

Doug Eadie & Company

**Building High-Impact
Board-CEO Leadership**

www.DougEadie.com

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A Presentation For:

Leadership Summit

International Economic Development Council

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Hit The Ground Running With Your New Board:

**Practical, Tested Approaches To Building A Rock-
Solid Board-CEO Working Relationship**

Governance Edge Leadership Series



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

Doug Eadie

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**(IEDC Chair Michael Langley and President/CEO Jeff Finkle
are members of the Blog's CEO Advisory Committee)**

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Prelude



Opening Discussion Questions

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 your organization generally)?
3. What appear to be the most important **governing** issues facing your organization right now?

3 Facts Of Life In All Organizations

1. Surviving and thriving as a CEO depends on a rock-solid board-CEO partnership.
2. A close, positive, and productive board-CEO partnership is difficult to build and is always fragile because of :
 - The high-achieving, strong-willed, and demanding cast of characters at the top
 - And the complex, high-stakes issues they continuously deal with
3. Nonprofit/public governance is a rapidly changing “field” without universally-accepted principles and best practices – and filled with dangerous erroneous assumptions.

4 Keys To A Rock-Solid Board-CEO Working Relationship

- 🔑 A really board-savvy CEO
- 🔑 A well-developed board
- 🔑 Strong board member ownership of their governing role and work
- 🔑 Meticulous relationship management

1. The Board-Savvy CEO In A Nutshell



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 make the governing function a top-tier CEO priority.
- **Are world-class governing experts:** Understand the rapidly evolving field of nonprofit/public governance inside-out and guard against “insidious foes” of the board-CEO working relationship.
- **Wear 3 critical hats:**
 1. Chief Board Developer: **Building board governing capacity**
 2. Chief Governing Process Designer: **Strengthening ownership through engagement**
 3. Chief Board-CEO Relationship Manager: **Handling human relations**

Making Governing A Top CEO Priority Means:

- Spending at least 25 percent of your time on governing matters
- Serving as “executive director” of your organization’s “governing program:”
 - Closely monitoring board functioning, identifying issues needing attention and taking the lead in addressing them
 - Helping your board become a more effective governing body
 - Paying close attention to your relationship with your board

Board-Savvy CEOs Don't Let Insidious Foes Damage Their Relationship With the Board



Insidious Foes

- Erroneous assumptions about the nature of governing that sound plausible and are often recommended by self-styled “governing gurus” – but can damage the board-CEO partnership
- **Some common Insidious Foes:**
 - **Stellar organizational and/or CEO performance will keep the board-CEO relationship healthy.**
 - **There’s a firewall between the board’s “policy making” role and the executive management function that must be preserved: the twain can’t meet.**
 - **Board members aren’t interested in managing their own governing performance**

Discussion Questions

1. What steps might you take to become more board-savvy in preparation for taking the helm in an organization/ working with a new board?
2. What are some other insidious foes of a solid board-CEO partnership you've come across?

2. A Well-Developed Board



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6 Reasons The CEO Should Play The Chief Board Developer Role

1. Satisfied board members make for better partners
2. Board members derive satisfaction from doing high-impact governing work that makes an obvious difference in organizational affairs.
3. A well-developed board is more capable of doing really high-impact governing work.
4. Being an organization by definition, a board can always be developed. Today's board never has to be yesterday's board, nor tomorrow's board today's.
5. Board members typically have neither the time nor expertise to take the lead in developing the board,
6. **And, anyway, dissatisfied board members tend to blame the CEO for the board's under-performance!**

3 Key Elements Of A Well-Developed Board

- 1. A firm grasp of the board's governing role and functions**
- 2. A strong board self-management capacity**
- 3. Well-designed board governing structure**

About Governing Work

Governing Is A Team Sport Involving A

“Strategic Governing Team”

- Board
- CEO
- Senior Executives

Note: Governing Is A Particular Kind Of Volunteer Work Boards Do That Should Not Be Confused With Non-governing Volunteer Work, Such As:

- Doing **executive work**: representing your organization in key public forums, presenting legislative testimony, campaigning for foundation grants, managing particular stakeholder relationships, etc.
- Providing **technical advice**: financial, administrative, legal, human resources, etc.

