meet in executive session with the principal purpose of exploring opportunities for governance improvement. Discussion of CEO or other management performance in such sessions should be included only on an as-needed basis. The CEO should routinely participate in part of board executive sessions and should be debriefed by the board chair on parts not attended.

<sup>2</sup> Many nonprofit health care boards are exploring the establishment of “board portals” that offer members 24/7 access to important information they need to expedite and enhance their knowledge and decision-making.



Great boards have chairs who are thoughtful and proactive, who never are satisfied with the status quo, who stimulate engagement when the board is passive, who effectively lead the governance policy, strategy, and oversight processes, and who continuously strive to instill in a well-planned manner all attributes of high-performing boards.

**Rationale:** A significant influence on board performance is the effectiveness of its board chair. The board must take intentional steps to enhance his or her effectiveness and to identify and prepare future board leaders. Experience has shown that ineffective or inconsistent boards often have personality-driven, rather than value-driven, board chairs.

### *Key Action Steps:*

**Clear Delineation of Board Chair Role and Responsibilities.** The duties of the board chair should be clearly delineated in writing (like a job description) and approved by the board. The duties should include: facilitating effective governance rather than directing or controlling the board (or even worse, usurping the CEO's role); encouraging collegiality, teamwork, and cohesiveness among the board members; monitoring group dynamics; and helping to articulate and enforce group norms. The board chair's role in relation to that of the CEO should be clearly articulated and well understood by all parties. This document should be reviewed by the board on a regular basis and updated as needed.

**Board Leadership Development.** Recognizing the importance of effective board and committee leadership, the board should require that new chairs be groomed for their positions. Rather than simply relying on on-the-job training for these chairs, the board should require that they undergo a formal orientation program on their roles. The board should also expect them to proactively expand their knowledge and leadership skills.

**Board Chair Evaluation.** The board should establish a regular, formal, criterion-based evaluation process for the board chair, as well as ensure ongoing feedback and suggestions from board members and the CEO regarding the chair's performance and how meetings can be improved. The timing of the formal evaluation should be linked to that of his or her consideration for reappointment as board chair.

**Board Chair Tenure Limit.** The board should establish a limit on the number of terms an individual may serve as board chair, which may or may not differ from the term limits for other board members.



**Rationale:** A board's composition—the talent around the table—is a critical determinant of board effectiveness. High-performing boards are, among other things, diverse, independent, and highly engaged. Board composition can no longer be left to chance or simply a matter of intuition. Great boards employ a deliberate, intentional process that defines and evaluates both individual board member and collective competencies, including personal/behavioral attributes, such as unflinching integrity, respect for others, humility, self-reflection, regard for the organization's values, culture, and professional norms, and a willingness to challenge others yet work to reach compromises over what is practical. Consistently high levels of knowledge among all members of the board and shared commitment to ongoing education are cornerstones of effective governance. Great boards understand that continuous development of their individual and collective capabilities is one of their most basic responsibilities.

Great boards consist of persons who collectively have the values, competencies, and dedication required to govern the organization effectively. Their composition is sufficiently diverse and independent to ensure a broad range of perspectives and robust dialogue. Great boards also have a strong commitment to continuous improvement of board members' knowledge and leadership skills, both individually and collectively.

### *Key Action Steps:*

**Effective Board Size.** Unless otherwise prescribed or required, the size should range between nine and seventeen members. Smaller boards are unlikely to have a sufficient mix of expertise and perspectives, and larger boards tend to be unwieldy.

**Term and Tenure Limits.** The board should specify that individual members serve three-year terms, with a maximum of three consecutive terms, in order to ensure both board integrity and continuity.<sup>3</sup> Reappointments for another term should be extended only to those members where there has been an affirmative finding on his or her performance on the board, taking into account both self- and peer evaluations.

**Board Composition.** The board should continuously assess its strategic needs for talent around the table (i.e., values, skills, knowledge, behavioral attributes, perspectives), seeking and taking into account stakeholder input, and compare those needs to the current board profile (including projected board turnover) to determine current and upcoming gaps that must be addressed through recruitment and/or education. The board should consider having at least one outside member (i.e., one who does not reside or work in the same service area) to help guard against insular/parochial perspectives or "group-think."

**Board Member Recruitment.** Board member recruitment should be a year-round activity, delegated to a governance committee that makes regular reports to the board. The committee should establish and maintain a candidate pool of persons who might be willing to serve on the board and able to meet specific new or continuing needs for talent, including consideration of those serving on committees in an advisory, ex officio role.

