afhto association of family health teams of ontario

Governance Fundamentals
Executive Leadership

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★ **in this section indicate that this governance practice is assessed under the Ministry of Health and Long-Term Care's *Accountability Reform* requirements for expanded budget flexibility.**

1 Executive Leadership

1.1 Executive Selection

The board is responsible for hiring the executive director who will oversee the day-to-day operations and implement the organization's mission and vision. In fact, this role is one of the most important responsibilities of a board. If done well, it can make the board's job much easier for the duration of the relationship. Conversely, if done poorly, it can be costly, in terms of time, money and good will.

In this section you will find information about:

- Planning your selection process
- Assessing your candidates
- Making the transition

1.1.1 Planning your selection process

1.1.1.1 Decide on a process:

The board needs to determine a process for hiring the executive director.

Establish a Board hiring committee. Including someone with human resource expertise (from outside the board if necessary) can be helpful to the committee. You may wish to engage a search firm to help you.

Decide on the scope of the committee's responsibility. Does the committee manage the selection process and make a recommendation to the board for a final decision? Or does the committee make the final decision on whom to hire? It is good practice to have the whole board involved in the final decision as this will help ensure that the prospective candidate has the full support of the board.

Decide how or if you wish staff to be involved in the selection process. Leading practice suggests that involvement of staff can be very beneficial in helping identify organizational priorities and selection of a candidate who "fits" well within the organization. If you decide to involve staff in the process, be clear about the staff role. Is staff *advising* the board, or is staff part of the *decision-making* process?

Determine a time frame and budget for the process.

Be sure that board members understand and support the work of the hiring committee and that the Board is clear about:

- The committee's mandate and scope of responsibility
- The budget
- The timetable

1.1.1.2 Review the organization's needs:

Review the skills and attributes you need in an executive director. Get input from board members and staff and assess your current and future organizational requirements. To help guide the board in knowing what attributes you need in an executive director, it may be helpful to look at:

- your vision and strategy
- staff needs
- program needs
- financial position and needs

This is also a good time to look at the salary and benefits package for the position. The Ministry provides salary ranges for the executive director role based on FHT/NPLC size and complexity, within which the board has flexibility. The board will need to assess the talent it will be able to recruit given the market conditions. Some boards have been able to recruit stronger candidates than they would otherwise, by tapping into funding streams available to their organization that are beyond the funds provided through their MOHLTC Funding Agreement. If the board is unsure of its compensation level for the executive director, it may be helpful to speak with other FHT/NPLC boards, or to ask AFHTO for general market information.

Revise the existing executive director job profile and job description if needed and be sure that the board agrees on the desired:

- competencies
- attributes
- level and type of experience

Tools

Sample executive director job description

1.1.1.3 *Identify candidates:*

There are several effective ways to identify potential candidates for your position. Here are a few suggestions:

- Identify and contact people within the local community who may be good prospects for the job
- Send a call out to other organizations asking them to post the position
- Advertise in the local newspaper and use on-line job boards (e.g. AFHTO)
- LinkedIn is an increasingly popular resource, where you can both advertise and search candidate profiles for a small fee
- Health administration associations and trade publications are often excellent resources (e.g. The Canadian College of Health Leaders, Longwoods, Canadian Society of Association Executives, Charity Village).
- Consider whether there are any internal candidates

Whatever method or combination of methods is used, be sure that your advertisement:

- Is clear
- Captures the personality of your organization
- Outlines the key job responsibilities, attributes, and qualifications required
- Gives a date for close of applications, along with what applicants should submit (e.g. cover letter, CV, coordinates and permission to contact three references)
- Includes an e-mail address and postal address for applications

Remember to remind any staff or committee member who is assisting with the process that applications should be kept in confidence. As well, do not assume that the obvious choice is the right choice – it is a good practice to advertise adequately in the appropriate resources and consider all applications for the position. You may uncover an excellent surprise candidate.

