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Strengthening the Board-CEO Relationship

Developing clear expectations of each other is key to a successful partnership.

The highest-performing CEOs realize that their organizations' success depends on a strong partnership between themselves and their board. However, challenges exist in developing a true partnership between the board and management.

High-performing boards and CEOs of today view themselves as equal partners in their organizations' success.

In the past, hospital and healthcare system boards were often seen by executives as being composed of nonindustry experts who either stayed too far removed or got too deeply involved in operational issues. CEOs would inform their boards of the healthcare organization's opportunities, but would not always actively engage them in robust, candid discussions about vulnerabilities and threats. Boards were aware that most of their members did not understand healthcare or governance enough to make meaningful contributions at the strategic level, so they accepted a more passive role.

By contrast, high-performing boards and CEOs of today view themselves as equal partners in their organizations' success. Both parties expect boardroom conversations to be based on transparent sharing of information and to include open, two-way discussions of actual challenges and consideration of potential strategies.

This partnership approach may be more common now because of the transformation occurring in the healthcare field. Executives are looking for help in an environment where they are challenged to fully comprehend the various forces affecting the delivery of care or to accurately predict what will occur in the future.

This change in the expectations that boards and CEOs have of each other also may be the result of the governance function's maturation. Boards of today are more carefully selected, educated and evaluated than in the past. Governance committees and the executives that support them now use a rigorous, competency-based approach to board recruitment, development and reappointment. As a result, the individuals who now serve on healthcare boards have more expertise in areas that are relevant to overseeing a complex system of care. And, they often have extensive experience in governance and have had more opportunities to hone the relationship between the board and executives.

Distinguishing Between Management and Governance

This expectation of a partnership between the board and management is a positive trend because it better leverages everyone's expertise. However, there can be challenges associated with this way of functioning.

The most common challenge is maintaining the distinction between governance and management. It is often difficult for CEOs and boards who are working closely together to stay on the "correct side" of the line. For instance, a CEO who asks the board to help determine the critical strategic issues facing the organization runs the risk that trustees also will dive into specific tactics. And, that CEO could face criticism from some board members that management should have done more work on these issues before engaging the board in these discussions (e.g., developing a list of potential strategies).

A board educational session that includes case studies regarding the distinction between governance and management can be helpful in this situation. However, education by itself may not be sufficient to resolve any mismatch regarding role and relationship expectations.

Expectations, Agreements and Policies

One of the keys to a successful partnership between a board and management is the development of clear expectations of each other. For instance, when there is a new CEO or a new board chair, there should be a facilitated board discussion regarding the expectations that the board has of the CEO and those that the CEO has of the board. The board may expect a comprehensive orientation program, robust continuing education, that their complete packets will be loaded onto the board portal at least one week before each meeting and that they will have full access to the CEO for questions. The CEO and other management may expect trustees to attend all meetings, read all the materials, actively participate in committees and not micromanage.

The board and CEO also should discuss the level and timing of the board's involvement in key tasks. Often, executives and board members who come from the not-for-profit sector desire more board engagement earlier in each decision-making process. There can be some tension among these trustees and those board members whose experience is primarily in the for-profit sector, since the latter group often expects the management team to bring more fully researched ideas to the board for its feedback. Those expectations, and any others, should be fully debated, and any decisions made documented in written board policies and procedures.

Board Coaching

Providing board education and setting clear expectations of the board and CEO are necessary steps, but they alone may not result in the strong, healthy partnership each party desires.

For instance, one health system had a new CEO and a board that included many long-tenured trustees along with some who had been recruited by the new CEO. Unfortunately, their board meetings had become tense and unproductive. Whereas some trustees asked operational-level questions about finances, other board members approved items without asking any questions. Furthermore, key issues, such as audit approval, were brought to the board without any materials being provided ahead of time, and the board kept running out of time to discuss all the issues the CEO had put on the agenda. The CEO and the seasoned board chair tried many approaches to improve the meetings, but all were getting frustrated; some trustees had even begun harshly criticizing each other and management.

Eventually, one board member suggested hiring a board coach to assist in identifying and resolving the issues. The board coach provided an educational session on governance best practices, reviewed key governance documents and conducted individual interviews with each trustee and the executives that supported the board and its committees. These steps uncovered some issues that were creating problems (e.g., board meeting agendas had too many topics for the time allotted, and committees did not have charters).

Relationship and Performance Breakthroughs

The key breakthroughs in this particular board and management stalemate, though, occurred once the coach observed a board meeting. It became clear that the main problem was the lack of role clarity on multiple levels: the responsibilities and fiduciary duties of a board in general, the role of the board chair, the authority of the board versus committees, and the board's expectations of the CEO and vice versa. The coach conducted one-on-one discussions with the CEO and board chair, providing specific advice for each individual. For instance, the board chair tended to prematurely end conversations to stay on time, leaving board members and the CEO frustrated. In turn, the CEO was perceived by some board members as too aggressive (e.g., bringing items to the board for approval without sufficient discussion).

Individual coaching helped the CEO and board chair recognize areas for improvement, and it laid the foundation for a retreat at which the full board also could be coached. At the facilitated board retreat, the trustees and CEO engaged in candid conversations about the board's strengths and its opportunities for enhanced performance. The key conversations and resulting action plans focused on the board and CEO clarifying expectations of each other, improving board agendas and materials and enhancing committee functioning.

The improvement efforts continued over the following months under the guidance of a governance task force, chaired by a board member with extensive experience as both an executive and a board chair. As a result, the relationship between the board and CEO is now more collegial, productive and invigorated. Both can now focus their energy and efforts on helping the organization accomplish its mission to improve the health of the communities they serve. ▲

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