**New Board Member Orientation.** The board should have an orientation program that provides new board members with a solid base of knowledge about the health care field, their organization, their duties as board members, and the role and relationships of the board and management. The orientation program should be a well-organized learning process, not a single event, and, for example, might include pairing a new director with an experienced board mentor to accelerate the new board member's learning process. The board should also establish a process for new board members to evaluate the orientation program six and/or twelve months after its completion.

**Need-Based Board Continuing Education Program.** With oversight by a standing board committee and strong support by management, the board should participate in a need-based educational program, some of which may be provided externally. All components should be designed to enhance the competencies of board members, taking into account individual and collective assessments, and some components should be designed to enhance relationships with management. All components should be regularly evaluated in terms of their effectiveness in meeting the identified needs.

<sup>3</sup> The first term allows new members to "come up to speed," the second to be fully functional, and the third to potentially rise to a board leadership position.



Great boards intentionally focus their time on critical issues, dedicating a substantial portion to strategic thinking, in addressing critical issues, they find ways to create healthy tension, constructive debate and respectful disagreement in the boardroom so that diverse perspectives are brought to bear in the decision-making process.

**Rationale:** Nonprofit health care organizations are facing many complex and challenging demands, and these demands can lead boards to focus almost single-mindedly on immediate operational issues or other matters of the day. Great boards invest most of their time and energies looking forward, while evaluating those future challenges and opportunities in relation to current and past experiences. Great boards are “generative thinkers,” trying to understand developments in a broader context in order to gain incisive insights. They have healthy debates, questioning assumptions, organizational values, culture, and capabilities. They ask themselves if they are asking themselves the right questions.

### *Key Action Steps:*

**Agenda Planning.** Taking into consideration the overall board schedule for the year, the board chair and CEO jointly set in advance the meeting agenda, dedicating a substantial portion to strategic issues or ideas.

**Agenda Construction.** The agenda should be annotated with a clear description of the issue and purpose of each agenda item and/or required action. Time should be allocated proportionate to the importance of the matters to be discussed. Consequently, board meetings should begin with agenda items that require action at that particular meeting. The next significant block of time should be devoted to learning about and deliberating on critical strategic issues that are likely to require action in the intermediate-to-longer term, with the board chair prepared with specific questions to be addressed in order to focus those discussions. Routine presentations and reports should follow the action items and strategic deliberations, with as many as possible being handled via a “consent agenda.” As appropriate to the agenda, committee chairs should be given the opportunity to make presentations. The agenda should include an item at or near the end of each meeting for the identification and assignment of follow-up actions.

**Preparing to Make Major Decisions.** The board should rarely, if ever, make decisions on highly significant issues the first time they appear on the agenda. Adequate time should be provided for discussion at one or more meetings, with the decision made at a subsequent meeting. As noted earlier, the necessary information should be provided in a timely manner in advance of discussion, and the board should consider having at least one “outside” member to help stimulate robust discussion on major issues. In addition, the board chair should use one or more of the following techniques to help stimulate effective discussion:

- In advance of the meeting discussion, assigning alternative positions to two or more groups, requesting each group to make the best case for its position (irrespective of members’ personal views)
- Appointing “devil’s advocates,” on a rotating basis
- Encouraging all board members during the meeting to express and debate their diverse opinions and even, on occasion, to register minority votes

**Oversight of Committee Work.** Where committees are needed, the board should establish charters spelling out their charges, which should relate to the organization’s strategic priorities approved by the board. In addition, the board should challenge committee recommendations wherever appropriate and require periodic assessments of such committees, by their members and by the full board.



Great boards demand business plans linked to strategic priorities, with quantified, auditable targets, evidence-based wherever possible. They use those metrics to carry out their oversight responsibility, monitoring the performance of the organization and the CEO and demanding corrective actions where indicated.

**Rationale:** Stakeholders as well as the public at large are calling for greater accountability, transparency, and oversight by boards of nonprofit health care organizations. In this environment, it is increasingly necessary for boards to review and approve plans and specific targets for the organization's and the CEO's performance and ensure that systems are in place to measure progress toward those targets in an accurate and timely manner in order that corrective actions can be taken where indicated.

### *Key Action Steps:*

**Organizational Performance Plans and Targets.** The board should annually review and approve the enterprise's operating plan, including specific quantified objectives for all key areas of performance (including community benefit, finance, patient or member satisfaction, staff satisfaction, and quality of services) as well as its human resources plan for management and staff development and succession. The plan, while approved by the board, should be the collaborative work product of the organization's management and the board—implementing the strategic direction that the board has approved.