Resources and references

[Charity Village is a Canadian source for non-profit job postings and more]

[Work in Non-Profits connects job seekers and employers]

1.1.2 Assessing your candidates

1.1.2.1 Screen the applications:

Your hiring committee will need to screen all applications to see who meets the minimum requirements and determine whom to invite to an interview. It is a good practice to develop a "long list" of candidates from the applications and then screen them over the phone against your required competencies, attributes and qualifications. Watch for potential conflict of interest. Hiring a relative of a board member, though not illegal, may create conflict of interest issues that are difficult to manage (see Conflict of Interest). After the phone screening, develop a "short list" of up to five people to invite for interview. Try to resist the temptation to interview more than five people. If you have done a good job with pre-screening, five should be sufficient to yield a good result.

1.1.2.2 Interview the short list:

Develop interview questions and have them reviewed by someone with human resources knowledge to ensure that the questions are legally permissible. Be sure to allow time for the candidates to ask any questions they may have about the job.

Score your interview results against predetermined criteria to help establish your preferred candidate. Conduct a second round of interviews if necessary and consider using a different approach to the second interview. You may also elect to add to, or change, the panel for a second round. You might want to ask the candidates to present on a topic of interest to the committee and engage in discussion – this will help you learn a lot more about a candidate.

1.1.2.3 Conduct reference checks:

Be sure to check references on your preferred candidate(s). A good practice is for the committee to inform the candidates that everything on their résumé may be checked with referees, even those for which the candidate has not supplied a formal reference. Prepare questions in advance to pose to referees.

Tools

[Sample reference check questions]

[Sample reference check questions (2)]

1.1.2.4 Choose your candidate and make an offer:

The committee now has information from screening, the interview process, and references to help inform the recommendation to the board. Remember – it will be important that the full board supports the chosen candidate.

In your letter of offer to the preferred candidate, be sure to identify the terms of employment including:

- Salary and benefits
- Vacation
- Probationary period
- Job responsibilities (consider attaching the job description)

1.1.3 Making the transition

To help ensure successful integration of your new executive director into your organization, the board should develop strategies for:

- Communicating the appointment to staff
- Informing key stakeholders including funders
- Orientation

1.2 Executive Director/Board Chair Relationship

The relationship between the executive director and the board chair is a critically important relationship to achieve the FHT/NPLC's potential. It sets the tone for board members and staff; together, the board chair and executive director provide leadership, motivate staff and board, and set a strong example for everyone in the organization.

In this section you will find information about:

- Achieving a productive working relationship
- What to do if there are difficulties in the relationship

1.2.1 How do we achieve a productive, constructive working relationship?

A constructive, working partnership is grounded in mutual trust and respect and shared objectives. A productive relationship does not require friendship; what is more important is an ability to work together for the good of the organization. A strong chair/executive director relationship is a strategic partnership that requires work and that must be managed.

The basis for a productive working relationship includes:

- Sharing the vision and agreeing on organizational goals and priorities
- Having a clear definition of and respect for each other's role
- Establishing expectations, obligations, working styles and accountabilities
- Avoiding territorial behaviour
- Creating the space for discussion and debate
- Maintaining a united front outside of the boardroom
- Acting with maturity and professionalism
- Acknowledging and addressing personal differences

This is an important relationship to consider when either hiring an executive director or selecting a board chair. This does not necessarily mean that hiring and appointments should be based on personality; however, the board should consider the ability of candidates to develop effective working relationships that will enhance the organization's effectiveness.

1.2.2 What happens when we run into problems?

If the relationship between your board chair and executive director is hampering the operations and progress of the FHT/NPCL, the board may consider assessing:

- whether roles are clear. While there may be grey areas, these should be discussed and roles and relationships clarified on an as-needed basis
- whether each party is respecting his/her role
- whether the board, board chair and executive director share a vision for the organization
- whether there is a current strategic plan and operational plan to guide the board and executive director's activities

A more subtle problem can occur when the board chair and executive director are too familiar, at the expense of the board chair's relationship with other members of the board. A chair must recall that his/her responsibility is to lead the board (Board Roles and Responsibilities).

