

AGENDA
JOINT MEETING OF THE EL CAMINO HOSPITAL BOARD
AND

THE EXECUTIVE COMPENSATION COMMITTEE

Wednesday, April 13, 2016, 5:30 p.m.

El Camino Hospital, Conference Rooms E, F & G, ground floor
2500 Grant Road
Mountain View, California

EL CAMINO HOSPITAL MISSION: *To be an innovative, publicly accountable and locally controlled comprehensive healthcare organization which cares for the sick, relieves suffering, and provides quality, cost competitive services to improve the health and well-being of our community.*

THE EXECUTIVE COMPENSATION COMMITTEE: *To advise and assist the El Camino Hospital (ECH) Board of Directors ("Board") in matters related to governance, board development, board effectiveness, and board composition, i.e., the nomination and appointment/reappointment process. The Governance Committee ensures the Board and Committees are functioning at the highest level of governance standards.*

| AGENDA ITEM | PRESENTED BY | | |
|--|---|--|-------------------------------------|
| 1. CALL TO ORDER | Neal Cohen, MD, Board Chair | | 5:30 – 5:31 p.m. |
| 2. ROLL CALL | Neal Cohen, MD, Board Chair | | 5:31 – 5:32 |
| 3. POTENTIAL CONFLICTS OF INTEREST | Neal Cohen, MD, Board Chair | | 5:32 – 5:33 |
| 4. EXECUTIVE INCENTIVE GOAL SETTING PHILOSOPHY a. Organizational Goals b. Individual Executive Incentive Goals <u>ATTACHMENT 4</u> | Jeffrey Davis, MD, Chair, Executive Compensation Committee; Bob Miller, Vice Chair, Executive Compensation Committee | | discussion 5:33 – 6:18 |
| 5. SUCCESSION PLANNING <u>ATTACHMENT 5</u> | Jeffrey Davis, MD, Chair, Executive Compensation Committee; Bob Miller, Vice Chair, Executive Compensation Committee; Kathryn Fisk, Chief Human Resources Officer | | discussion 6:18 – 6:29 |
| 6. ADJOURNMENT | Neal Cohen, MD, Board Chair | | motion required 6:30 p.m. |

A copy of the agenda for the Joint Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting. In observance of the Americans with Disabilities Act, please notify us at 650-988-7504 prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

ATTACHMENT 4

ECH BOARD MEETING AGENDA ITEM COVER SHEET

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| Item: | Executive Incentive Goal Setting Philosophy Joint Session of the El Camino Hospital Board of Directors and Executive Compensation Committee April 13, 2016 |
| Responsible party: | Jeffrey Davis, MD, Chair; and Bob Miller, Vice Chair, Executive Compensation Committee |
| Action requested: | For Discussion |
| Background: The Executive Compensation Committee (ECC) engaged Mercer as the Board's new executive compensation consultants. After interviewing selected Board members, Executive Compensation Committee members, and key executives, Mercer recommended some changes to streamline the goal-setting process, highlight shared objectives while incorporating individual accountability, and emphasize strategic action. | |
| Board Advisory Committee(s) that reviewed the issue and recommendation, if any: At its meeting March 24, 2016, the ECC reviewed Mercer's recommendations and discussed them at length. The Committee had also previously discussed executive incentive goal setting philosophy in depth at its meeting on January 20, 2016. The Committee's recommendations to modify the way ECH sets executive incentive goals are set forth in the attached slide presentation. | |
| Summary and session objectives : <ul style="list-style-type: none"> • Discuss current process and recommended modifications • Provide guidance to the Executive Compensation Committee | |
| Suggested discussion questions: <ul style="list-style-type: none"> • Does the Board agree with the Committee's recommendations? • Where does the Board want the Committee to focus its attention and develop recommendations for future consideration? | |
| Proposed board motion, if any: None. | |
| LIST OF ATTACHMENTS: <ol style="list-style-type: none"> 1. PowerPoint Presentation | |



El Camino Hospital[®]

THE HOSPITAL OF SILICON VALLEY

Executive Goal Setting Philosophy

April 13, 2016

Jeffrey Davis, MD, Chair and
Bob Miller, Vice Chair, Executive
Compensation Committee

Objectives

- To outline the Executive Compensation Committee's work in reviewing the process for setting organizational and individual goals under the executive performance incentive plan.
- To discuss recommended changes to streamline the goal setting process, highlight shared objectives while incorporating individual accountability, and emphasize strategic action.
- To receive feedback from the Board on where it wants the Committee to focus its attention and develop recommendations for future consideration.

