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**Building High-Impact  
Board-Chief Executive Leadership**

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**International Economic Development Council**

**2016 Annual Conference**

***Building a Rock-Solid  
Board-CEO Partnership***

**A Workshop Presented by:  
Doug Eadie and Kurt Foreman**

**September 25, 2016**

***Doug Eadie & Company***

Governance Edge Leadership Series



**Building a High-Impact  
Partnership With Your Board**

**Doug Eadie**

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# Part 1

## Developing The Board-CEO Partnership

# QUESTIONS TO THINK ABOUT

1. What appear to be your board's most significant strengths and weaknesses as your organization's governing body? What does your board tend to do best – and least well – when it governs?
2. Over the past year or so, what have been the most important two or three governing accomplishments of your board (not of the organization generally)?
3. What appear to be the most important governing issues facing your organization?

# Sure-Fire Signs Of A Rock-Solid Partnership At Work

- Strategic and policy-level decisions are being made in a full and timely fashion – ensuring that high-stakes issues (both challenges and opportunities) are being effectively handled.
- Board members are involved meaningfully and proactively in making governing decisions and judgments and hence feel strong ownership of – and take great satisfaction in – their governing work.
- The Board-CEO partnership is able to withstand significant stress over a long period. (Frequent turnover of CEOs is a sign of serious dysfunction and a huge cost.)

# 3 Keys To A Solid Partnership

1. A really “board-savvy” CEO
2. A well-developed board that is capable of making high-impact governing decisions and judgments
3. Meticulous relationship management

**Key 1**

**A Board-Savvy CEO**

# Board-Savvy CEOs

- **Bring the right attitude to the governing game:** See their board as one of their organization's most precious assets – not a threat – and take accountability for capitalizing on the asset.
- **Are world-class governing experts:** Understand the rapidly evolving field of public/nonprofit governance inside-out.
- **Set sensible priorities:** Treat the governing function and the board-CEO partnership as a top-tier CEO concern.

# 3 Board-Savvy CEO Hats

- **CHIEF BOARD CAPACITY BUILDER:** Taking the initiative in helping the board develop its governing capacity
- **CHIEF GOVERNING PROCESS DESIGNER:** Continuously working with the board's standing committees in designing processes for board involvement that turn board members into satisfied owners of their governing work.
- **CHIEF GOVERNING RELATIONSHIP MANAGER:** Paying close attention to communication and interaction processes aimed at keeping the board-CEO working relationship healthy.

## **Key 2**

**A Well-Developed Board Capable  
Of Doing High-Impact Governing  
Work**

# Governing Is A Team Sport Involving A

## “STRATEGIC GOVERNING TEAM”

- Board
- CEO
- Senior executives

# Your Strategic Governing Team Has A Clear Choice:

- Either take the initiative in continuously developing the board – strengthening its composition and updating its role, structure, and processes in the interest of higher-impact governing



- Merely move today's board into the future

# **3 Key Elements Of Board Capacity Building**

- 1. Strengthening your board's self-management capacity**
- 2. Clarifying your board's governing work**
- 3. Updating your board's governing structure**

# Board Self-Management Involves Both

**Developing the people  
on the board**

**Managing the board's  
governing  
performance**

# Practical Ways To Strengthen The People On The Board

1. Make a board standing committee (typically governance or board operations) responsible for board human resource development.
2. **Avoid the slippery slope of board downsizing.**
3. Enrich your board's composition by using a detailed, formal profile in filling board vacancies – identifying desirable board member attributes and qualifications and explicitly targeting sectors/stakeholder organizations that need to be represented on the board.
4. Systematically develop board members' governing knowledge and skills.

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# Managing Board Governing Performance Involves

- **An accountable committee (typically governance or board operations)**
- **Setting board member performance targets/standards and monitoring performance**
- **Periodically assessing how the board as a whole is performing as a governing body**
- **Taking corrective action as appropriate**

# QUESTIONS TO THINK ABOUT

- 1. What are some desirable attributes and qualifications of board members?**
- 2. What steps might you take to diversify your board's composition in order to make the board a stronger organizational resource?**
- 3. What are some governing performance targets/ standards that board members might hold themselves accountable for?**

# Governing At The Highest Level

To play the leading role – in partnership with the CEO and executive team – in continuously answering 4 critical questions:

1. Where should we be headed/what should we become over the long run?
2. What should we be now and in the near-term?
3. How well are we performing: in terms of programmatic performance, finances, external relations, administration?
4. How do we need/want to be perceived by our members and key stakeholders?

