

Changing Demographics: Creating Your Next-Generation Board

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Move over boomer." I confess: I am a baby boomer, part of the enormous post-World War II generation that, for decades, has dominated corporate and not-for-profit board leadership. According to The Governance Institute's 2023 biennial survey, the median age for hospital and health system board members is 60 years;¹ and according to a 2022 American Hospital Association survey, nearly 20 percent of such board members are baby boomers age 71 or older.²

I'm also non-Hispanic White, like nearly 60 percent of 2022 U.S. residents.³ However, this ethnic group represents 80 percent of voting board members for health systems and hospitals.⁴

Finally, I am female, like a slight majority of the U.S. population, but only one-third of voting hospital or health system board members.⁵

"Demographics Is Destiny"

The quotation "demography is destiny" often is attributed to a 19th-century French philosopher, Auguste Comte. While perhaps overly simplistic and overstated, there is no question that

the size, age, race, ethnicity, and gender of the population—commonly referred to as demographics—impact not only the health needs of the community but also the types of board leaders needed in organizations devoted to improving the health of those they serve.

This article focuses on what these demographic changes mean for board recruitment and development. The board should focus equal attention on the challenges that changing demographics portend for future service delivery.

Changing Demographics: 2020–2030

The U.S. Census Bureau projects that between 2020 and 2030:

- The so-called "Silver Tsunami" will gain momentum, with an increase of 30 percent or 17 million persons over 65 years of age in the decade. In 2030, the youngest baby boomers will be 66 years old.⁶
- Gen Xers, those born between 1965 and 1980, will be 50 to 65 years old

Key Board Takeaways

- Time is of the essence to map out your long-term board recruitment and development strategy.
- Create a culture supportive of diverse perspectives and new approaches to solving problems.
- Avoid falling into the trap of thinking that you may sacrifice competency for diversity.
- Deploy different recruitment strategies that identify qualified board candidates who would otherwise be invisible.
- Implement new approaches to attract both Gen Xers and millennials to board service.
- Avoid a "check the box" mentality.

in 2030. The population in that age cohort is projected to be 5.9 percent smaller in 2030 than at the start of the decade.

- The U.S. will be a more racially and ethnically pluralistic country. While still remaining the single-largest racial and ethnic group, the non-Hispanic White population is projected to experience no population growth in the decade. Population growth is projected to occur primarily through increases in numbers and percentages in the Hispanic population (projected to increase by 20 percent) and the Black population (projected to increase by 10 percent).⁷



Time is of the essence to map out your long-term board recruitment and development strategy. If you have not already done so, devote time this year for the governance committee to describe your ideal board 10 years from now, when most if not all of your current members will have termed out. Include both the desired mix of needed future competencies (skills, expertise, and experience) and demographic characteristics (age, gender, ethnicity, and race). Consider new competencies that likely will be needed on the board in 2030 and beyond, when your organization and its services are likely to be dramatically different from today.

1 Kathryn Peisert and Kayla Wagner, The Governance Institute's 2023 Biennial Survey of Hospitals and Healthcare Systems (forthcoming).

2 2022 National Health Care Governance Survey Report, American Hospital Association.

3 United States Census Bureau, "Quick Facts: United States."

4 American Hospital Association, 2022.

5 Peisert and Wagner, 2023.

6 Jonathan Vespa, Lauren Medina, and David M. Armstrong, "Demographic Turning Points for the United States: Population Projections for 2020 to 2060," *Current Population Reports*, U.S. Census Bureau, February 2020.

7 *Ibid.*

Avoid falling into the trap of thinking, “We may sacrifice competency for diversity.” Quite the opposite is generally the case. A Columbia University study found that companies with more Gen Xers on their boards perform significantly better than their peers.⁸ Additionally, numerous studies of corporate boards have concluded that adding diverse, qualified directors who can introduce new views, perspectives, and approaches to problem-solving can significantly improve board decision making.⁹

Ramp Up Generational Diversity

The governance committee will need to incorporate new approaches to attract both Gen Xers and millennials to board service. The Gen X population is now the age that traditionally has been a prime target for board recruitment. Millennials, those born between 1981 and 1996, are a very large and diverse group—outnumbering even the baby boomers—that hold longer-term potential for cultivation and engagement for future board membership.