In the case of conflict or an unproductive working relationship that can't be resolved, the board could consider asking a neutral third party to provide assistance (a neutral board member, a consultant).

Questions to consider

1. Is the relationship between your board chair and executive director providing strong leadership and motivation to your board members and staff? If not, how might you approach this to improve organizational dynamics and performance?

1.3 Executive Director Performance Evaluation

Evaluating the executive director's performance ensures that the board is well informed on executive director performance, leadership and management capabilities that impact the FHT/NPLC's success. As important, a performance evaluation offers an opportunity for the executive director and board to agree on performance goals for the upcoming year. The board has a fiduciary responsibility, often mandated by its Bylaw, to regularly evaluate the performance of the executive director. Leading practice suggests that this should normally be done on an annual basis.

When the executive director's performance is not measuring up to the board's expectations, termination may be an option that the board needs to consider. If the board decides that termination is necessary, it is important to consult a lawyer for advice on the best way to proceed.

In this section you will find information on:

- How to undertake a performance evaluation
- What is important to consider
- The risks of not doing a performance evaluation
- Termination of the executive director

1.3.1 How do we undertake a performance evaluation?

There are many types of performance evaluation, including

- Self-evaluation, followed by discussion between the executive director and board chair
- Numeric ratings against performance dimensions (e.g., from the job description or from established goals and objectives)
- Narrative descriptions against performance dimensions

- Multiple evaluations gathered from peers, subordinates, board members, and external partners (often called a "360" evaluation)

The board's role and process for undertaking an executive director performance review is typically as follows:

- Determine who will lead the process. If the board has a Human Resources Committee, it could be the Committee's responsibility. Alternatively, it could be an Ad hoc committee of the board, or the board chair.
- Establish a timeframe
- Select or develop an evaluation tool
- Conduct the evaluation
- Meet with the executive director to discuss (board chair or board sub-committee and executive director)
- Both parties sign a summary of the review upon completion and place the review in the executive director's personnel file

Performance evaluation should be an on-going process throughout the year. Leading practice suggests that the board chair, acting as the board's representative, should meet quarterly with the executive director to discuss performance and make any necessary changes to performance goals. The board chair should then inform the board of the outcome of the executive director's performance review and of his/her performance objectives for the coming year.

1.3.2 What is important?

- The review should include an evaluation of:
    - the executive director's performance against previously agreed upon objectives including what got done/did not get done, and how it was done
    - the executive director's overall performance in established performance dimensions
- The review should be honest and frank. Resist the temptation to avoid difficult discussions
- The review should be respectful and constructive
- The review should be confidential
- This is an opportunity to agree on performance goals and expectations for the upcoming year
- This is an opportunity to review and revise as appropriate:
    - compensation
    - job description

- This is an opportunity to agree on a training and development plan for the executive director for the up-coming year

1.3.3 What are the risks in not doing a performance evaluation?

- The board may not gain the information it needs about its executive director's performance that will allow it to monitor and oversee organizational success
- If employment of the executive director needs to be terminated, the organization's obligations may be impacted by the presence (or absence) of a performance evaluation and by its content.

1.3.4 Termination of the executive director

Termination of the executive director is unquestionably a difficult board responsibility, regardless of circumstances. When the board determines that dismissal is necessary, the board should obtain legal advice to help guide the process and ensure compliance with legislation given the circumstances of dismissal. It may be helpful to inform your insurance carrier ahead of time, to understand whether there are any risks to termination that the board is not aware of (e.g. financial). Most insurance companies offer employment liability insurance that provides the board with some added protection in the event there are legal issues to deal with. The FHT/NPLC should explore this coverage to determine whether it is of value to the board.

When terminating the executive director, the board should:

- Be informed about and comply with legislation
- Use discretion when communicating to others about the reasons for dismissal
- Have an emergency succession plan for interim management (see Succession Planning) and a plan for recruitment

Questions to consider

1. Has your board ever had to undertake a difficult performance evaluation? How did you go about it? Were you satisfied with the process and outcome? Would you do anything differently?