# **The Board's Detailed Governing Work Consists Of Much More Than Mere "Policy- Making"**

**Decisions about concrete governing "products" and  
judgments based on governing information – flowing  
along 3 broad governing streams:**

**Strategic and operational planning/budget development**

**Performance oversight/monitoring**

**External/stakeholder Relations**

# Warning!

**Distinguish between – and never mix up:**

- Your board's true governing work
- And the non-governing “doing” work that board members might validly engage in

**And make sure that non-governing work is not allowed to encroach on the board's preeminent responsibility: Governing.**

# QUESTIONS TO THINK ABOUT

1. What are some of the most important governing “products” in the area of strategic and operational planning that your board should pay close attention to and make decisions about?
2. What are some examples of important non-governing work that board members might validly engage in?

# Well-Designed Board Governing Committees

**Ensure thorough preparation for board meetings**

**Serve as reliable vehicles for keeping the board's detailed governing work updated**

**Foster board member governing expertise, ownership and ego satisfaction**

**Provide the CEO with spear carriers/champions**

# Well-Designed Board Governing Committees

- **Correspond to the major streams of decisions and judgments that make up your board's governing work (form following function)**
- **Cut across all of your organization's operations and functions (not tied to narrow programmatic and administrative silos, such as downtown development, business attraction, personnel, or finance)**
- **Are standing, not ad hoc, committees**
- **Consist only of board members, along with staff in a support role**