Recommendations:

| Element | Current Process | Recommendation |
|-------------------------------------|---|--|
| Gate or Trigger for any bonus | Operating Margin Joint Commission Accreditation | Maintain Operating Margin as Trigger Remove TJC accreditation. Consider a quality measure. |
| Organizational Performance Measures | 3 operational goals in FY2016 (2 Quality; 1 Strategic) | Maintain (2-3 operational goals; include one strategic goal) |
| Individual Performance Measures | Executives have 2-4 individual goals in FY2016 | 1 SMART goal with strategic plan link |
| Weighting | Executives: 70% organizational/20% individual/10% discretionary CEO: 90% organizational/10% discretionary | Maintain as is for CEO and Execs Change to 50% Organization/40% Business (2 goals)/10% Discretionary for Presidents (Foundation and Concern:EAP) |
| Governance | Organizational goals vetted by several interested committees ECC reviews and recommends approval of organizational and individual goals. Board approves organizational and individual goals. | ECC did not have any specific recommendations for change Board may choose to review process. |

Next Steps

- Does the Board agree with the Committee's recommendations?
- Does the Board have any particular areas in which it wants the Committee to focus its attention and develop recommendations for future consideration?

ATTACHMENT 5

ECH BOARD MEETING AGENDA ITEM COVER SHEET

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| Item: | <p>Executive Leadership Development and Succession Planning</p> <p>Joint Session of the El Camino Hospital Board of Directors and Executive Compensation Committee</p> <p>April 13, 2016</p> |
| Responsible party: | Jeffrey Davis, MD, Chair; and Bob Miller, Vice Chair, Executive Compensation Committee |
| Action requested: | For Discussion |
| <p>Background:</p> <p>The Executive Compensation Committee has reviewed the Executive Leadership Development/Succession Planning process developed by HR and seeks to update the Board on the progress made.</p> | |
| <p>Board Advisory Committee(s) that reviewed the issue and recommendation, if any:</p> <p>The Executive Compensation Committee received an update on executive leadership development and succession planning at its meeting on March 24th. The Committee fully endorsed the process and commented on the thoroughness of the approach. It also complimented the great progress made developing the succession plan.</p> | |
| <p>Summary and session objectives: To update the Board on the process.</p> | |
| <p>Suggested discussion questions:</p> <p>None.</p> | |
| <p>Proposed Board motion, if any:</p> <p>None.</p> | |
| <p>LIST OF ATTACHMENTS:</p> <p>1. PowerPoint Presentation</p> | |



El Camino Hospital

THE HOSPITAL OF SILICON VALLEY

Succession Planning: Talent and Leadership Development Update

Presented by: Kathryn M. Fisk, CHRO

Prepared for: Joint Meeting of Hospital Board &
Executive Compensation Committee

Date: April 13, 2016

Talent Management Update

360 Reviews and Talent Profile Development

- Pulse Check Surveys:
 - ✓ Pulse check surveys to be conducted on 3 newest members of the executive team, and Waves 1 and 2 of the Directors in Fall 2016
 - ✓ Pulse check surveys to be conducted on Waves 3 and 4 of the Directors in Winter 2017

- 3rd and 4th Waves of ECH Director 360s:
 - ✓ Data collection complete; final survey participation rate = 91%
 - ✓ Feedback sessions scheduled for April 2016
 - ✓ Talent profiles to be developed in Summer 2016

- Talent Profiles for all Other Executives:
 - ✓ Updated to reflect FY 2016 and most recent succession planning progress
 - ✓ Pulse checks completed and talent profiles updated to reflect progress against goals
 - ✓ Removed CMO and Vice President, ECH Los Gatos who have both left the organization; added General Counsel

