

Board / Executive Relations: The Dynamics and Dimensions of Effective Partnerships

Briefing Paper

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Introduction

This briefing paper draws from the small body of literature on the relationship between Chairs and Chief Executives in NGOs and other non-profits. It explores some of the findings from recent research and highlights some of their expectations as to their different roles, the dynamics and dimensions of the partnership between Board Chairs and CEOs. All the literature emphasises the importance of effective relations between Chair and CEO – specifically to facilitate effective governance, provide advice and support, help resolve issues, implement strategies and cope with the varied challenges that NGOs currently face.

There is some debate as to the quality of the relationship between Chairs and CEOs in UK charities. Gibb's research (2011) highlights many of the tensions and dilemmas that beset their relations. Commonly these are linked to a breakdown of trust caused by misunderstandings of their roles and responsibilities, lack shared understanding as to values and organisational ethos and purpose. She suggests that these are potentially the source of a crisis in the sector, and that where good Chair/CEO relations exist it is more by luck rather than design. In contrast the survey data analysed in the Compass/Cass (2012) research into the governance of UK charities offers a more positive view. Most board members felt they worked in an atmosphere of openness, confidence and trust¹. The great majority (90%) of Chairs and CEOs surveyed felt that they had good working relations – particularly where they maintained regular contact. In general the data suggested that board/staff, and Chair/CEO relations were positive and effective, and that one should not exaggerate the problems and tensions. These clearly do exist but are less common than one might think when reading some of the examples reported in the media or via anecdote.

What is clear from both experience and research is that Chair/CEO relations are pivotal. Disagreements soon become apparent and poor working relations cause significant problems. The best relations are those where the Chair and CEO complement and support each other, with clear expectations and understanding of each other's capabilities and roles. This briefing paper identifies their differing expectations, reviews the ingredients of effective partnerships, analyses the issues and behaviours that can derail Chair/CEO relations, and assesses some of the options and strategies that have been implemented to build effective relations. It also includes an appendix which details the responsibilities of Chairs, CEOs and other Board Members.

¹ Interestingly the data suggests that where Boards have a majority of female members that governance is more effective with more emphasis on strategic focus and better risk management, effective board meetings willingness to challenge management and uphold organisational values.

Chairs & CEOs: Differing Expectations

Research and experience tells us that both Chairs and CEOs have differing expectations as to what they want from the each other.

CEOs Expectations: they want the following from their Chair

- Advice and support – act a source of help and balanced advice
- Inspiration – that will help motivate them and give meaning to their work
- Provide public support and endorsement
- Willingness to play a networking ambassadorial role
- Ability to prepare effective agendas and manage meetings in such a way that decisions are made

Chairs Expectations: they want the following from the CEOs

- No surprises
- Open and regular communication and flow of information and analysis – they do not want information hidden from them or manipulated
- That advice offered by the board is not ignored and that the will of the board is not thwarted

The consequences of these different expectations is hard to judge but anecdotal evidence suggests that where there are ongoing tensions and outstanding issues that these expectations are not being met, and that to avoid this the different expectations need be acknowledged and managed.

Ingredients of Effective Chair/CEO Partnerships

Review the research some basic ingredients of effective partnerships can be identified these include

- A shared commitment
- Personal Chemistry
- Clarity as to roles and responsibility
- Effective and regular communication
- Complementary and relevant skills and competencies

Shared Commitment

There was consensus that those in senior roles needed to have a shared commitment and understanding as to the purpose of the organisation, its strategy and what it was trying to achieve.

Personal Chemistry

There was much talk of the importance of personal chemistry between the Chair and CEO. This appeared to be something distinct from the application of appropriate interpersonal skills. The personal chemistry was built over time and was based on trust, mutual respect and shared positive experiences. It is about “being friendly, but not friends”. If the relationship between Chair and CEO gets too friendly then it works to exclude others with all the potential consequences when you have a group of disaffected “outsiders” in an organisation.

Clarity of Roles & Responsibilities

Effective Chair/CEO are based on clear agreement and understanding of the roles and responsibilities of board members, and specifically those of the Chair and the CEO – see Appendix One for an example from an NGO Governance Manual outlining such roles and responsibilities. Such agreement are based on the thinking that boards are expected to govern and managers to manage, and that board members have a legitimate oversight role and can hold the CEO to account for their actions and decisions. In other words CEOs recognise that the Chair is their boss. While it is essential that both

Chair and CEO understand and accept their roles and responsibilities there is also acknowledgement that depending on circumstances (illness, crisis, travel, etc.) that there is a degree of flexibility and pragmatism in the way these are interpreted and applied. There also needs to be some acceptance that there will be some time limits on the Chair/CEO relationship – either through a Chair rotation policy (commonly Chairs serve no more than two terms of three years) or some form of probationary or fixed-term contract for the CEO.