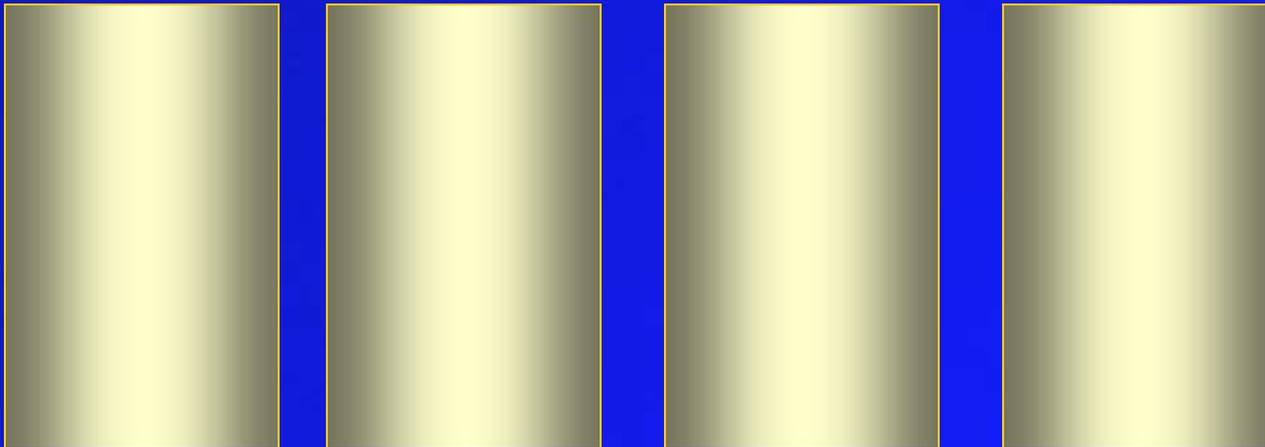
# Form Follows Function

## Board Governing Streams

**Planning Stream**

**Performance Oversight Stream**

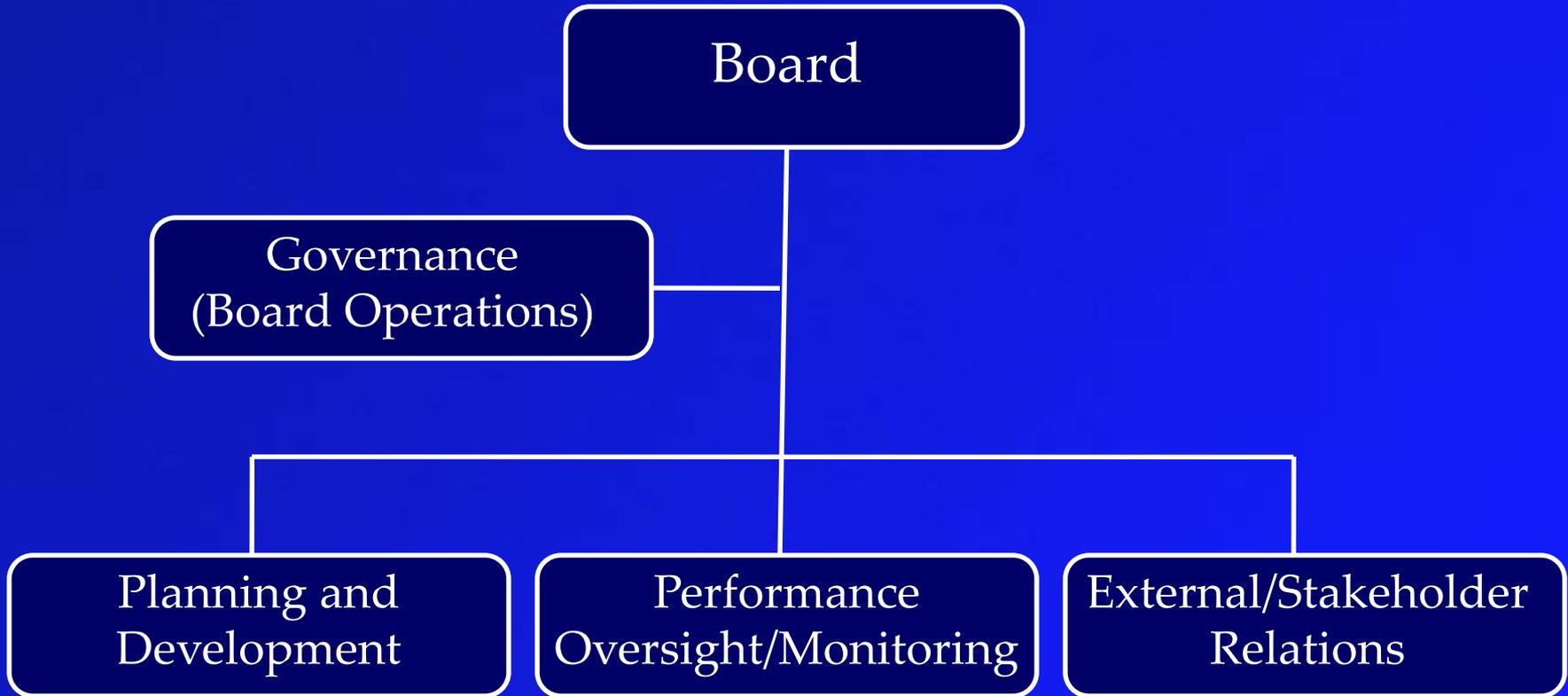
**External/Stakeholder Relations Stream**



Programs and Functions

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# Model Committee Structure



# Governance (Board Operations) Committee

- **Headed by board chair**
- **Consists of other standing committee chairs and CEO**
- **Serves as committee on board operations, not as a petite board: coordinating committee work, developing the board agenda, managing the board-CEO partnership, overseeing board performance**

# Committees Function Well When

- Every board member serves on 1 and only 1 committee (except committee chairs)
- Committees are the only path to the full board agenda and only committees report in full board meetings (except the CEO's report)
- Committee chairs and members are regularly rotated among committees
- An executive manager is assigned as chief staff to each committee

## **Key 3**

# **Meticulous Relationship Management**

# 4 Keys To Maintaining A Healthy Board-CEO Working Relationship

1. A board committee (typically Governance or Board Operations) responsible for the board-CEO working relationship
2. Clear, detailed board-CEO (and senior executive) communication and interaction guidelines
3. A solid board chair-CEO working relationship
4. Formal board evaluation of CEO performance

# Discussion Questions

1. What are some board-CEO communication guidelines that will help to keep the board-CEO working relationship healthy?
2. What guidelines should govern board interaction with staff below the CEO in order to maintain a healthy board-CEO working relationship?

# **The Board-Savvy CEO Turns The Board Chair Into An Ally And Change Champion By**

- **Reaching agreement with the board chair on the basic division of labor with the CEO**
- **Providing the board chair with non-monetary compensation:**
  - **Helping the board chair succeed in leading the board**
  - **Paying attention to the board chair's professional objectives and ego needs**

# Regarding The Board Chair-CEO Division Of Labor

- Board chair responsible for leading deliberations of the board and the governance committee
- CEO responsible for all organizational operations, including directing staff
- Board chair and CEO share external/ stakeholder relations
- Only the full board collectively provides direction to the CEO

# Discussion Questions

- 1. What does the CEO need to know about her new board chair to build a solid relationship with him?**
- 2. What can the CEO do to support the board chair in carrying out – and succeeding at – the chair's leadership functions?**
- 3. What are some examples of helping the board chair achieve his or her professional objectives and to meet his or her ego needs?**