ECH Talent Management: Leadership Development 360 Reviews and Pulse Checks

Pacing Calendar

| Q3 FY2016 | | | Q4 FY2016 | | | Q1 FY2017 | | | Q2 FY2017 | | | Q3 FY2017 | | | Q4 FY 2017 | | |
|--|-----|-----|---------------------------------------|-----|-----|--------------|-----|-----|--------------|----------------------------------|-----|--------------|------------------------------------|-----|---------------|--|-----|
| Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
| CEO | | | | | | | | | | | | | | | | | |
| Completed 360 review in February 2013 | | | Conduct CEO 360 Review in Spring 2016 | | | | | | | | | | | | | Conduct Pulse Check in Spring 2017 | |
| Cohort 1: ELT | | | | | | | | | | | | | | | | | |
| Wave 1 | | | | | | | | | | | | | | | | | |
| Completed 360 review in Fall 2013 and Pulse Check in Summer 2015 | | | | | | | | | | | | | | | | | |
| Wave 2 | | | | | | | | | | | | | | | | | |
| Completed 360 review in Spring 2014 and Pulse Check in Summer 2015 | | | | | | | | | | | | | | | | | |
| Wave 3 | | | | | | | | | | | | | | | | | |
| Completed 360 review in Summer 2015 | | | | | | | | | | Conduct Pulse Check in Fall 2016 | | | | | | Conduct Pulse Check on new Executives in Spring 2017 | |
| Cohort 2: Directors | | | | | | | | | | | | | | | | | |
| Wave 1 | | | | | | | | | | | | | | | | | |
| Completed 360 review in December 2014 | | | | | | | | | | Conduct Pulse Check in Fall 2016 | | | | | | | |
| Wave 2 | | | | | | | | | | | | | | | | | |
| Completed 360 review in July 2015 | | | | | | | | | | Conduct Pulse Check in Fall 2016 | | | | | | | |
| Wave 3 | | | | | | | | | | | | | | | | | |
| Complete 360 review in Spring 2016 | | | | | | | | | | | | | Conduct Pulse Check in Winter 2017 | | | | |
| Wave 4 | | | | | | | | | | | | | | | | | |
| Complete 360 review in Spring 2016 | | | | | | | | | | | | | Conduct Pulse Check in Winter 2017 | | | | |

Succession Planning Talent Profile

- The purpose of the Succession Planning Talent Profile is to develop an easy to use resource to support building the leadership talent pool, developing high potentials in ways that best fit their strengths, focusing on resources that will yield the greatest return on investment, retaining top talent, and filling succession and skill gaps where they might exist.
- Talent Profiles for each El Camino Hospital Executive include the following:
 - Overview of the leader's position
 - Succession Plan Status
 - Career Goal
 - Overall Scorecard
 - Scope of Authority/Areas of Responsibility
 - Leadership Competencies - Areas of Strength
 - Individual Development Goals and Individual Development Plan
 - Technical Competencies
 - Knowledge of external environment
 - Knowledge of internal relationships and operations

Progress Towards Succession Plan Goals

- The following strategic steps have been taken to establish succession plans for El Camino Hospital Executives:
 - **Identification of Emergency Successors**
 - 100% of ECH Executives have identified emergency successors
 - **Identification of Planned Successors**
 - 5 ECH Executives have identified planned successors who will be ready in the next 3 years
 - 2 ECH Executives have identified planned successors who will be ready in 3-5 years
 - **Recruiting, Rehiring and Repurposing Key Vacancies**
 - Since last year, 6 ECH Executives have recruited or repurposed positions with the conscious intention of grooming them as potential successors
 - **Identifying High-Potentials and Establishing Stretch Assignments**
 - Through the 360 process for Directors, some high-potentials have been identified
 - The high-potentials identified have been given stretch goals to help develop and prepare them for the succession role