There is some disagreement as to the extent that the chair should develop independent relations with other staff and the extent that such contact should be mediated by the CEO. There are pros and cons as to the value of high level contact, but whatever the response it is a role that needs to be discussed and resolved early in the relationship

Effective and Regular Communication

All the evidence points to effective and regular communication between the Chair and the CEO as being a crucial ingredient of an effective relationship. While it is hard to determine the regularity of contact it is clear that it is on a weekly basis. The research suggests that two-thirds of Chairs of UK charities were in email contact with their CEOs three times a week, spoke on the phone at least once a week, and met face to face at least once a month. In general the larger the NGO the more regular the contact. Indicators of problematic communication would be if there is not that degree of regular contact, and if either party regularly cancels meetings or phone calls because of pressure of work. This is a particular issue for Chairs who in volunteering for such a role may not fully appreciate the time needed for such regular contact and oversight. Vice versa if a Chair has too much time on their hands they may start becoming overly-involved or take up too much management time.

One aspect of good communication is the ability to handle challenges and challenging conversations. There is a need to phrase such comment in a positive, constructive manner, and to recognise that such challenges and the resulting tensions can be the source of much creative innovation if handled well. In general the rule is avoid public conflict and to maintain one's equilibrium.

Complementary and Relevant Skills and Competencies

The key skills that were commonly cited including communication, board management, and interpersonal competencies such as emotional intelligence, empathy and self-awareness. The identification of these skills and competencies during the recruitment and selection process (both for Chair and CEO) was considered particularly problematic. There was some consensus that this was particularly apparent in the selection of Chairs and that more needed to be done to improve the way that Chairs are recruited, their skills and competencies identified and developed. Common concerns were that Chairs did not have the skills to manage trustees and board meetings, or that they did not have the time or inclination to put in the time needed to play an effective Chair role, or that they agreed to serve as Chair for the wrong reasons (status, honour, favour for a friend, desire to block another's appointment, etc.).

There was also evidence that recruitment of Chairs was all too often based on personal contact or long-serving board membership ("muggins turn" or "the tap on the shoulder" or individuals being "groomed" for the role), rather than an objective and open recruitment process based on appropriate job description or job specification. Even where there was an open recruitment process it was common for the appointment to be someone known to most of the board. There was

Generally the recruitment and selection of CEOs was seen to be more open and objective, and based on appropriate personnel policies and processes. But it was noted that one flaw in the process was how difficult it was for a prospective CEO to judge or assess the capabilities and character of their prospective Chair – someone who they would have to work closely with if they are to be effective in their role. All too often prospective the prospective CEO has to rely on instincts and a rapid

judgement during the selection process as to whether they can work effectively with the Chair. There needs to be some process of mutual “checking-out” and direct contact. Other indicators that prospective CEOs need to gauge quickly include: the financial health and viability of the organisation, and whether they are expected to handle a funding crisis; also whether they are expected to merely implement an existing business plan or whether they have any way of influencing strategy (for an applicant looking for a strategic leadership role rather than merely an administrative managerial role this would be an issue of some concern).

References

Gibb.P, 2011, Marriage Made in Heaven: The Relationship between Chairs and CEOs in Charities, Clore/ACEVO, London

Hudson.M & Ashworth.J, 2012, Governance of the UK's Largest Charities, Compass & Cass Business School, London

Naufal.M, 2005, The Chair-CEO Relationship: Ten Commandments for a Better Partnership, Ray Berndston, Ottawa

APPENDIX 1: EXAMPLES OF CHAIR & CEO RESPONSIBILITIES

(In this model for a charity/NGO called ABC)

Roles and Responsibilities of the Board Chair, Vice-Chair and Treasurer.

The following officers are elected by the Board and are confirmed in their positions for specified terms of three years: The Board Chairperson and The Honorary Treasurer.

The main responsibilities of Board Chairperson are as follows:

- Maintaining regular contact with the CEO as part of normal follow up on progress
- Preparing Board Meetings (both formal and teleconferences), including contact with the CEO, specific Board Committees and individual Board Members
- Conduct the performance assessment of the CEO including outlining the process, obtaining 360 degree input from Board Members and staff, synthesizing the input, the actual assessment discussion and the report writing
- Chairing the Board Meetings (or nominating a Vice-Chair to chair meetings) and ensuring the background coordination with the CEO and the preparation of the Chair's report
- Approving key documents: annual report, audit report
- Ensuring coordination of Board exchange between meetings and follow up Board decisions and work plans with the CEO.