## Part 2

# Active, Meaningful Board Engagement In Making Governing Decisions

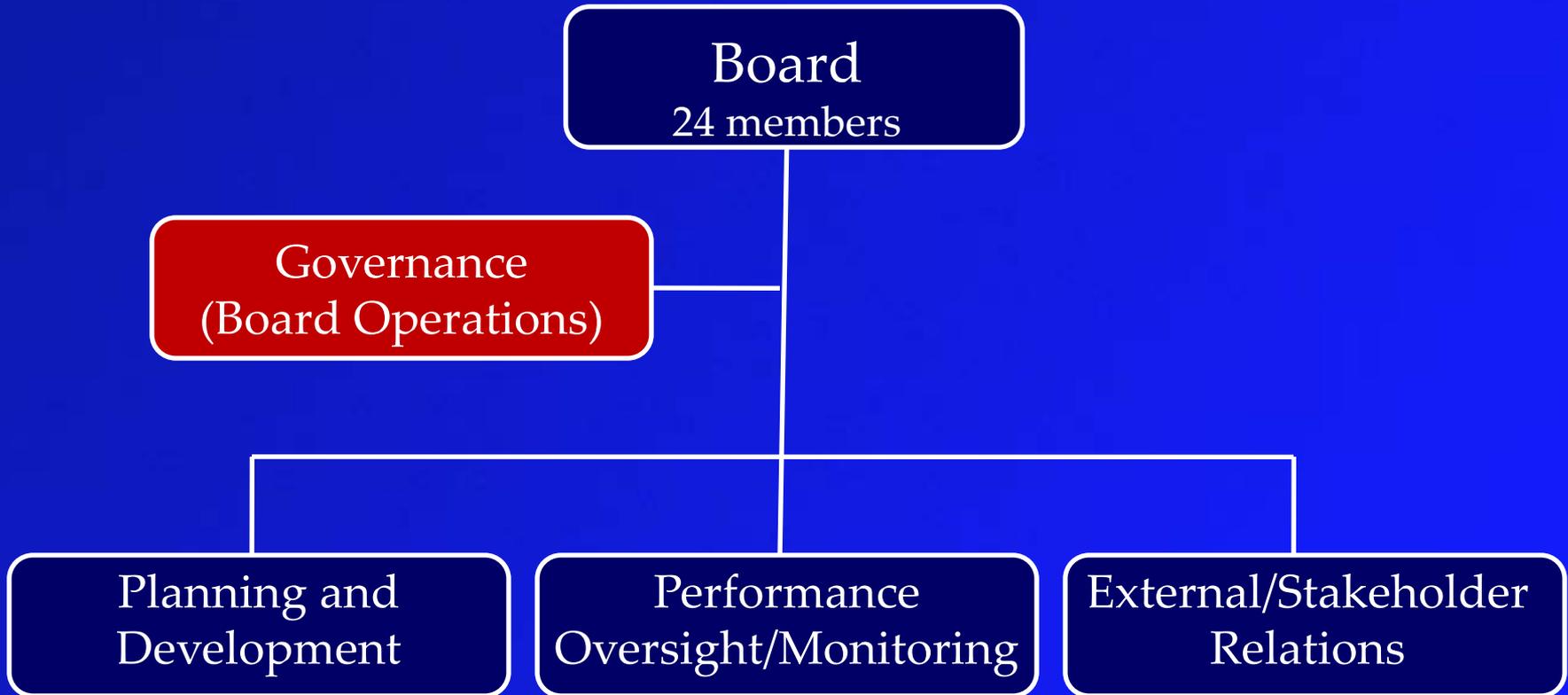
# Putting Governance to Work in Economic Development Organizations

- How can we utilize our enhanced awareness in our organizations?
- Economic Development groups are ideal for utilizing an engaged board
- Let's look at some examples of how that might work

# Practical Engagement Opportunities

- **Board Self Management**
- **Metrics that Help Tie Things Together**
- **External Strategy – Image and Stakeholders**
- **Incorporating Change Items into Program of Work**