Planned Leadership Development Schedule for 2016

| Month | Executives | Directors | Physicians |
|-------|---|--|--|
| Jan | | | |
| Feb | OPTUM: Board Retreat on Feb.20 <i>*other committed dates: Feb. 1st and 2nd</i> <i>Strategic Planning Retreat includes executives and some directors</i> | | |
| Mar | Healthcare Advisory Board: <i>State of the Industry Overview</i> <i>March 30, 2016</i> | | Healthcare Advisory Board: <i>Impact Through Influence and Facilitating Effective Teamwork (March 24, 2016)</i> |
| Apr | | | |
| May | Stanford: <i>Innovative Health Care Leader Program</i> (May 22-27 2016 or March 2017) www.gsb.stanford.edu/exec-ed/programs | OPTUM*: <i>Integrated Care (similar content from Board Retreat)</i> <i>*consider this content for managers also on separate path</i> | |
| June | | | |
| July | Premier: <i>High Performing Organization</i> | Premier: <i>High Performing Organization</i> <i>*consider this content for managers also on separate path</i> | Premier: <i>High Performing Organization</i> |
| Aug | | | |
| Sep | | | |
| Oct | TBD: <i>Patient-Centered Care</i> | TBD: <i>Patient-Centered Care</i> <i>*consider this content for managers also on separate path</i> | TBD: <i>Patient-Centered Care</i> |
| Nov | | | |
| Dec | | | |

Placeholder for Photo

Position Overview

Role: Placeholder for Position Title
Date of Hire at ECH: January 2016
Tenure in this Role at ECH: 3 Months
Total Tenure at ECH: 3 Months
Total Years of Experience in This Role at Any Organization: 10 Years

Succession Plan

- Interim successor identified for emergency succession
- High potential successor identified for planned succession, readiness: 2-3 years

Career Goal

- Achieved current career goal

Overall Scorecard

- High** Role Criticality
- Medium** Succession Plan
- High** Employee Engagement Score

Scope of Authority / Areas of Responsibilities

- High-level description of scope of authority and key areas of responsibility

FY 2016 Individual Goals

- Organization Performance:** Achieve budget cost reduction goals and support ECH to become a high performance organization.
- Quality Aim:** Implement iCare and achieve stable status by April 1st, 2016.
- Discretionary:** Continue to advance the Mission, Vision and Values of the organization.
- Smart Growth:** Achieve physician development goals with 6 additional MD hires at Los Gatos and 9 additional MD hires at Mountain View.

Technical Competencies

Knowledge of External Environment

- Competitive Market Perspective
- Healthcare Reform and ACA

Knowledge of Internal Relationships and Operations

- Healthcare IT Transformation/EMR
- Patient Care Quality and Safety
- Physician Relations
- Unionized Environment
- Assumption of Risk for Population Health
- Long-Term Capital Planning
- Long-Range Strategic Planning
- Patient Experience Improvement
- Continuum of Care
- Healthcare Regulatory Compliance
- Process Improvement
- Value Based Purchasing

Legend:

- Area of Strength
- Building the Competency
- Area for Development

ECH Leadership Competencies – Areas of Strength

Vision

Consistent long-term focus and strategic thinking. Clear articulation of vision, mobilizes others..

Judgment

Sound decision-making. Subject matter expert. Knowledgeable and experienced.

Character

Trustworthy and respected. Thoughtful, visionary and committed to integrity.

Teamwork

Excellent motivational skills.

Results

Results-oriented and drives towards high performance.

Innovation

Champion for new technology and solutions. Forward thinking for the good of ECH.

FY 2016 Individual Development Plan

- Teamwork and Relationship with Peers:** Develop team in order to delegate tasks effectively; Build stronger competency-based team; Clarify the professional needs and aspirations of direct reports in order to align coaching efforts; Maintain a positive and attentive presence in meetings. Increase physical and emotional visibility/availability.
- Communication:** Ensure timely response and follow-up with colleagues. Keep others informed of critical progress updates. Maintain a positive and attentive presence (i.e., body language) in meetings.
- Relationship with Board:** Continue to build trusting relationships with ECH Board and committee members. Increase physical and emotional visibility/availability.
- Community Relationship:** Support the CEO in raising ECH's visibility and communicating the hospital's value to the community and district.
- Results:** Demonstrate greater focus and ownership of outcomes. Balance workload more effectively. Delegate to others as appropriate to create results.