



## What is a Partnership?

- A relationship
- Parties with specific responsibilities
- Synonyms: alliance, association, connection, union

SOURCE: [www.merriam-webster.com](http://www.merriam-webster.com)

## What is a Constructive Partnership?

- Each needs the other
- Each recognizes and respects the roles and responsibilities of the other

## What is a Constructive Partnership?

- “Exceptional boards govern in constructive partnership with the chief executive, recognizing that the effectiveness of the board and chief executive are interdependent. They build this relationship through trust, candor, respect, and honest communication.”

SOURCE: *Twelve Principles of Governance That Power Exceptional Boards*,  
BoardSource



## Why is the CEO-Board Relationship so Critical?

- “...it is the trust and strength of the relationship that allows an association to react, pivot, and course-correct to address an ever-changing landscape.”

*“A Dynamic Partnership,” by Greg Fine, CAE, 2017 Associations NOW Board Brief*

## 3 Common Misconceptions

- **Keep it Simple:** “the board handles the vision and the CEO executes the plan”
- **Stay out of the Kitchen:** “While many CEOs might prefer that board members stay out of the kitchen, what if you can actually cook? Given limited resources, why not leverage board talent?”
- **Always in Agreement:** no tension = high-performing leadership team

## Always in Agreement (?)

“If governance is an art, then the relationship between an organisation’s board and its CEO is a delicate dance. There is a natural tension, a push and pull.”

– “3 must-haves for a good board-CEO relationship,” Australian Institute of Company Directors

## What is Governance?

Determining what needs to be done through focus on:

- big picture goals and strategies
- critical challenges and material risks
- future direction of the organization
- monitoring plans to achieve objectives

## 4 Key Board Roles

- Fiduciary – “stand in”
- Stewardship – protecting assets
- Foresight – discerning and acting on possible futures
- Oversight



## What is Management?

- Conducting or supervising something
- Judicious use of means to accomplish an end
- The collective body of those who manage or direct an enterprise

*Synonyms:* running, care, charge, control, direction, governance, oversight

SOURCE: [www.merriam-webster.com](http://www.merriam-webster.com)

## What are the Risks?



1. Wasted resources and missed opportunities
2. Sending (the wrong) smoke signals to stakeholders
3. Talent loss (untimely departures)

## Recurring Reasons for Unhealthy CEO-Board Relationships

- Lack of trust
- Ineffective division of labor
- Poor communications (frequency, substance, quality and candor)
- Poor governance processes





**Level 1 - Situational trust:** the board and CEO trust one another in some, but not all cases

RESOURCE: "The Board Chair-Executive Director Relationship: Dynamics That Create Value for Nonprofit Organizations," by Mary Hiland, *Journal for Nonprofit Management* and "Let's Work Together: The Sweet Sounds of a Board-CEO Partnership," *RISK eNews*, NRM



**Level 2 - Predictive trust:** the board and CEO know each other well enough to be confident in each other's personalities/competencies; leaders demonstrate respect, effective communication, and a willingness to take risks



**Level 3 - Seamless trust:** the CEO is able to internalize board member preferences; the team has an unbreakable bond

## Ineffective Division of Labor





## Poor Communications

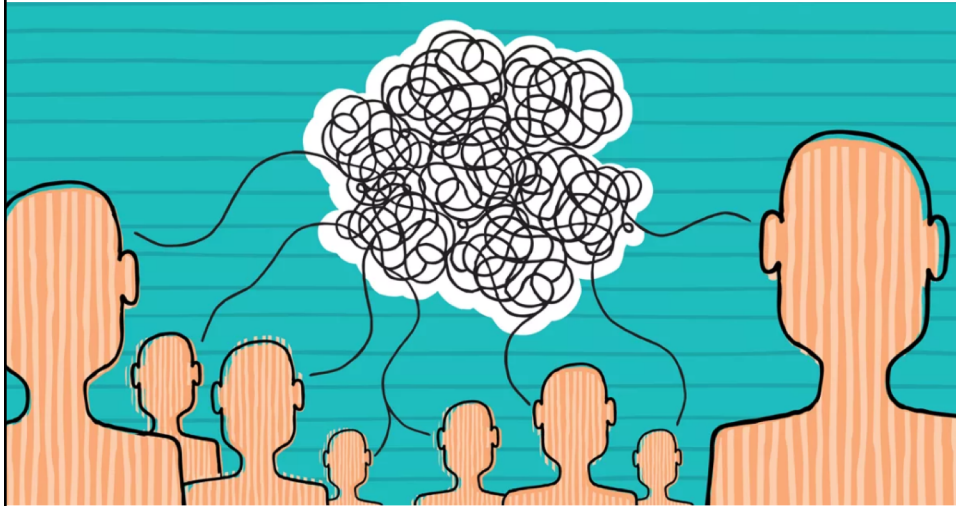


Image source: "Poor Communication Hurts Performance," by Nathan Jay, CFA Institute,  
<https://blogs.cfainstitute.org/investor/2016/10/10/poor-communication-hurts-performance/>