# Governing Structure – North-South EDC



# Exercise 1: Board Self Management

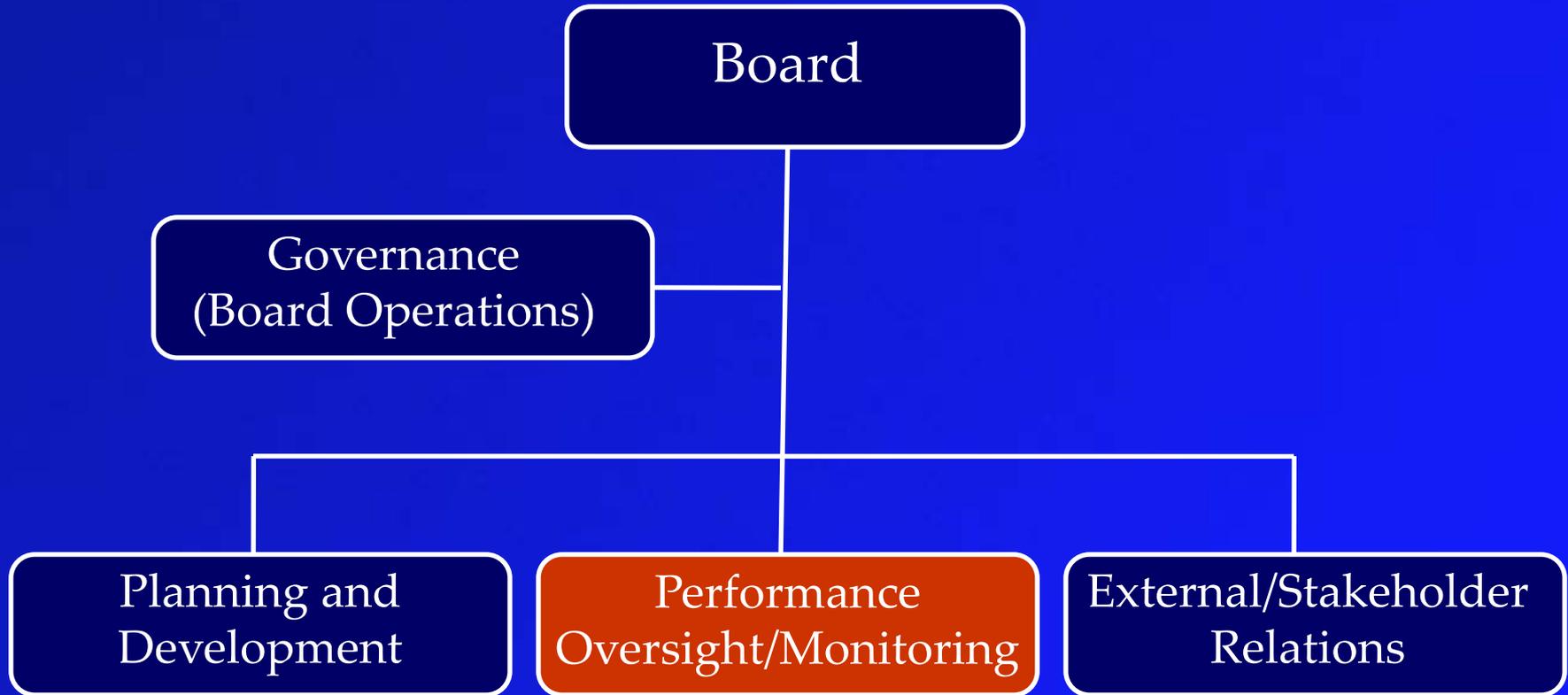
A profile can help in identifying potential board members going forward.

- **Sketch out a profile for ideal future board – desirable attributes and qualifications.**

It's appropriate for the board and members to have performance indicators – not just for work plan.

