In July 2011, five national health associations jointly urged hospital and health system leaders to take three steps to help eliminate health disparities and improve quality of care. These steps called for increasing:

- collection and use of race, ethnicity and language preference data;
- cultural competency training;
- diversity in governance and leadership to better reflect communities served.

In response to this national call to action issued by the American Hospital Association, American College of Healthcare Executives, the Catholic Health Association of the United States, America’s Essential Hospitals (formerly the National Association of Public Hospitals and Health Systems) and the American Association of Medical Colleges, some progress has been made. However, new study findings indicate little to no progress has been made in increasing the overall diversity of health care organization board membership.

Data from the AHA’s 2014 National Health Care Governance Survey Report show that racial, ethnic, gender and even age diversity among board members has stayed the same or declined since the previous survey was conducted in 2011. Specifically:

- the percentage of women on boards remains at 28 percent.
- the number of nurses and other clinicians besides physicians has decreased.
- the number of board members older than age 50 has increased.
- racial and ethnic diversity on boards virtually has stayed the same.

These results raise questions about issues and challenges health care organization boards will face as they continue to govern on behalf of communities that are becoming increasingly diverse. U.S. Census Bureau data show that minorities comprise 37 percent of the U.S. population. That proportion is expected to increase to 57 percent by 2060.

**THE DIVERSITY ADVANTAGE**
The benefits of having a diverse board are clear. Trustees who understand the cultures, issues and needs of their patient population can provide deeper insight and make better decisions about how to serve their communities. Boards that have more diverse membership report that their discussions are richer and more deeply informed. Trustees also say that the broader perspectives shared by board members who are culturally competent can help their organizations to avoid missteps in implementing new programs and services for patient populations with specific beliefs and needs.

Board members who are sensitive to issues affecting service to diverse patients can move governance to a different level. They push back during board conversations, offering perspectives that broaden the board’s thinking, resulting in discussions that are more purposeful and generative.

Increasing diversity on a board doesn’t happen overnight, however. It requires dedication and a shift in thinking about board recruitment and selection. But the advantages are worth it, say trustees and senior executives from organizations that have succeeded in diversifying their board, including Christus Health, an international health system based in Irving, Texas; Main Line Health, Bryn Mawr, Pa.; and Saddleback Memorial Medical Center, Laguna Hills, Calif.

**BEHIND THE NUMBERS**
Leaders and board members of these organizations are quick to say that the excuses often given for failing to diversify a board, such as difficulty finding diverse candidates, simply do not reflect reality. Even if a board’s immediate pool of candidates is small, casting a broader net will reveal new options. One solution might be to take...
governance and throughout the organization.

**Get on the same page.** An important step toward greater diversity is defining what diversity means for your board and organization. The broader the definition, the better. For example, a Christus governance policy expresses the organization’s commitment to seeking board members “without regard to race, color, creed, religion, gender, orientation, disability, age or national origin.”

“Diversity exists where differences exist,” Gauss says. He encourages health care organizations and boards to think about ethnic, racial, sexual orientation and gender diversity and beyond to encompass various points of view, education, skills and expertise. “In the [search] for talent in the boardroom and executive suite, a broad definition of diversity supports development of an expanded pool of diverse candidates,” he says.

**Lead with competency.** Using diversity as the primary criterion for selecting new members is not the right strategy. “Doing so can set you back,” Gauss says, “if a diverse candidate does not have competencies that add value to governance.” Boards that diversify their membership first identify the knowledge, skills and expertise the board needs and then broaden their search to encompass diverse candidates with those competencies.

**Be intentional and explicit.** While each of these organizations went about achieving their diversity goals in different ways, all noted the importance of being intentional about expanding diversity in governance. At Main Line Health, the focus on increasing diversity flowed from adoption of diversity and inclusion as one of the organization’s core values [see Main Line Health’s Mission, Vision and Values, Page 16].

“When I became board chair three years ago, I realized the best thing I could do was develop a board to help us better understand the needs of our diverse communities,” says Patrick Donahue, chair of the Saddleback Memorial Medical Center board. “This was one of the first initiatives I worked on with our hospital’s chief executive.”