Governing At The Highest Level

To play the leading role – in partnership with the CEO and executive managers – in answering 3 critical questions:

1. Where should our organization be headed/what should we become over the long run, in terms of services, facilities, operational performance, financing? (vision; strategic planning)
2. What should our organization be now and in the near-term ? (mission/budget)
3. How well are we performing, in terms of programmatic and financial performance? (performance monitoring)

Your Board's Detailed Governing Work Consists Of Much More Than Just "Policy (Rule) Making"

Governing is making decisions about concrete governing "products" and judgments based on concrete governing documentation – flowing along 3 broad streams:

Strategic and operational planning/budget development

Performance Oversight/Monitoring

External/Stakeholder Relations

About Board Self-Management

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 responsible for board human resource development – often Governance or Board Operations.**
- 2. Enrich the board’s composition by developing a formal, detailed board “job description” and a profile identifying desirable board member attributes and qualifications and sharing them with the voters.**
- 3. Systematically develop board members’ governing knowledge and skills.**

Discussion Questions

1. What are some desirable attributes and qualifications of board members that might be incorporated into the profile?
2. What components should make up a comprehensive program for developing board members' governing knowledge and skills?

Practical Ways To Strengthen Your Board's Performance Management Capacity

1. **Make a board standing committee responsible for governing performance management – often Governance or Board Operations.**
2. **Charge this standing committee to:**
 - **Fashion and periodically update a detailed set of board member performance targets/standards and secure their formal adoption by the board**
 - **Regularly monitor board members' performance and at least annually assess how the board as a whole is performing as a governing body**

Discussion Questions

1. What are some important governing performance targets/standards that board members might be held accountable for?
2. What might your board realistically do to deal with under-performing board members?

About Board Structure

Well-Designed Board Standing Committees

Ensure thorough preparation for board meetings, making them more productive and efficient

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

Promote intensive board-CEO-Executive Team interaction

Provide the CEO with spear carriers/champions

Well-Designed Standing 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 or administrative silos such as business attraction; business retention; downtown development; personnel; etc., which lure board members into the weeds, inviting micro-management**)
- Are standing, not ad hoc, committees