- **Develop ideas for board member performance targets and indicators**

# Governing Structure – North-South EDC



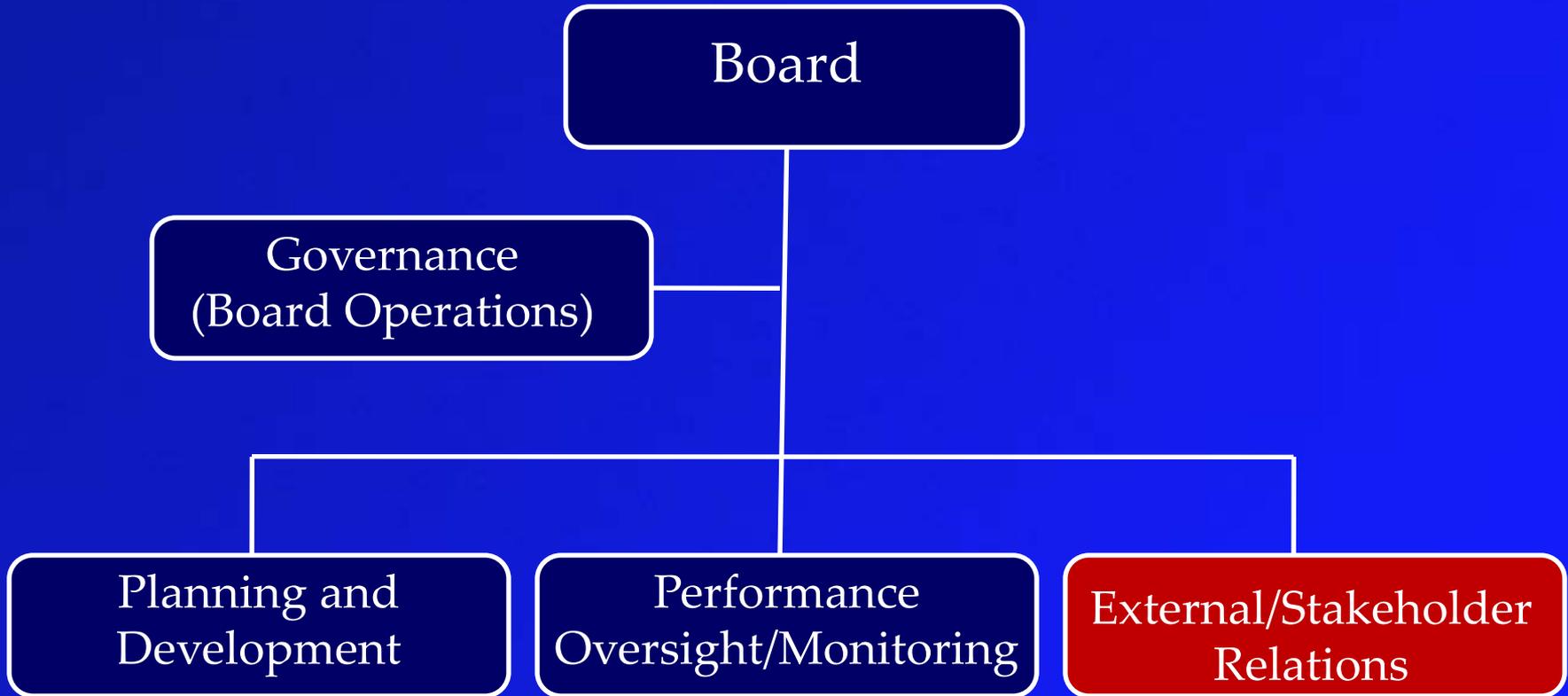
# Exercise 2 - Designing Metrics

- Performance Oversight & Monitoring Committee is going to develop updated metrics to take to board for input and approval
- Assume N-S EDC's program includes recruitment, BRE and overall marketing

**At your tables:**

- Identify ideas for metrics that could be proposed
- Consider overall metrics – not just programmatic