1.4 Succession Planning

In this section you will find information about:

- How we define succession planning
- Why it's important

- What you should be thinking about when you make a plan
- What a sample plan could look like

1.4.1 What is succession planning?

Succession planning can be defined a number of ways, which is why it's important that we have a common understanding.

> Succession planning is the means by which an organization prepares for and replaces managers, executives and other key employees who leave their positions, and is critically important to the organization's continued and future success (Gilmore 2003).

This definition is broad enough in scope to allow for planning of interim management of the organization should the post be vacated without a successor in place.

1.4.2 Why succession planning is important

The selection of the executive director is a primary care provider board's most important job (see Executive Selection). Having a succession plan in place that is clear, understood by board and executive director, and able to be implemented immediately will go a long way toward ensuring a smooth transition of interim management. Succession planning is a fiduciary responsibility of the board though it may often be neglected.

In fact, there are numerous **risks** associated with not having a well thought-out succession plan in place. Here are some scenarios:

- The executive director falls ill.
- An excellent internal candidate for the position is overlooked.
- An internal candidate that could have been excellent is insufficiently developed by the organization.

So why is it so often overlooked? This can be for a number of reasons, including:

- ***Being caught up in more urgent priorities.*** Note that doesn't necessarily mean more important priorities.
- ***Concern about relations with the executive director.*** It is natural for a board to want to be encouraging to its executive director. This is, after all, the person hired to do the job. Planning succession can send the wrong message if not handled with care.

Your succession plan should contemplate both what the board will do in an emergency succession (e.g. termination or illness) and what the board will do in a planned succession (e.g. retirement).

1.4.3 Before you begin

Before diving into the planning, you may want to take a few actions to prepare, such as:

- ***Have a discussion as a board about the need for a succession plan.*** Bring up the reasons for doing it, which are essentially related to risk mitigation.
- ***Have a discussion with the executive director.*** It is best to have this discussion when relations are good which will reinforce that the process is about good stewardship and not the executive's performance.
- ***Form a board task force to create the plan.*** In a large organization, a governance and nomination committee of the board may do this, but a temporary task force created just for this purpose is all you need.

1.4.4 What to Do

There's no right way to prepare a succession plan, but here are some tasks you may want to undertake. Notice that there is a lot of natural cross-over with Executive Selection.

- ***Review and update the position description of the executive director***, being sure to include new and upcoming skills that may not have been addressed the previous version.
    - This creates alignment between the position profile and the strategic plan of the organization.
- ***Draw up a skills matrix and compare this to internal candidates.***
    - This can be a helpful way to ensure that you have not overlooked anyone. In a smaller organization, this process will likely be very straightforward, and may involve considering other health administrators in the region who could be realistic candidates.
- ***Develop an internal candidate.*** If one or more are identified who could take over the role, either permanently or on an interim basis, they will likely have some skills development needs that could be addressed proactively.
    - *Tip:* Making this an executive director responsibility makes sense.
- ***Draw up a search plan***, indicating who you would contact in the search to fill a vacated position.
    - This can include hiring a search firm, a list of health sector employment posting resources (e.g. your LHIN, Longwoods trade publication, the Canadian Society of Association Executives, the Canadian College of Health Leaders). (see Executive Selection) for more information.

Resources and references

Gilmore, T.N. *Making a Leadership Change: How organizations and leaders can handle leadership transitions successfully*. Lincoln: IUniverse.com, 2003.

Lyman, P.Q., Sides, M.A. *The Sarbanes-Oxley Act and Fiduciary Duties*. William Mitchell Law Review. Vol. 30, Issue 4. 2004.

Ogden, D., Wood, J. *Succession Planning: A Board Imperative.* Business Week. March 25, 2008.