The Board may also nominate a Vice-Chair. The Vice-Chair receives his/her authority by the election of the Board of Trustees. The Vice Chair may become the Acting Board Chair at the request of the Board Chair or the Board itself. The duration of service as Acting Board Chair shall be determined at the time of the appointment. When not serving as Acting Board Chair the Vice Chair shall assist and support the Board Chair in accomplishing his/her tasks. While serving as Acting Board Chair, the Vice Chair will have the same responsibilities as the Chair (see above), and is subject to the same limitations of authority as the Board Chair.

The Honorary Treasurer is normally the Chair of the Finance Committee, and is responsible for the effective running of this Committee. The Treasurer also has responsibility for ensuring adequate review of annual budget and annual accounts and recommends approval to the Board.

Responsibilities of CEO to support the Board of Trustees

The responsibilities of ABC Management to support the optimal functioning of the Board:

- Ensure that minutes of all Board meetings are circulated to Board members in a timely fashion (within two weeks of Board meetings)
- Ensure that Board members receive all documentation necessary for thorough and accurate discussions during Board meetings in a timely fashion (the norm should be at least one week before Board meetings)
- Provide logistical support and coordination for travel and accommodation to Board meetings
- Facilitate communication among Board members by ensuring translation of documents and interpretation during meetings as appropriate
- Ensure that the Board is thoroughly and accurately informed in a timely fashion of any significant risks or developments in ABC policy and/or operations that may have arisen in-between Board meetings

Collective and Individual Roles and Responsibilities of the Board of Trustees

The Board of Trustees as a whole is responsible for:

- Approving the annual budget and the annual financial statements
- Satisfying itself, on an annual basis that ABC has operated in legal and ethical ways, consistent with its statement of purpose and its policies

- Ensuring that action items between meetings are monitored and completed
- Using scarce Board time effectively by spending Board time on the most important issues
- Ensuring that Board meetings are well prepared, and well attended, that all points of view are considered on any issue, and that as much as possible decisions are based on consensus
- Carrying out a performance assessment of the CEO on an annual basis providing support and guidance as appropriate
- Ensuring annual review of Board performance
- Continually renewing Board membership in ways that help the Board meet the governance needs of ABC

Working in conjunction with the CEO, the Board of Trustees ensures that:

- ABC has a clear and timely statement of purpose
- ABC has the policies it requires to act consistently and effectively, and with clear lines of responsibility for Board and Staff
- ABC has an overall Strategic Plan and appropriate Operational Plans that reflects its statement of purpose
- ABC has the staff resources required to implement its Strategic Plan
- ABC has a fundraising strategy to raise and manage the funds necessary for the organisation to fulfil its mission responsibly and ethically, and to honour commitments over time
- ABC programme outcomes are evaluated regularly in relation to the plan, and that the lessons learnt through evaluation are factored into future planning
- The Board has developed links with key stakeholders, in particular, Hamlin partners and where appropriate key donors
- ABC is in compliance with legal and fiduciary requirements in all countries in which it is operating

Responsibilities of Individual Board Members:

Individual Board Members have the certain responsibilities, including:

- Contributing to the work of the Board by bringing skills, experience and perspectives to its deliberations
- Familiarizing herself/himself with ABC's Articles of Association, and complying with Board Code of Conduct and all relevant organisational policies provided to Board members
- Attending as many Board meetings as possible and informing the Board Chairperson or the CEO in advance if unable to attend
- Reading relevant material provided to Board members prior to Board meetings
- Contributing to consensus-building in the deliberations of the Board
- Providing information to staff members that will foster the work and goals of ABC
- Participating in Board Committee work as agreed among members

Board Responsibilities: Risk Management

The Board is responsible for identifying and mitigating any risks to the successful operation of ABC. It shall review the nature and degree of those risks on an annual basis and determine strategies for managing those risks to ensure that in the event of their occurrence, the impact on the organisation is minimised. A statement of risks and strategies to minimise them shall be published as part of the Trustees annual report. As part of the risk mitigation process and because of the rapid changes in external environment in which ABC works, the Strategic Plan shall be reviewed and revised each year at the third Board meeting of the year. On the basis of this review the Board may make revisions to priorities and Strategic Goals for the following year.

Risk analysis constitutes a standard agenda point for the Board. At each meeting, members shall update their assessment of strategic risks in line with ABC's strategic directions and the changing context in the external environment. Where appropriate each of the Board Committees shall also present a summary analysis of identified risks, their potential evolution and recommendations on ways to mitigate the risks.