# Governing Structure – North-South EDC



# Exercise 3A - Laying Out A Desired Image

External Relations Committee is developing an initial image statement to take to the board

- How does the EDC wish to be perceived?

Complete this sentence:

**“We need/want to be perceived by public and key stakeholders as....”**

**Note: What elements of our image will we need to work on (to achieve or sustain)?**

# Exercise 3B – Stakeholders

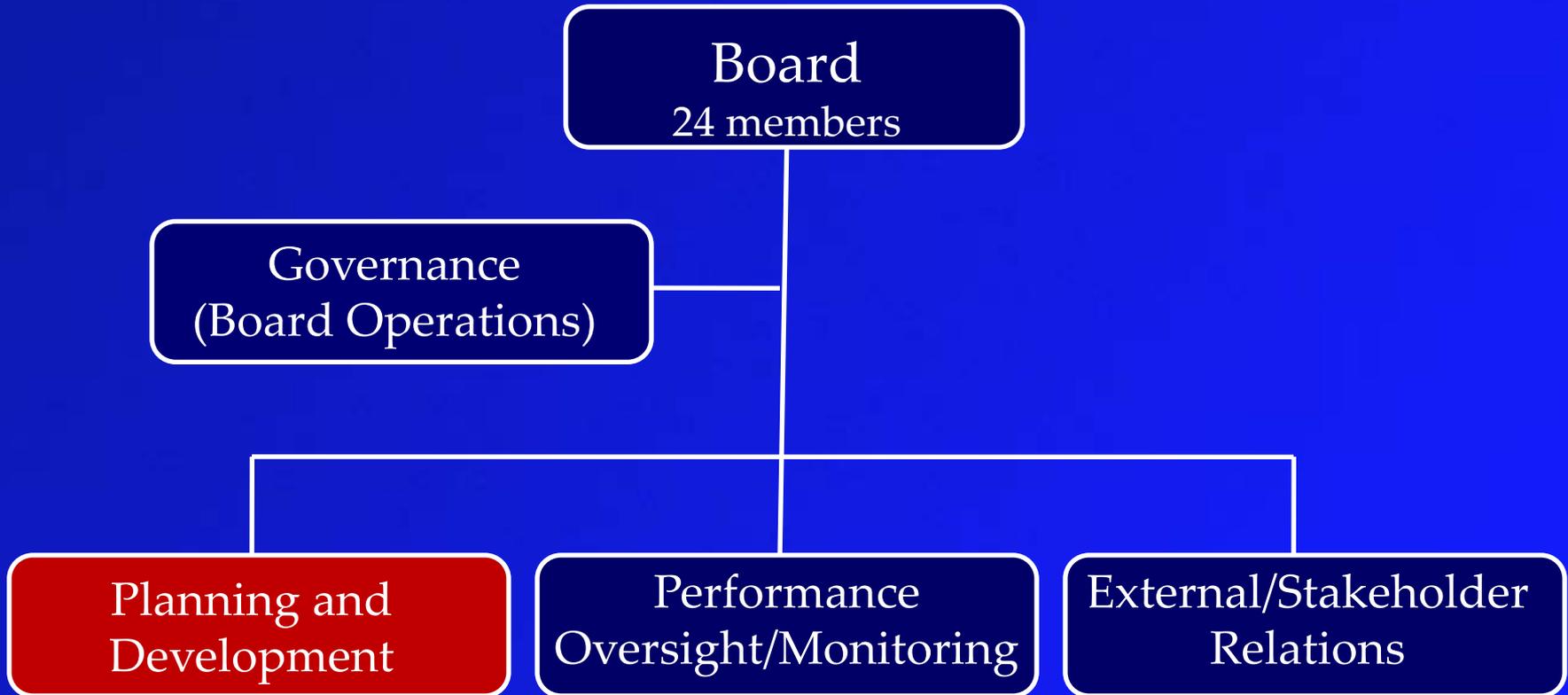
External Relations also keeps its eye on stakeholders and how the EDC fares over time.