**Performance Reports.** In such forms as a “balanced scorecard” or “dashboard,” the board should regularly receive updates on performance in relation to established targets in a form that provides clear, understandable information regarding actual performance against planned results, highlights problem areas and provides the basis for determining corrective actions. Performance reporting should be designed to provide focus to the board's oversight accountability, translating data into actionable information rather than obfuscating key variables in the camouflage of data volume.

**CEO Performance Oversight.** The board should establish clear performance expectations for the CEO for the coming year and beyond, consistent with the organizational performance targets and including personal and professional growth goals. A formal CEO performance evaluation should be conducted at least annually,<sup>4</sup> with full board participation and self-appraisal by the CEO.

<sup>4</sup> More frequently if there are significant performance problems, and at the end of the first six months for a new CEO.





Great boards continuously evaluate their governance structure, practices, and culture and take actions to improve their performance.

**Rationale:** Experience in many sectors has proven that on-going evaluation and commitment to continuous improvement is a critical pathway to excellence. With respect to governance, research has shown that, unfortunately, far too often board self-evaluation processes are pro forma exercises that frequently do not produce meaningful changes in how boards are organized or carry out their duties.

### *Key Action Steps:*

**Regular Assessment of Governance at or after Meetings.** The board and committees should regularly assess and improve their performance. A post-meeting mini-survey should be routinely administered to board members and committee members to assess the mechanics and results of each meeting. The chair and CEO or other senior manager assigned should jointly discuss the survey results to identify any needs for follow-up discussion at a subsequent meeting.

**Formal Governance Evaluation and Improvement Planning Process.** With the aid of a governance committee, the board and committees should conduct, and periodically reassess the effectiveness of, a formal self-evaluation process that compares their performance against pre-established goals and identifies one or more actions for improvement in the following year—for the board as a whole, for each committee, and for each board member. These actions should be linked to the board's continuing education and recruitment plans. In this evaluation process, senior management and representatives of key stakeholders should also be asked for their opinions on the board's effectiveness.



Great boards insist on formal succession planning for the board chair position, for committee chair positions, and for the CEO position.

**Rationale:** In the business world, in higher education, and in the health care field, there is abundant evidence that succession planning for board leadership and CEO roles is generally poor and, in many organizations, virtually non-existent. When this is the case, it represents a failure in board leadership. There are some organizations in all sectors, however, where leadership succession planning is done exceedingly well; these tend to be strong organizations with highly effective boards.

### *Key Action Steps:*

**Board Policy on Leadership Succession Planning.** The board should formally adopt a policy in support of competency-based succession planning for board leadership positions and the CEO position. It should outline processes for developing succession plans, and regularly monitoring progress on and updating those plans as needed. The policy should also require the CEO to maintain succession plans for other senior management positions. Those plans should indicate the means by which specific individuals are to be cultivated for senior management positions (e.g., through mentoring, formal leadership development training) and the amounts budgeted for such cultivation. The board policy should also include protocols for succession in emergency situations.

**Board Oversight of Leadership Succession Planning.** The board, or a designated committee such as a governance committee, should collaborate with the CEO in identifying several organizations that have implemented first-rate leadership succession planning processes. They are not commonplace, but they exist. Every effort should be made to learn from the experiences of organizations which are doing this well—and avoid reinventing the wheel. After a leadership succession planning process has been designed and approved by the board of directors, the board or a designated committee should direct its implementation with written reports reviewed by the board on a regular basis.

# Appendix A

## *Recommended Resources for Additional Information and Guidance*

### **Benchmark #1: CEO Leadership and Commitment to Great Governance**

- “The Internal Processes and Behavioral Dynamics of Hospital Boards: An Exploration of Differences Between High- and Low-Performing Boards”; *Health Care Management Review*, 34:1, January–March 2009; pp. 80–91; N. Kane, J. Clark, and H. Rivenson
- “In Service of the Board”; *Trustee*, 64:2, February 2011; pp. 6–7; H. Ness
- “Executive Summary of NYSE’s Commission on Corporate Governance Issues: 2010 Report Identifying Ten Core Governance Principles”; American Health Lawyers Association; January 2011; pp. 2, 4–5; C. Anderson
- “Microgovernance: The Changing Role of the Board and Management”; *Trustee*, 61:7, Trustee Workbook; July/August 2008; pp. 14–17; JE Orlikoff and MK Totten

