

Getting what you want from your CEO

To be great at being a non-executive Chairman of the Board, you need to know when and how to work with a CEO who will not always (or maybe ever) be pleased with the Board. Getting each party to do their part in achieving the aims of the shareholders – a job they must do together – benefits from planning and knowledge.

In your personal interactions with the CEO, you need to define the responsibilities clearly – what the CEO will do, what the Board will do, schedule for working together, how you will be accessible outside of that planned schedule, how Board expects to intervene when unhappy. At any time, you can talk about what the relationship is going to be and how it is defined by how the two of you work best – not how you did it before with someone else, but how you each did it before can inform what you can do in this new, unique relationship.

Clarity is very helpful. Actions that provide clarity include:

- **Identifying the deliverables from the CEO to the Board.** Typically, The CEO is responsible for executing initiatives for that year that emerge from your strategic planning (e.g., expand into new customer or geographic markets, improve gross margins in key businesses, ensure the success of bet-the-company new products, develop a strong cadre of managers to support key future goals). The CEO also needs to provide the Board critical information about problems and new opportunities – and how he or she is addressing them. The CEO should also define what role he would like the Board to play with these problems and opportunities.
- **Identifying the deliverables from the Board to the CEO** (e.g., clear guidelines on what is expected, performance review, introductions to other companies, perspectives and guidance on strategic, operational, and financial management issues).
- **Designing guidelines for interactions.** What will Board meetings look like (agenda, decision-making rules)? What conversations between the CEO and Board members outside of formal Board meetings are expected? What other ways can or will Board members see what is happening in the business or market (e.g., talking with employees, talking with customers, talking with distributors, talking with customers' customers)?
- **Clarifying ahead of time the process of identifying when performance is at issue.** You'll handle problems much better if you've been clear ahead of time about how you are going to work together and about how you'll handle the kinds of problems that could crop up.

For example, you might say to a CEO, “This is the process that works for me. I set the agenda for Board meetings. I serve as a liaison between the CEO and the Board. I coach and advise until something becomes a problem – but then the timeline for intervention is short. Sometimes this means terminating a CEO before he feels ready to leave, but rarely do I allow the relationship to deteriorate into a dysfunctional one.”

Your planning for managing a CEO should include from the start a backup leadership plan (or succession plan). If the CEO falters, you want to be able to move swiftly to replace him – without destabilizing the company more than is necessary.

Serving as non-executive chair is a great opportunity for you as Board Chair to do an assessment of yourself to share with the CEO – and with Board. This step opens the door to a fair exchange with the CEO and better information both ways. “I would like you do to an assessment so that I can understand you better and I'll do one so that you understand me better.” If you both have done it, you can say, self-disclose. What are your development needs? What is your interaction style? You can say, “There's something I'm working on and it's a hyper-challenging style, so if you're hearing hyper-challenging from me, let me know. I want to have a conversation about it. I'll consider what

you say and decide if your concern is valid. But in any case, I welcome hearing it.” Share what you know in a way that can help your relationship work better.

Only one side of the Board member-CEO interaction needs to be mature to make the process work – so make sure that the chair is mature. A CEO who is mature and self-aware can live with Board members who aren’t perfect, and Board members who are mature and self-aware and other aware can live with an immature CEO. The problem is when nobody is self-aware and mature. It’s easiest if chairpersons grow themselves and their own maturing, as opposed to trying to fix the CEOs.

Working well with your CEO partner is vital to creating value. Consciously thinking about and discussing how you are going to work as a Board member with your CEO will make your success larger and much more likely.