A review of the hospital’s history, range of services, communities and strategic growth led to the decision to expand the gender, geographic, ethnic and skills diversity of board membership. Board members also realized there was no formal process to identify diverse candidates, so they took the following steps that Donahue says helped to “put common sense into common practice”:

- made diversity in governance an explicit board goal
- shared with the full board the competencies and diverse back-grounds the nominating committee determined that the board needed to reflect the organization’s strategic growth
- tapped Gauss to head up the nominating committee to bring his knowledge and passion for board diversity into the board recruitment and selection process
- opened up the candidate identification process beyond the nominating committee to all board members
- expanded and increased networking among the communities the hospital serves to identify diverse candidates
- maintained a “tenacious commitment” to find the right candidates and overcome the inertia presented by practices in place for many years
- carefully vetted candidates to ensure that they had the skills, commitment and time to devote to board service
- ensured that all candidates received support from a veteran trustee mentor and became fully engaged early on by serving on committees

These efforts paid off for Saddleback’s board, which added five diverse individuals with needed skills to the board’s membership over the past two years.

“When patients and families look at the pictures of our board members hanging on the hospital wall, they will take comfort that our board can understand and reflect their needs,” Donahue says. “As board chair, I represent the community. That is my role. I filter everything I do on the board through that perspective.”

According to Sadau, Christus Health backs up its commitment with tools and resources to ensure greater diversity in both its system and regional boards. The organization established a “Culture of Diversity & Inclusion” as one of three “destination points” incorporated into its Compass 2020 strategic vision and plans.

Annually, the board sets and tracks progress toward achievement of diversity and inclusion goals for all organization boards, based on the populations served. Goals relate to board...
advantage of registries of diverse candidates available from such organizations as the AHA’s Center for Healthcare Governance and the Institute for Diversity in Health Management that include individuals who already have been oriented to health care. Highly qualified, diverse candidates are available and willing to serve on health care boards. Leaders of these organizations, however, offer possible explanations for the disappointing national trends.

Christus CEO and Chief Diversity Officer Ernie Sadau cites three reasons boards fail to increase diversity among their members: First, they are not committed and intentional about achieving this goal, even though they may say a diverse board is desirable. Second, they don’t set measurable targets for increasing diversity among the board and organization’s leadership. Third, diversity is not ingrained into the organization’s strategy and goals.

The array of issues now competing for the board’s limited meeting time is another factor. This makes it more difficult to recruit community members to serve on boards, says Jack Lynch, CEO of Main Line Health and past chair of the AHA’s Institute for Diversity.

Christus Health’s board chair, Dick Clarke, adds, “There are so many issues on the plates of today’s health care boards and leaders, especially in organizations focused on their survival. In these organizations, issues like board diversity tend to get pushed into the background behind other priorities. This is not an excuse for failing to focus on diversity; it’s simply the way these boards spend their time.”

Less obvious reasons also come into play. The belief that boards should reflect the communities they serve is widely accepted. This means that board members either share or understand the cultures and life experiences of the organization’s broad range of patients. However, the argument that boards don’t reflect the communities served often “falls on deaf ears,” says Jim Gauss, a board member of Saddleback Memorial Medical Center and chair of the board services practice at the executive search firm Witt/Kieffer. That’s because, if most of the board members of a hospital or system come from the service area, the board and management often believe their board’s membership does reflect communities served.

Gauss also points to inertia stemming from a board’s reluctance to update legacy processes. Ingrained behavior, such as board nominating committees continuing to look in the same places for board candidates, often fails to uncover diverse individuals for board service.

“For some boards not ready for more diverse membership, perpetuating the status quo is easier and safer,” Gauss adds, a phenomenon that Lynch describes as trustees who prefer to be around PLUs, or people like us.

Even boards and CEOs committed to diversifying board membership may not understand what Gauss calls the business case for diversity.

“Culturally competent boards and leaders can have a positive influence on culturally competent care which, in turn, decreases disparities in care and treatment and improves outcomes,” he says. These results can improve an organization’s financial position by reducing costs when the right care is delivered to the right patients at the right time.

Lynch agrees. “Having a diverse board and executive team is a good business decision,” he says, “because they bring a more diverse group of patients to the organization.”

Survey data back up Gauss’ observations. A 2011 Witt/Kieffer study showed that 57 percent of organizations committed to board diversity reported better board decision-making and care outcomes. “There is a growing body of evidence that health care organizations can improve care outcomes by addressing equity of care issues,” he says.

Questions for Discussion
1. Does our board’s membership currently reflect the communities our organization serves?
2. Has our full board or board governance or nominating committee discussed and taken a position on this issue?
3. What does diversity mean to our board and organization?