### **Benchmark #2: Board Chair Leadership and Commitment to Great Governance**

- “Great Boards Need Leaders, Not Followers”; *Healthcare Executive*, American College of Healthcare Executives, 25:6; November–December 2010; pp. 74–76; R. Witalis
- “The Case for Professional Boards”; *Harvard Business Review*, Harvard Business Publishing; December 2010; pp. 51–58; R. Pozen
- “New Approaches to Board Chair Effectiveness”; *Trustee*, 63:1, Trustee Workbook; January 2010; pp. 14–17; JE Orlikoff and MK Totten

### **Benchmark #3: Highly Committed and Capable Board Members**

- “Competency-Based Governance Tool Kit”; AHA Center for Healthcare Governance; 2010; D. Cornell and MK Totten
- “Back to the Drawing Board: Designing Corporate Boards for a Complex World”; Harvard Business School Press; 2004; esp. Chapter Six; C. Carter and J. Lorsch
- “Using Competencies to Improve Trustee and Board Performance”; *Trustee*, Trustee Workbook; April 2009; JE Orlikoff and MK Totten

### **Benchmark #4: Healthy, Productive Board Culture**

- “Governance as Leadership: Reframing the Work of Nonprofit Boards”; *BoardSource*; 2005; RP Chait, WP Ryan, BE Taylor
- “Owning Up: The Fourteen Questions Every Board Member Needs to Ask”; *Jossey-Bass*; 2009; esp. Section 5; pp. 57–71; R. Charan
- “Why Great Leaders Don’t Take Yes for an Answer: Managing for Conflict and Consensus”; Wharton School Publishing; 2006; M. Roberto
- “Intentional Governance: Advancing Boards Beyond the Conventional”; The Governance Institute; 2010; esp. pp. 15–18; S. Murphy and A. Mullaney
- “Connecting Governance Culture and Hospital Performance Improvement”; *Trustee*, 61:4; April 2008; pp. 16–19; K. McDonagh, J. Chenoweth, and M. Totten
- “Governance in High-Performing Community Health Systems”; Grant Thornton LLP; 2009; esp. pp. 28–33; L Prybil, et al.
- “Cultural Transformation: The Buck Starts with the Board”; *Trustee*, 63:2; February 2010; pp. 23–24; JE Orlikoff

# Appendix A

(Cont'd)

## **Benchmark #5: Effective Board Oversight of Organizational and CEO Performance**

- “A Guide to Achieving High Performance in Multi-Hospital Health Systems”; *HRET*; 2010; J. Yonek, S. Hines, and M. Joshi
- “Report of the NACD Blue Ribbon Commission on Performance Metrics: Understanding the Board’s Role”; National Association of Corporate Directors; 2010
- “Reaching Excellence in Healthcare Management”; ACHE Management Press; 2011; esp. Chapter 4; J. Griffith and K. White
- “A Guide for the Hospital Board Member”; AHA Press; 2009; esp. Chapter 4; M. Joshi and B. Horak
- “Board Oversight of Community Benefit: an Ethical Imperative”; *Kennedy Institute of Ethics Journal*, 21:1; March 2011; pp. 25–50; G. Magill and L. Prybil

## **Benchmark #6: Continuous Governance Evaluation and Improvement**

- “Governance and Management of Not-for-Profit Healthcare Organizations: A Key Driver of Ratings”; Moody’s Investors Service; December 20, 2010, esp. p. 5.
- “The Quagmire of Hospital Governance”; *Journal of Legal Medicine*, 31:1; 2010; pp. 35–37; J. Blum
- “Raising the Bar for Boards”; *Modern Healthcare*, 39:9; March 2, 2009; pp. 6–16; M. Evans
- “Building Better Boards in the New Era of Accountability”; *Frontiers of Health Services Management*, American College of Healthcare Executives, 21:3; 2009; pp. 3–12; JE Orlikoff

## **Benchmark #7: Board Leadership and Succession Planning**

- “Succeeding at Succession;” *Harvard Business Review*, 88:11, Harvard Business Publishing; November 2010; pp. 29–31; J. Citrin and D. Ogden
- “Reform, Investor Scrutiny, and Succession Planning Imperatives”; *Trustee*; July/August 2010; pp. 28-32; B. Sherman
- “Succession Planning Essentials for the Life Sciences Organization”; *Life Sciences Monitor*, Issue 2; SpencerStuart; 2010