- Sometimes who the stakeholders are seems obvious, but it's always good to review.

- At your table:

1. Generate a list of major stakeholders.
2. For 2-3 stakeholders on your list, identify steps that could help maintain a solid relationship with each stakeholder.

# Governing Structure – North-South EDC



# Change Items And Your Planning/Budget Process

- Outside factors and conditions can affect the EDC's "regular" work plan
- Potentially important or disruptive "out of the box" items require special attention and are a useful way to get significant board engagement
- Think about it as having a "change portfolio" of items to monitor and work on over time

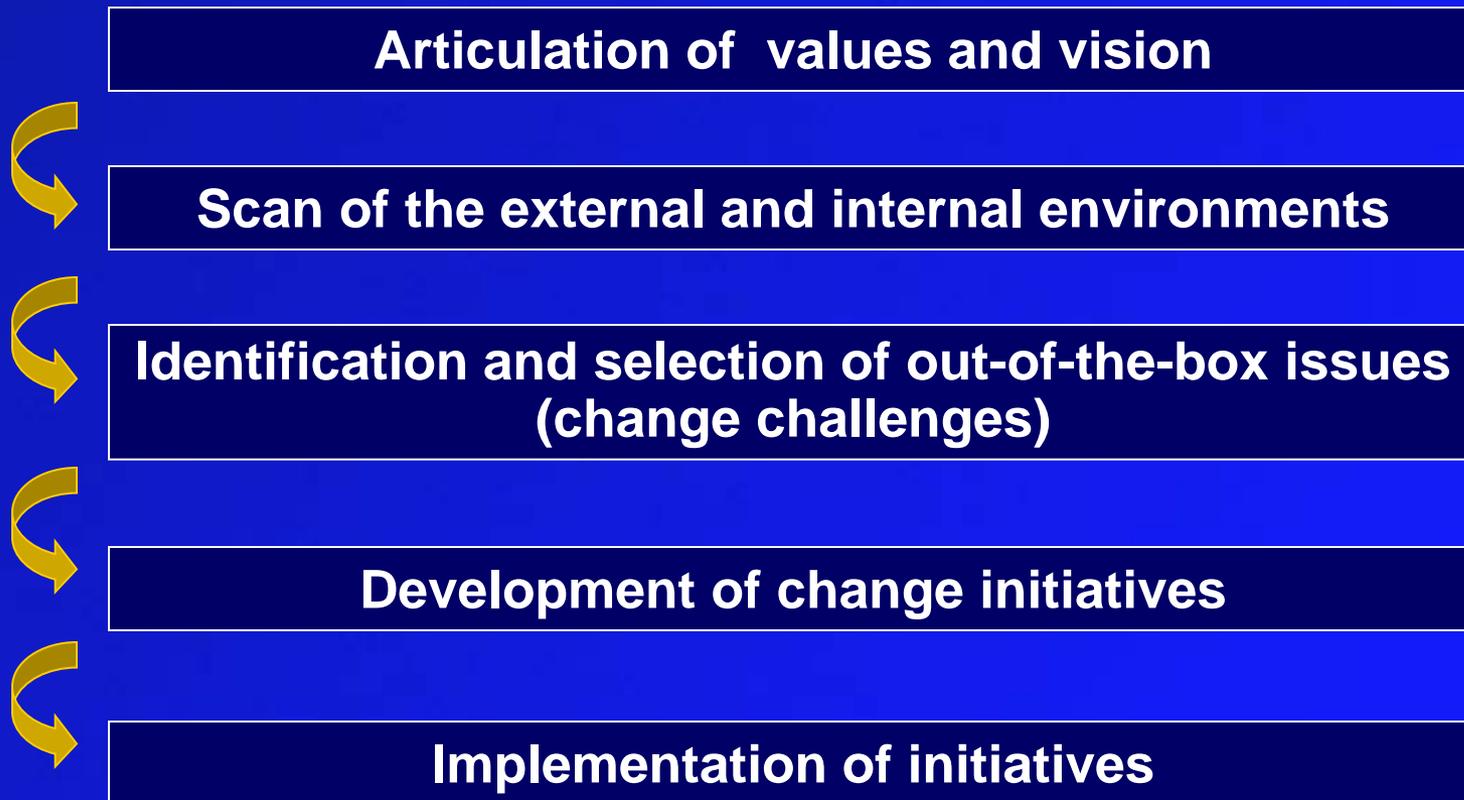
# Parallel Planning Streams



- Finalize values and vision statements
- Select out-of-the-box issues to address NOW
- Add new issues to the Change Investment Portfolio
- Develop change initiatives

- Set annual operational goals/targets
- Develop operating and capital plans
- Update the budget document

# Change Investment Portfolio Flow



# **Out-Of-The-Box Change Issues Might Involve:**

- **Customer needs/demands**
- **Image/external relations**
- **Organization finances**
- **Internal organization culture**
- **Organization leadership and management**

# Change Initiatives

- **Essentially complex, high-stakes projects managed in the Change Investment Portfolio**
- **Consist of:**
  - **Specific objectives/outcomes**
  - **Schedule of action steps**
  - **Accountabilities**
  - **Required resources/budget**

# To Select Issues

- **Assess likely future penalties for NOT taking action to address particular issues NOW (direct costs and lost opportunities)**
- **Assess capacity (including financial) to address particular issues**
- **Select issues promising greatest return at an acceptable cost**

# Exercise 4 – Identifying Change Items

Conditions or trends that seem pertinent (use your communities/ areas)

- Potential growth and development issues (both opportunities and challenges)?
- Potential costs for NOT addressing items?
- Any barriers that might impede addressing items?

# Some Final Takeaways

- **Thinking about board governance takes time but generates rewards**
- **Makes it the board's organization and not yours**
- **Meetings go from staff talking to board talking**
- **Board members miss something if they aren't there (and are noticed)**
- **Can better handle periodic or ongoing challenges**

**Thanks For Your Participation!**

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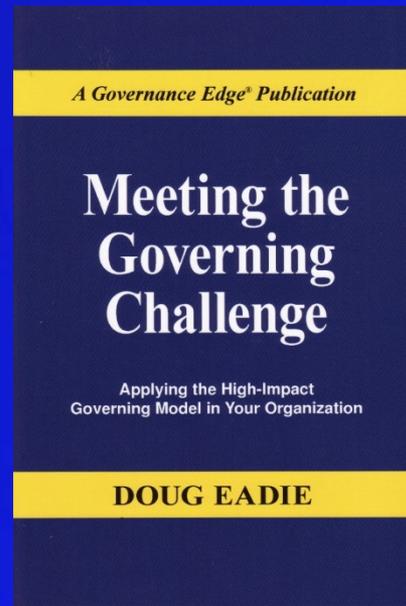
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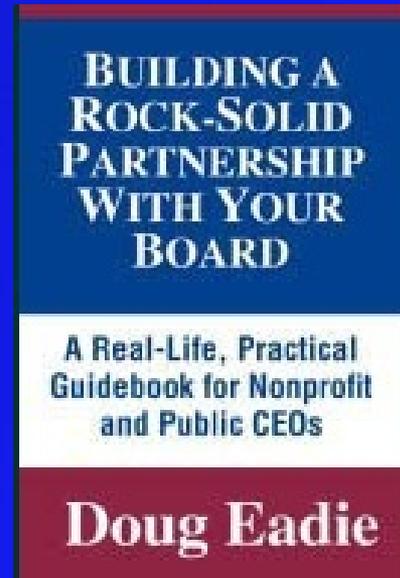
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