## Poor Governance Processes



## Governance Process Tips

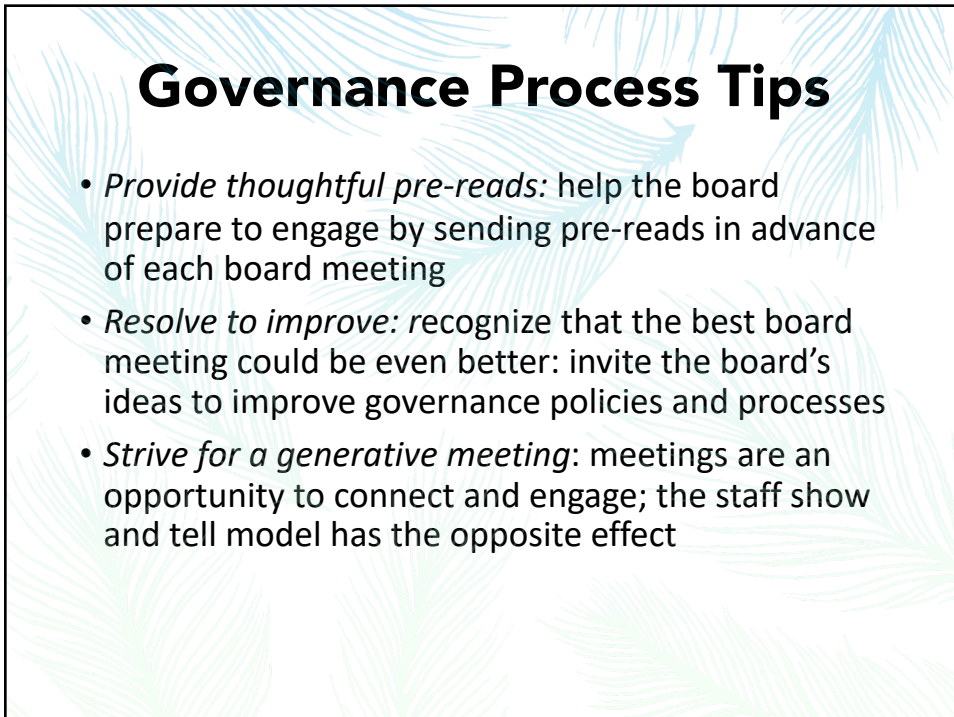
- Flip the agenda
- Redesign your board orientation

“It should be less about conveying information and more about creating an ongoing conversation in which directors can share their worldviews” – Jeff De Cagna
- Raise the bar on recruitment



## Governance Process Tips

- *Provide thoughtful pre-reads:* help the board prepare to engage by sending pre-reads in advance of each board meeting
- *Resolve to improve:* recognize that the best board meeting could be even better: invite the board's ideas to improve governance policies and processes
- *Strive for a generative meeting:* meetings are an opportunity to connect and engage; the staff show and tell model has the opposite effect





- “If board members don’t engage directly and deeply in the substantive work of an organization, then board meetings will degenerate into a staff-driven, pre-baked exercise. (Allow us to unveil a nasty secret of the nonprofit world: Staff members often like it that way.)
- “...be willing to ask stupid questions at board meetings. And keep asking stupid questions until you figure out what the “smart” questions are... There’s nothing wrong with causing a good discussion to break out in the middle of a board meeting!”

SOURCE: “A Better Board Will Make You Better,” by Kim Jonker & William F. Meehan III, *Stanford Social Innovation Review*

### 3 Musts

- **Focus on role clarity:** helpful tools include the bylaws, the board’s position description, and the CEO’s position description
- **Ensure a good flow of information:** “no surprises” is the goal! Effective CEOs ensure that the board receives a timely and relevant flow of information; they respond to issues raised by the board and assist in the analysis of those issues
- **Strive for a relationship that’s ‘not too close’ but ‘close enough’:** “It isn’t a friendship, it is a working relationship”

SOURCE: “3 must-haves for a good board-CEO relationship,” Australian Institute of Company Directors



## Relationship Responsibilities

**The CEO:** seeks board input outside of board meetings; exposes the board to the management team; commits to the idea of an independent board; works to avoid the development of factions; communicates clear points of view and demonstrates uninhibited willingness to fully consider and apply the board's views; encourages the board to challenge her assumptions

**The Board:** advises the CEO, asks tough questions, acts when necessary, and demonstrates full commitment and engagement

SOURCE: "Essential Elements of an Effective CEO-Board Relationship," Russell Reynolds Associates

## Early Warning System

- Establish robust feedback loops
  - Regular check-ins + agreement to check-in as necessary
  - Nip "helicopter governing" in the bud...
- Conduct board exit interviews to source opportunities to improve CEO-board communications and governance processes

## Repairing a Fractured Relationship

- Don't put it off!
- Determine the “heart of the matter”
- Be direct; pick up the phone
- Change your approach
- Address bad actors and bad behavior

## Homework

- Which level of trust (situational, predictive or seamless) does your CEO-board team demonstrate?
  - If it isn't seamless, what can each party do to be more trusting and trustworthy?
- How do current board practices support—or impair—the constructive partnership?
  - What steps are you taking to evolve and improve your governance processes?
- Are roles clearly and appropriately defined? Are those definitions practical or theoretical?
  - When is the next opportunity to discuss the distinct and overlapping roles of the CEO and board?
- What one thing will you do differently on Monday to build a constructive partnership?





# Thank You!

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