## **General References**

- “Making a Difference: The Management and Governance of Nonprofit Enterprises”; *CCE Publications*; 2010; H. Berman
- “Blue Ribbon Panel Report: Building an Exceptional Board—Effective Practices for Health Care Governance”; AHA Center for Healthcare Governance and HRET; February 2007
- “Board Work: Governing Health Care Organizations”; Jossey-Bass; 1999; DD Pointer and JE Orlikoff

# Appendix B

## Snapshot Checklist Of Board Meeting Practices

- Taking into consideration the overall board schedule for the year, the board chair and CEO jointly set in advance the meeting agenda, dedicating a substantial portion to strategic issues or ideas (Benchmark 4).
- The agenda is constructed to allocate time proportionate to the importance of the matters to be discussed, with action items appearing first, strategic issues and ideas second, and routine reports last, with as many of the latter as possible handled by a consent calendar (Benchmark 4).
- A balanced scorecard or dashboard report is used to update the board on the organization's performance in relation to established targets, quantified wherever possible, with respect to community benefit, finance, patient or member satisfaction, staff satisfaction, and quality (Benchmarks 5).
- Major issues are discussed and decided upon over two or more meetings (Benchmark 4).
- Meeting preparation materials are distributed sufficiently in advance to provide adequate time for board member review (Benchmark 1).
- As appropriate to the agenda, board committee chairs are provided with opportunities to make presentations on matters to be discussed (Benchmark 4).
- The board chair uses specific techniques to stimulate diversity of opinions and constructive debate on major issues (Benchmark 4).
- The board meets regularly in executive session, with only part including the CEO, to explore opportunities for improvements in meeting or other governance practices and/or, only where necessary, CEO or other management performance (Benchmark 1).
- Prior to meeting adjournment, matters requiring follow-up action are identified and assigned (Benchmark 4).
- Management responds in a timely and effective manner to matters identified and assigned to it for follow-up action (Benchmark 1).
- A post-meeting mini-survey of board members is administered on the meeting mechanics and outcomes (Benchmark 6).
- The results of the mini-survey are reviewed jointly by the board chair and CEO to identify any needs for follow-up discussion at the next meeting (Benchmark 6).

# Appendix B

(Cont'd)

## Annual Checklist of Other, More Foundational Governance Practices

- The board chair and the CEO set an overall annual agenda/schedule for the year that identifies key strategy, policy, and performance oversight matters to be covered and their timing (Benchmark 4).
- The role and responsibilities of the board chair are clearly delineated in writing, differentiated from those of the CEO, are well understood by all parties, and are periodically reviewed by the board and updated as needed (Benchmark 2).
- New board chairs and new committee chairs undergo a formal orientation program about their roles and responsibilities (Benchmark 2).
- The board chair undergoes a formal, criteria-based evaluation process timed to that of his or her consideration for reappointment (Benchmark 2).
- The number of terms which the board chair may serve is limited (Benchmark 2).
- The board's size is between nine and seventeen members (Benchmark 3).
- Individual members of the board serve three-year terms, with a maximum of three consecutive terms (Benchmark 3).
- The board has a governance committee that:
  - (a) Continuously assesses the board's strategic needs for talent in relation to the current board's profile;
  - (b) Determines gaps that are to be addressed through recruitment or education;
  - (c) Maintains a candidate pool of persons who might be willing and capable of meeting specific needs for talent;
  - (d) Taps the candidate pool as needed (Benchmark 3)
- The governance committee also conducts a formal annual self-assessment process that compares the performance of the board as a whole, each committee, and each board member against pre-established goals, and identifies one or more actions for their improvement in the following year (Benchmark 6).
- The board has a formal orientation program for all new board members and an ongoing need-based continuing education program for all board members (Benchmark 3).
- All board committees have assigned staff and charters that address their composition and purposes, which are linked to the organization's strategic priorities (Benchmarks 4 and 5).
- The board annually reviews and approves the organization's strategy, operating plan and budget, and a human resources plan for management and staff development and succession (Benchmark 5).
- The board establishes annual performance expectations for the CEO—consistent with the board-approved strategy, operating plan, and budget and including personal and professional growth goals—and regularly assesses his/her actual performance (Benchmark 5).
- The board has an explicit leadership development and succession plan for each board leadership position and for the CEO position, and regularly monitors progress in relation to the plans (Benchmark 7).
- The board requires the CEO to maintain succession plans for other senior management positions, which include programs and budgets for cultivating specific individuals for those positions (Benchmark 7).