BUILDING A DIVERSE BOARD
Those interviewed cite the following strategies for creating and sustaining a more diverse board.

Secure commitment at the top.
“Diversity starts with the board and senior management,” Gauss says. “They determine the priorities that get attention and resources.”

The support of Christus’ sponsoring congregation and board chair were crucial, Sadau says. “My role as chief diversity officer grew out of their focus and commitment. Senior executives on my team help to achieve this goal, but it’s my responsibility to drive performance.” Having board leaders who visibly champion diversity makes it easier, organization executives say, to broaden diversity in
member gender, faith affiliation and race/ethnicity [see 2015 Christus Health Race/Ethnicity of Markets vs. Board Composition, Page 17].

The governance committee also evaluates the slate of board candidates submitted by each regional board based on needed competencies and populations served. If the slate does not reflect the local market and board needs and goals, Sadau says, it is sent back to the regional board to identify new candidates.

Christus has established a requirement that one out of every three candidates for board and leadership positions must be diverse. The organization includes diversity metrics on its balanced scorecard and holds boards responsible for monitoring progress. The system board reviews an annual diversity report that shows overall progress toward goals for all organization boards. It also ensures that diverse candidates are part of the board’s and organization’s leadership development and succession planning processes to make sure they are ready when positions open up.

All of these activities have kept diversity at the forefront for Christus and helped to integrate the need for diverse boards and leadership into the organization’s consciousness and decision-making. The payoff? Over the past four years, the number of women on the system board has increased from 10 to 40 percent and the number of racially diverse trustees has increased from 10 to 35 percent, Sadau says.

“We keep measuring, and we keep talking, and as people became more aware of what we’re looking for in board members, conversations around board recruitment and selection have changed,” Clarke says. “We now talk about needing people with perspectives and expertise in populations and who can speak to the needs of the people we serve.” That broader view has caused Christus’ board and leadership to think differently about the people recommended for board service and to look for candidates in different places, including outside of its service areas if needed, to gain required competencies and perspectives.

“These efforts also have helped us better execute our international strategies, because we have made a commitment to embracing diverse cultures and understanding their needs,” Sadau says.

Questions for Discussion

1. What steps has our board taken to increase the diversity of its membership?
2. How do we measure our progress?

REAPING THE BENEFITS

None of the trustees and executives interviewed reported any drawbacks to diversifying their board membership.

“What didn’t happen was any loss in the quality of governance or the knowledge-base of the board, a concern often expressed by boards that consider becoming more diverse,” says Ken Wells, M.D., a member of the Christus board. “In fact, the opposite occurred for our board. Discussion is more robust, and we have more debate and a greater exchange of views at meetings. The board identifies new issues and conducts a more detailed review of them than it did in the past. This has resulted in better board decisions. Interactions between regional boards and their communities also have improved because these boards are more in touch with community needs.

“We are not the same organization today that we were in the past,” Wells adds. “Christus is more sophisticated and more performance-focused about quality and outcomes, and I attribute this in some measure to our more diverse boards. We have moved toward a greater focus on community needs and we have metrics in place and make decisions based on them. Many of those who brought this focus and the metrics we use to measure progress have come from the more diverse areas we serve.”

As Main Line’s board has grown more diverse, it has become more sensitive to the charity care needs of some of the communities the organization serves, Lynch says. Efforts to diversify the board and C-suite have drawn positive comments from employees and assisted in medical staff recruitment efforts as well.

“Those interviewed note that it’s easier to attract diverse candidates to a more diverse board.

“Diverse candidates considering a board appointment may turn it down if they don’t see a board culture committed to diversity or if they realize they will be the first diverse member of the board,” Gauss notes. Lynch says boards must take care to demonstrate their commitment to diversity by continuing to add diverse members. “Putting people on boards is a serious proposition, and diversifying a board is not something you fix once and then ignore. Boards have to keep monitoring their membership, being mindful of the communities they serve,” he says.

Wells agrees, reinforcing that success in diversifying the board leads to more success.

“The first thing candidates do is go online and look at the current board to see if they will fit in,” he says. “Candidates who talk with our board members can readily see they are in tune with the language and cultural issues facing the diverse communities we serve.”

Gauss says seeking diverse candidates for board service pays dividends today that will multiply in years to come.

“Don’t hospital and system boards owe it to themselves to have the best board members available to serve the needs of our nation’s increasingly diverse communities?” he says. “Continuing to seek diverse candidates for board service is part of the process, because that’s what the future requires.”

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