BoardBrief

Knowledge Resources for Governing Effectiveness

Ensuring a Strong and Supportive Board/CEO Relationship

Leading your hospital or health system through today's turmoil and uncertainty requires unified leadership at the top. A critical element of a powerful leadership team is a strong working relationship between the board and CEO.

Strong board/CEO relationships put the organization and its mission first, and recognize what they can achieve through joint efforts. Like any winning team, successful boards and their CEOs demonstrate a mutual respect and support for one another's roles and responsibilities.

Clarity of Purpose: The Board's Role

While the board is responsible for the organization's strategic and policy level leadership, the CEO and administrative team are responsible for day-to-day operational leadership. Perhaps one of the greatest barriers to trust between the board and CEO is the misperception of the board's oversight role.

Board members are responsible for three core fiduciary duties:

- The duty of care, requiring trustees to be thoroughly informed before making a business decision;
- The duty of loyalty, requiring trustees to put the needs of the hospital or health system first; and
- The duty of obedience, which requires board members to abide by laws, regulations and standards of hospital operations.

Board members have a duty to ask probing questions and ensure a healthy dialogue and debate before making decisions. However, those responsibilities shouldn't be confused with managing or supervising the day-to-day operations of the hospital or health system. Board members should never undertake their responsibilities with a controlling or "gotcha" attitude toward the CEO and his or her executive team.

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It's often a challenge for board members to balance the fine line between management and governance. A heavy sense of accountability and well-meaning attempts to fulfill the board's fiduciary responsibilities can lead some trustees too far into the CEO's domain, resulting in micromanagement. Understanding one another's roles and responsibilities, regular reporting of strategic progress, and open communication can help build trust and resolve some of these issues.

Develop a Matrix. Micromanagement becomes a problem when trustees pay too much attention to details, and not enough attention to the "big picture" strategic issues and implications. When confusion about roles, responsibilities and micromanagement threaten to undermine the board/CEO relationship, developing a matrix of responsibilities can help. The matrix should clarify roles in a broad range of areas, such as budgeting, personnel policies, quality, credentialing, strategic planning and more. Whether the board or administration is specifically responsible can be clearly defined and gray areas can be resolved.

A matrix can also help to define whether the responsible party develops, directs, reviews, provides input, and/or approves work in each area. A simple rule of thumb is helpful in determining roles: the board determines the "what," such as what direction the organization will take or what its policies are; the CEO carries out the "how," such as how strategies will be achieved, and how policies will be implemented.

Track Strategic Progress. It can be a challenge for boards to know whether the strategies and objectives they've adopted are being implemented and achieving the desired outcomes. Providing boards with current information in a transparent manner not only supports their oversight, but strengthens trust in the CEO.

Oversight, analysis and discussion about strategic progress requires a set of key indicators that tell the board whether performance is on track or falling short. No one indicator by itself can tell a complete story, but taken together, key performance indictors reveal a lot about what's happening in an organization. This is where board perceptions and perspectives become pivotal to strategic success. Asking insightful and pointed questions like "What could that mean to us?, "What implications does it have for the hospital?," and "How can we correct course?" not only generates deeper understanding, but also fulfills trustees' fiduciary duty of care.

Open Lines of Communication. A strong relationship between the board and CEO is built on understanding one another's needs and expectations, shared goals and objectives, and continual sharing of timely and critical information. It requires a foundation of clear, candid and consistent communication between the board and the CEO. Boards and CEOs with strong communication skills follow several best practices, including:

- *Clear expectations*. The board's expectations and performance goals for the CEO are clearly communicated and aligned with the organization's strategic goals, ensuring that the board and CEO are working in tandem.
- *Communication between meetings*. The CEO emails board members between meetings to ensure trustees know about any issues or concerns that might have cropped up, what steps the CEO is taking and what board members might need to be thinking about in preparation for the next meeting. Conversely, board chairs keep the CEO informed of issues the board is aware of or considering.
- *Keep conversations in the open*. Trustees and the CEO guard against leadership discussions that take place outside the boardroom. Behind the scenes or parking lot conversations that involve second-guessing, lobbying for specific interests or promoting personal agendas can lead to factions or coalitions among trustees, erode transparency and trust, and undermine relationships among trustees and with the CEO.
- *Value diverse perspectives*. Trustees readily participate in board discussions and appreciate the value of the expertise and independent perspectives and thinking that a diverse board offers the CEO.
- *Welcome respectful confrontation*. Board members ask probing questions and constructively challenge assumptions, refusing to rely on traditional thinking or

Characteristics of a Successful Board/CEO Relationship

- Clearly defined roles and responsibilities
- Unified leadership and commitment to the mission
- Mutual trust and respect
- Open, honest and continuous communication
- Positive, constructive attitudes and emotional intelligence
- Balance between constructive debate and disagreement, and collegiality
- Reliance on evidence, not anecdote
- Constructive discussions of difficult issues
- Challenges conventional thinking, willing to explore innovative solutions

passively accepting recommendations. Although it may cause short-term tension and disagreement, respectful confrontation drives deeper insights and encourages innovative thinking. It fulfills the board's due diligence, allowing trustees to be invested in and supportive of the outcome.

Strong Board/CEO Partnerships Create Synergy

Boards and CEOs that work in partnership to fulfill the organization's mission can create a synergy that drives the organization forward. That synergy rarely happens by chance. Both the board and the CEO must make investments to ensure a valuable partnership on behalf of the organization.

Board members…

- Understand that their job is to provide leadership and oversight, set policy and strategic direction, and provide wise counsel.
- Seek ongoing education, including the issues and trends that may hold implications for the organization's future.
- Thoroughly review pre-meeting materials, identify issues, make thoughtful observations and prepare insightful questions.
- Demonstrate their commitment with their presence, participation and passion for the organization and its mission.

CEOs…

- Provide consistent communication and transparency.
- Value trustees' experience and expertise, and seek their counsel.
- Welcome constructive debate and deliberation of management recommendations rather than passive acceptance.

Sources and Additional Information

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