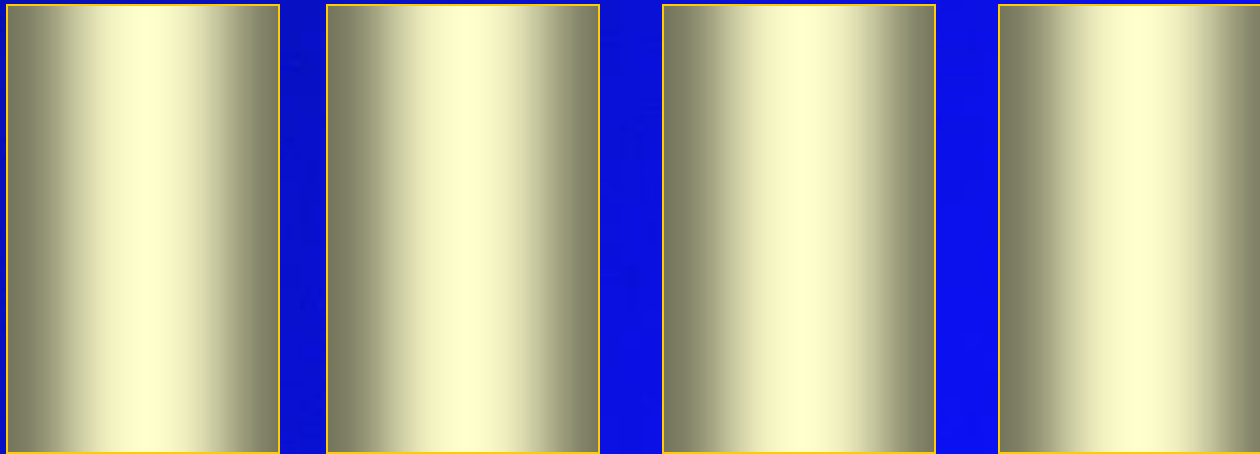
Form Follows Function

Board Governing Streams

Planning Stream

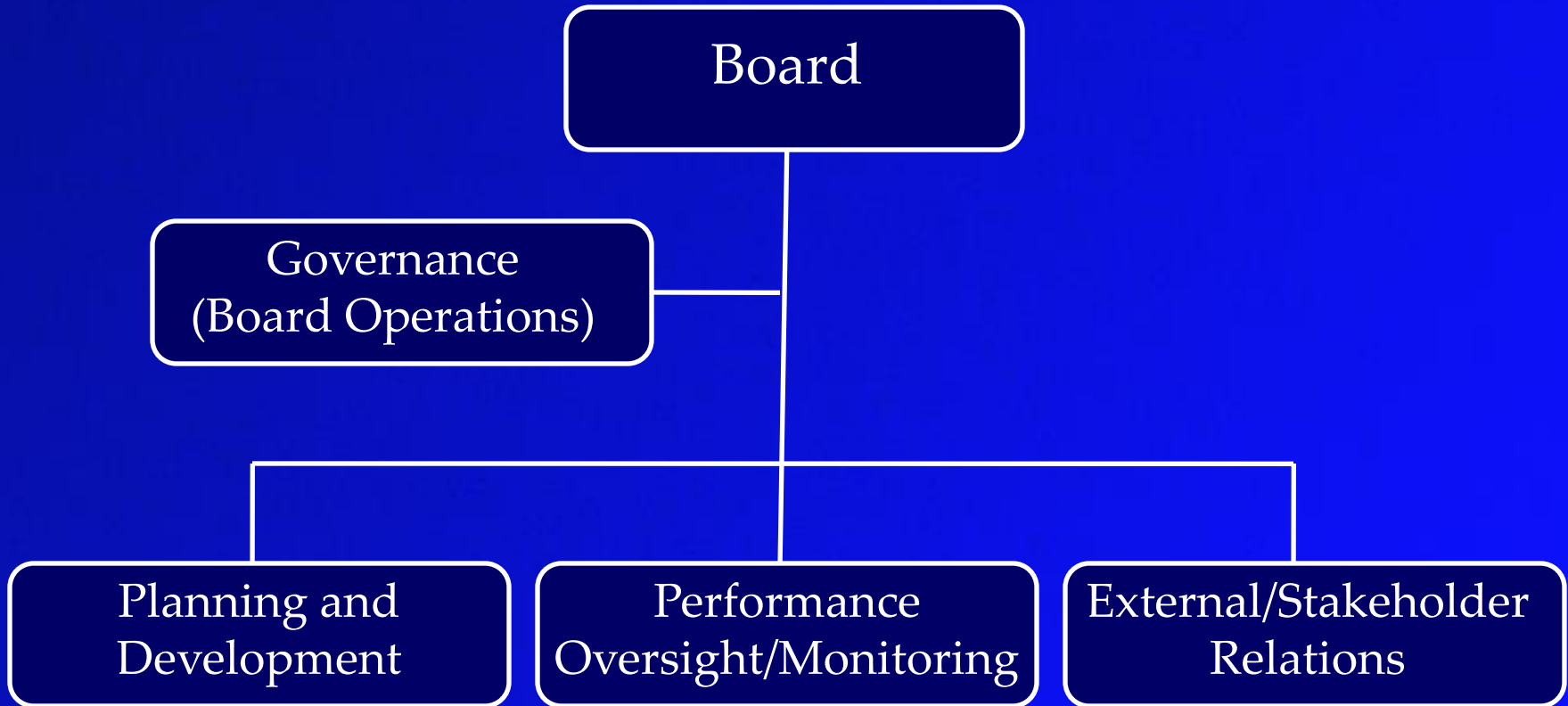
Performance Oversight Stream

External/Stakeholder Relations Stream



Programs and Functions

Model Committee Structure



Governance (Board Operations) Committee

- **Headed by board president/chair**
- **Consists of other standing committee chairs and CEO**
- **Serves as committee on board operations: coordinating committee work, developing the board agenda, managing the board-CEO partnership, overseeing board performance**

A Well-Designed Committee Structure Can Strengthen Board Members' Satisfaction If:

- **All reports and recommendations at board meetings are made by committee chairs and/or committee members (except the CEO's report)**
- **Board members are assigned to only one of the standing committees (except committee chairs also serve on the Governance Committee)**
- **Committee chairs and members are regularly rotated among the standing committees**
- **A senior executive is assigned as Chief Staff Liaison to each standing committee.**

3. Strengthening Board Ownership Through Active Engagement



Ownership: A Powerful Relationship Builder

- Feeling like an owner breeds commitment – to goals, plans, relationships, etc.
- Audiences for finished staff work, no matter how well done, inevitably feel more like external critics than owners of the work.
- Ownership of “governing products” such as an annual budget depends on active engagement in shaping the products.
- And active engagement depends on careful, detailed process design (**hence the CEO’s Chief Governing Process Designer hat**).

Two Key Roles Of Well-Designed Governing Committees:

- **Preparing for board meetings: action recommendations and informational reports**
- **Working with the CEO and executive team members in thinking through how board members should be involved in key processes, such as strategic and operational planning, budget development, and performance monitoring**

Twin Aims Of Governing Process Design

- To generate technically sound governing decisions and judgments.
- To engage board members in a meaningful, proactive fashion so that they are transformed into satisfied owners of their governing decisions and judgments.

