

Trustee Insights

VIEWPOINT



Is Trustee Emeritus Status Outdated?

Emeritus status can become a barrier to great governance

BY PAMELA R. KNECHT

According to the American Hospital Association's (AHA)'s 2019 National Health Care Governance Survey Report, on average only 10% of hospital and system boards have emeritus members now. This finding begs the question, "Is granting an outgoing trustee 'emeritus status' a thing of the past?"

Historical Rationale for Emeritus Status

To answer this question, it is helpful to review the original rationale for creating a category of board membership called "emeritus." The fundamental nature of not-for-profit boards is that their membership will change. Over time, some trustees will leave the board and others will be added. This is especially true if the board has term limits, which is the case for 78% of system boards, according to the AHA report.

There are multiple reasons why

Board Composition

a trustee might discontinue board service: reaching an age limit or the end of their term; getting a more demanding job or retiring from the workforce; needing to deal with a changed family situation (e.g., new child or aging parent); or moving to another community or state.

Many former trustees have gained significant knowledge about the board and the organization itself and have been valuable contributors. Boards and executive teams do not want to lose their expertise, the institutional history or their support (philanthropic and otherwise). In some smaller communities, emeritus is offered because it is difficult to replace skilled trustees. Some would argue that emeritus status is a gentler "landing pad" for trustees who are leaving. All want to honor those who have loyally served in these important roles. So historically, boards have offered emeritus status to some outgoing trustees.

Emeritus Definitions

Emeritus status, when provided, is defined in the organization's bylaws. The bylaws will state the criteria for selecting emeritus trustees and will describe the role of and limitations on emeritus members. For example, an emeritus trustee may need to have served a certain number of years or led the board in a critical

time such as a CEO transition. An emeritus trustee typically receives the board meeting packet and is invited to attend some or all board meetings but is not a voting member of the board. According to the AHA governance survey, no system boards allow emeritus members to vote in board meetings. Some emeritus trustees serve on board committees, often as voting members, but they typically are not allowed to chair a committee (or the board itself).

Not a Current Best Practice

Few boards offer emeritus status now because the governance bar has been raised. Regulators, legislators and the public are demanding more of the boards that are overseeing community assets. As a result, granting emeritus status is no longer considered a best practice because it can become a barrier to great governance.

Here is a list of some governance best practices and how they are impeded by a robust use of emeritus members:

- Boards now are expected to have robust discussions, which are much more likely with smaller-sized groups. Emeritus status means more, not fewer, people in the boardroom.
- Effective boards have a healthy culture in which everyone speaks candidly about the challenges the organization and board are facing. The presence of emeritus members may inhibit trustees from being honest for fear of criticizing past decisions.
- Trustees today must commit to substantial continuing education

to stay sufficiently informed to perform their roles well. Emeritus members may not be able to make that commitment.

- Boards must focus more on the future than on the past. Emeritus trustees have historical information which may or may not be relevant, especially if they have retired.
- Trustees must spend significant time preparing for each meeting. Many former trustees no longer have that much time.
- Trustees need to be clear about each other's role and authority. When emeritus trustees are not authorized to vote, it may

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- Boards should use disciplined recruitment and reappointment processes to ensure the best individuals are on the board. Too often, boards grant emeritus status because they are not willing to have the difficult discussions needed when it is time for a board member to leave.

Better Ways to Involve Former Trustees

There are better ways than conferring emeritus status to honor and, as appropriate, continue to involve

those who have served, while adhering to the higher standards demanded of boards today.

If a trustee who is leaving the board has deep expertise that is still needed (e.g., certified public accountant) and has the time for a continued role, invite that individual to serve on the appropriate board committee (e.g., audit and compliance). The former trustee still would need to meet any other criteria set by the board or committee, such as attendance requirements, independence and conflict of interest disclosures.

Serving on another board within the system can be an effective way to leverage a trustee's connections. For instance, a trustee who is leaving the parent board could be asked to serve on the foundation board, assuming they meet that board's selection criteria and expectations. Some subsidiary boards meet less frequently than parent boards, and their focus is

narrower, so it may be an easier commitment.

Former trustees are valuable members of advisory councils to the CEO. For example, some hospitals and systems are creating community councils. These councils, composed of different types of community leaders, provide input about the health needs of their community while maintaining connections between the hospital and the community.

'If You Must' Guidelines

If, after a robust discussion, the board decides to continue emeritus status, it should adhere to these

guidelines to decrease the potential negative impact on the board's overall performance:

- Be selective; do not offer emeritus status to everyone leaving the board.
- Use clear, objective criteria to determine who is eligible.
- Create a short term and use term limits (e.g., one two-year term).
- Modify the bylaws to clearly describe the role, including expectations for attendance, participation and fundraising (if applicable).
- Commit to revisiting the issue of emeritus status in two years.

Always Celebrate

All trustees who leave the board should be celebrated for their service and commitment. This is especially true for board and committee chairs who likely invested many hours on behalf of the organization. Trustees appreciate receiving a parting gift, such as a plaque, along with public recognition of their accomplishments, such as an announcement at the organization's annual fundraising gala.

Granting emeritus status may have been helpful to boards in the

past, but it is an outdated approach for ensuring expertise and loyalty. Boards, like the organizations they oversee, are best served by adopting current best practices such as those described here and in many other resources available through AHA's Trustee Services.

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