Business week - Succession Planning: A board imperative

Wilkerson, B. *Effective Succession Planning in the Public Sector.* Watson Wyatt Worldwide. 2007.

Succession Planning: How a little planning can give your nonprofit a better chance to survive and thrive

Organizations that Post Health Executive Positions:
http://niche.workopolis.com/association-executive-jobs/index.htm
http://jobs.longwoods.com/
http://www.cchl-ccls.ca/#sthash.w7hJLt0P.dpbs

Questions to consider

1. Have you ever found yourself in a situation where the executive director suddenly had to leave? What impact did this have? What plans have you made to minimize the impact of future situations where the executive director was unable to fulfill her/his role?
2. Has your board ever discussed the topic? If not, why?

Case Study

Succession Planning

Background

The Centre for Family Medicine FHT was established in 2005 in the Kitchener-Waterloo area. It is a physician-led FHT (18 family physicians) that has recently added a non-physician to its board and has approximately 80 clinical and administrative staff. The FHT has extensive partnerships with other health care providers, specialist physicians, two universities, and a research institute. It has a Community Advisory Council with membership from its patient population, local community agencies, local government, academia, and the research/innovation community. It is also a distributed learning site for family medicine residents of McMaster University. The FHT is highly regarded as a leader and innovator in primary health care.

Executive Leadership

For seven years the FHT was guided by the expertise of its first executive director. Over this period the physicians and the FHT staff had come to know and rely on her solid skills and experience; she was well liked and very competent - a firm hand with a warm and encouraging style. The FHT relied on her leadership.

In 2011, the Executive Director announced her intention to retire in 2012. She discussed her plans with the Board Chair, Dr. Joseph Lee, who in turn discussed the issue with the FHT Board. The Board put into action a recruitment and transition strategy.

The FHT's Strategy

When the Executive Director announced her intention to retire, the FHT was ready. In fact, it would have been prepared for any of its staff to leave.
From its inception, the importance of succession planning was entrenched in the FHT's approach to human resource management. Staff are cross-trained and knowledgeable about one another's jobs. The FHT consciously plans for and builds leadership capacity in all of its staff.

The Executive Director had provided a long period of notice to her retirement. This allowed the Board to activate the FHT's succession plan to identify and systematically coach and mentor an internal candidate for the position. With the Board's commitment, over a period of many months, the new candidate took on more and more responsibility, under the guidance of the incumbent Executive Director.

The Board and Executive Director made sure that the succession plan was clearly communicated to all staff and physicians and that external stakeholders were aware of the impending change of leadership.

The Outcome

The positive outcome was testament to the Board's well-executed succession plan - a smooth transition; continued leadership excellence; and no interruption to delivery of care, service or FHT operations.

Today, the FHT has a new Executive Director and continues to be a provincial leader in the provision of collaborative, inter-professional care. The FHT is leading the local Health Links initiative and has launched an e-Health Centre of Excellence for primary care. It is also a leader in the partnership between inter-professional care, education and research.

The Elements of Success

Change is difficult, particularly change in senior leadership. It was important that the FHT get it right – recruitment, leadership transition, maintaining the confidence of the staff and physicians, and communication to staff and stakeholders.

Not every FHT/NPLC will have the ability to plan for executive director succession by recruiting and supporting an internal candidate, either because the organization is too small or because no staff has the required career aspiration. Succession planning then relies on the execution of a thorough and well thought out external recruitment strategy.

Regardless of whether the recruitment is external or internal, to be successful, a Family Health Team/NPLC board should:

- Develop a succession plan for the executive director before you need one
    - Consider strategies for a planned departure
    - Be prepared in the event of an unplanned departure
- Involve your executive director in succession planning
- Communicate plans clearly to staff, physicians and external stakeholders
- Ensure a comprehensive orientation to integrate the new executive director
- Offer your staff formal and informal opportunities to learn and develop throughout their tenure
    - have a "talent management" plan that allows every staff member to continually learn and grow
    - encourage and foster a culture of learning and development

(To see the interview with Dr. Lee, click here)