Your Board's Planning Committee Works With The CEO In Determining How Board Members Will Be Involved In Such Planning Activities As:

**Updating your organization's
values and vision
statements**

**Identifying strategic issues
facing your organization and
setting strategic goals**

**Shaping and adopting your
organization's annual
operating plan
and budget**

Your Board's Performance Monitoring Committee Works With The CEO In:

**Shaping and approving the
content and format of
performance reports to the
board**

**Assessing operational,
financial, and
administrative performance**

**Updating major policies
(e.g., contracting)**

Your Board's External/Stakeholder Relations Committee Works With The CEO In Determining How Board Members Will Be Involved In:

Updating your organization's desired image

Adopting marketing, communication, and stakeholder relations strategies

Representing your organization in appropriate external forums

Discussion Questions

1. How might board members be involved early in your organization's operational planning/budget preparation process in guiding development of the annual operating plan and budget?
2. What design features (content and format) might make your monthly or quarterly operational and financial performance reports more meaningful and easier to understand?

4. Meticulous Board-CEO Relationship Management



3 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**

Discussion Questions

1. **What are some board-CEO communication and interaction guidelines that will help to keep the board-CEO working relationship healthy?**
2. **What guidelines should govern your board's communication and 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 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 President/Chair- CEO Division Of Labor

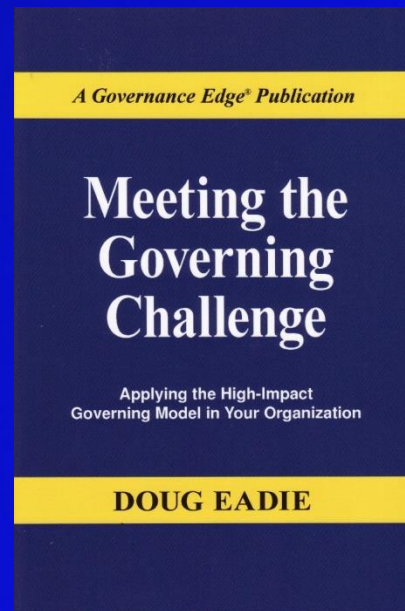
- The board chair responsible for leading deliberations of the board and the governance committee
- The CEO responsible for all organizational operations, including directing staff
- The board chair and CEO share external/stakeholder relations
- Only the full board collectively provides direction to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

Discussion Questions

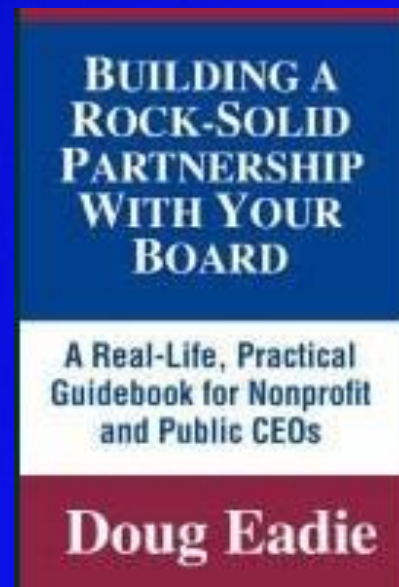
1. What must a CEO know about his or her board chair in order to help her succeed as chair, achieve her professional objectives, and meet her ego needs?
2. What practical steps can a CEO take to support the board chair in carrying out – and succeeding at – the chair's leadership functions?

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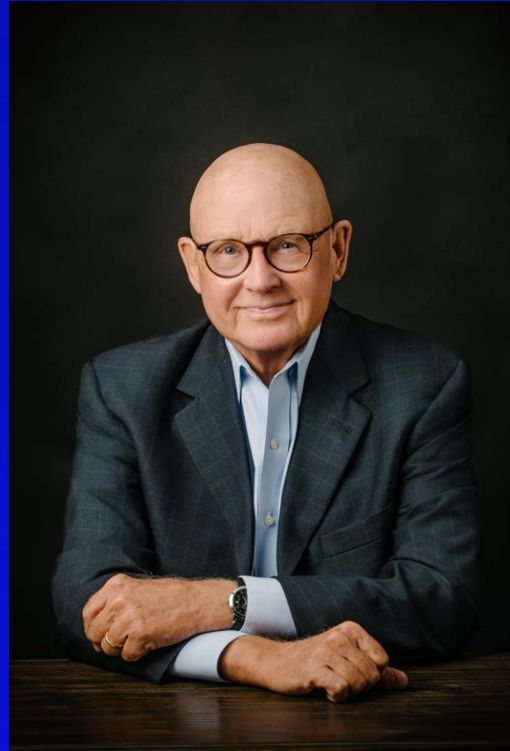
The indispensable guidebook for building higher-impact board leadership and a solid board-CEO partnership.



Provides tested, practical guidance for managing the emotional and psychological dimension of the CEO-board relationship.

Doug Eadie & Company

Doug Eadie & Company



www.DougEadie.com

Doug@DougEadie.com

800.209.7652

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