Recommended Approaches

- **Don’t overlook Gen Xers.** Gen Xers often get short shrift, sandwiched between baby boomers and millennials. While millennials get most of the limelight, Gen Xers are characterized as being entrepreneurial but interested in work-life balance; they often bring excellent leadership skills and are very confident digitally.¹⁰
- **Seek younger directors with expertise.** There are many areas—such as consumerism, disruptive technologies, population health, or addressing health disparities—where younger directors could bring valuable contemporary skills to the table.
- **Recognize and embrace generational differences.** Each generation has differing priorities from the generations that preceded and often from those that follow them. Appreciate the value of different approaches and perspectives in the boardroom; be open to changing how the board does its work that would benefit all members

(for example, shorten materials and reporting to allow for greater dialogue and collaboration).

Ramp Up Racial and Ethnic Diversity

Governance committees also should focus more intentionally on ensuring that the board reflects the communities it serves, especially in terms of race and ethnicity. According to The Governance Institute’s 2023 survey, boards have been making slow but steady progress in enhancing ethnic diversity; however, 37 percent of boards still have no members from an ethnic minority.¹¹

A more ethnically diverse board is likely to enhance the board’s understanding of its patients, its staff, and the community at large.

Recommended Approaches

While every hospital/health system market has its own unique racial and ethnic demographic makeup, the following guidelines are generally applicable:

- **Create a culture supportive of diverse perspectives and new approaches to solving problems.** Without this, you will not be able to attract those individuals you most want.
- **Plan way ahead.** Virtually every organization is trying to diversify its leadership talent: seeking out those from diverse backgrounds with senior-level experience in the corporate world or major not-for-profit organizations. Such individuals often are already overcommitted between their professional lives and volunteer service. Your best chance of a successful recruitment is to identify such individuals early—perhaps five or more years prior to when they would have the time to serve—and get them engaged in the short term with the organization, perhaps serving on an advisory group.
- **Avoid a “check the box” mentality.** Take the time to rigorously interview all board candidates to determine that each could live out your organizational values while contributing unique skills and perspectives that will enhance board decision making. Expect current board members and



the CEO to participate in such recruiting interviews before finalizing a slate of nominees.

- **Deploy new approaches to identifying candidates.** Traditionally, many boards relied upon current directors to identify potential board candidates. This networking approach may not be sufficient to identify qualified candidates from diverse backgrounds. Branch out to statewide, regional, and local corporations and community organizations—including universities—to identify talented candidates who may otherwise be invisible.

Like any challenge, the best approach to achieve and maintain greater board diversity is for the board to create a long-term plan for board recruitment and development. Focus your plan on 2030 and beyond and use it as the basis for short-term recruiting. Simultaneously, create or revamp a robust 12–18 month onboarding process to help all new board members be able to fully contribute their talents to the board as quickly as possible.

The Governance Institute thanks Marian C. Jennings, M.B.A., President, M. Jennings Consulting, and Governance Institute Advisor, for contributing this article. She can be reached at mjennings@mjenningsconsulting.com.

8 Zhaozhao He, Mihail Miletkov, and Viktoriya Staneva, “New Kids on the Block: The Effect of Generation X Directors on Corporate Performance,” Columbia Law School Blog, May 22, 2020.

9 Jared H. Landaw, “How Diverse Is Your Board Really?,” *Harvard Business Review*, June 11, 2020.

10 Stephanie Neal, “Are Companies About to Have a Gen X Retention Problem?,” *Harvard Business Review*, July 26, 2019.

11 Peisert and Wagner, 2023.