Managing The Board – 10 Things Every CEO Should Know

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I’ve yet to meet a CEO who at some point in time hasn’t been frustrated by their board – it goes with the territory. That said, it should be the exception, and not the rule. Ultimately, chief executives deserve the board relationships they develop. As a CEO, your board can be one of your greatest allies. Conversely, and just as easily, they can be a significant contributor to your undoing resulting in an early and unnecessary demise. In today’s post I’ll share 10 tips to help develop a skill set all successful CEOs excel at—managing board relations.

What’s interesting to me is that of all the constituencies CEOs must deal with, the relationship with a board of directors is among the easiest to manage, and the most valuable. So why do so many CEOs blow it when it comes to managing their board? From my perspective, CEOs who fail in their attempts to coalesce with the board usually do so as a result of being either arrogant or naive. The odd thing is, whether through arrogance or ignorance, the results are often the same. These misguided CEOs often just ignore the board as if they didn’t even exist until they see a board meeting scheduled, or receive an angry phone call or e-mail.

The simple truth of the matter is savvy CEOs see their board as a strategic asset, and not a liability to be avoided. The following 10 tips will help you become skilled at managing board relations by lessening your burdens, extending your shelf-life, and improving your performance.
1. Understand the Landscape:
Regardless of composition, your board is likely made up of successful and influential people. As such, they make better friends than adversaries. Remember that no one likes to be publicly embarrassed, and that your statements, actions and overall performance are an indirect reflection on the personal brands and professional reputations of your board members.

If you inherit your board, seek to build strong relationships as quickly as possible. If you find yourself in the enviable position of being able to drive the selection process for your board—choose wisely. If you find that you have strong opposition that cannot be managed or improved, do everything possible to have them removed/replaced before they do the same to you.

Board members have egos, and will go to great lengths to help you if they perceive you respect and value their position. Likewise, they will seek to undermine your efforts by creating substantial barriers and obstacles for you if you choose to trivialize them.

2. Board Composition:
First rule of board management—avoid conflicts of interest. All board members should meet director independence standards and not subject themselves, their company or your company to unnecessary risk.

While race/gender diversity mandates are drivers in today’s selection process, the diversity drivers you should be paying attention to are thought diversity, industry diversity, skill diversity and experience diversity. Selecting a board that challenges your thinking, and makes you a better chief executive, is more important than having a rubber-stamp board that adds little value.

Length of board term should also be considered when appointing new members, as you don’t want to be wed to a board member for a long-term commitment only to find out early in the relationship the member is not a good fit (see succession below).

Lastly, when developing board committees, I would recommend forming a minimum of the following: audit committee, executive committee, investment committee, nominating and governance committee, and organization and compensation committee.
3. Boards Must Be Led:
As I noted above, CEOs deserve the boards they develop – a failure to lead at any level, especially at the board level, will have significant negative consequences. The concept of “tone from the top” doesn’t just apply to employees. Just as chief executives must align expectations with their employees, they must also do so with the board. Smart CEOs develop a framework and platform from which to effectively lead the board.

Just as boards hold the CEO accountable to a set of standards and behaviors, the CEO must require the same of their board. The CEO must clearly communicate what they need from board members and then demand they do more than just show up for the meetings. CEOs that allow board sessions to devolve into gripe sessions as opposed to

4. Be Proactive:
The number one rule of board management is not to hold the meeting at the board meeting. Put another way, the meeting never happens at the meeting. As the CEO, your role in board management is that of leader, executive, fiduciary, lobbyist and evangelist. As such, it would behoove of you to have individual phone calls or meetings with board members in advance of the actual board meeting to seek their input and advice.

Also make sure to get a draft of the board deck out to the lead director or key committee chairs well in advance of the meeting creating another opportunity for feedback and input. Use these proactive encounters to flesh out, and seek alignment on, key issues and positions.

Never reserve bad news for the actual board meeting, but rather air it out well in advance. If you’re going to get beat up by your board, it’s better to have it happen in private rather than on center stage where the beating can not only be more severe, but where the results may also be recorded in the minutes. Never hold a board meeting when you don’t know where your board stands on key issues in advance. An unprepared CEO is a CEO who will not endure the test of time.

5. The Agenda:
Make sure the agenda isn’t too crowded, and that there is sufficient committee and session time available to cover needed ground. Most board meetings don’t lend themselves to being held over the course of a single day. I would suggest have committee meetings on day one, a board dinner the evening of day one, and executive sessions on day two. Having a high powered board of directors does little good if you don’t give yourself the time to peel back the layers of critical issues.
6. Display Backbone:
Smart CEOs respect their board—that said, they will not allow themselves to be run over by the board, or to allow board meetings to turn into the meeting into little more than glorified gripe sessions. The board’s role is one of governance not management, and sometimes it’s necessary to remind them of that fact. Don’t go to the mat over insignificant issues. Be willing to compromise where prudent, but you’ll also need to stand your ground and successfully make your case on mission-critical issues.

CEOs who make a habit of too easily acquiescing to the board have in essence surrendered to the board. They will have lost the respect of the board and will have rendered themselves ineffective as CEO.

7. Manage the Trickle-down:
Remember that what happens in the board room rarely stays in the board room. VC, private equity or other investor directors leave your board meeting only to make a report on their observations. Non-investor board members will usually discuss the goings on of your board meetings as well.

If you conduct yourself professionally and respect your board’s ability to add value, the down-stream communications that follow your meeting will advance your cause as opposed to undermine it.

8. The Environment:
What should be obvious, but what is often overlooked, is the importance of having your board members look forward to the meeting. In other words, make the meeting meaningful, productive and if possible enjoyable. If your board members dread attending your meeting, they will be predisposed to show up with a bad attitude. Bad attitudes bring out the worst in people, and that is not what you want waiting for you when you arrive at the meeting.

Don’t bore your members with meaningless drivel or worthless presentations. Rather be crisp in your delivery and be specific about the issues at hand. Feed them, make them comfortable, ensure they don’t feel their time was wasted, or that they didn’t have the opportunity to be heard—have them leave looking forward to the next meeting.

9. Set the Chinning Bar High:
While rogue CEOs have received most of the media attention in recent history, don’t fool yourself into thinking that rogue board members don’t exist as well.
Remember that all board members are obligated to make decisions in the best interests of the company. Moreover, personally motivated decisions that speak of self-dealing will eventually come out into public view and will be dealt with harshly.

Make sure all board members share a commonality of values and vision where possible, and hold them accountable to make decisions in alignment with the fiduciary obligation they assumed when they accepted the board seat.

10. Succession:
Many studies show succession as a major issue of importance for boards, yet in most surveys, often more than 50% of companies feel dissatisfied with present succession practices/positioning. The board should make great effort to ensure continuity and succession is a primary focus, roles of the incoming and outgoing CEO are clearly defined and understood, and that transitions at both the operating and board level serve to advance the succession, not impede it. There should also be succession planning as it relates to board members as well – board member for life is not acceptable.

Bonus – Board Development:
Regrettably, many CEOs believe their investment into the board begins and ends with compensation – big mistake. I’ve always said you cannot have a growing and developing enterprise when leadership fails to invest in growing and developing itself. This applies to both executive and non-executive leadership. An investment into board development simply means the board will be better equipped to excel in the performance of their governance function, as well as to develop their ability to challenge and stretch your thinking.

Please use the comments section below to share any other tips for working more effectively with the board. Thoughts?

Image credit: Huffington Post