



Developing an Effective CEO/ Board Partnership

Governance as Leadership: Three Modes of Governing

In *Governance as Leadership*, authors Richard Chait, William Ryan, and Barbara Taylor state that governing has become more complicated and can no longer be reduced to simple aphorisms like “boards set policies and administrators implement” or “boards establish ends and management determines means.” Boards have to be engaged in meaningful, challenging, and provocative work if they are to become fully engaged and energized for their task. The authors conceive of board work and functioning in three types or modes:

Type I - Fiduciary Mode Governing	Type II - Strategic Mode Governing	Type III - Generative Mode Governing
<p>Board’s central purpose:</p> <ul style="list-style-type: none"> ▶ Stewardship of tangible assets <p>Board’s principal role:</p> <ul style="list-style-type: none"> ▶ Sentinel <p>Board’s core work:</p> <ul style="list-style-type: none"> ▶ Ensure efficient and appropriate use of resources ▶ Ensure legal compliance and fiscal responsibility ▶ Ensure accountability ▶ Oversee operations ▶ Select and evaluate CEO <p>Organization of work:</p> <ul style="list-style-type: none"> ▶ Fixed structure mirrors administrative functions <p>Agendas and meetings:</p> <ul style="list-style-type: none"> ▶ Operational, standardized, staff-dominated, report-driven, ritualized <p>Deliberative style:</p> <ul style="list-style-type: none"> ▶ Parliamentary, orderly, deferential <p>Performance metrics:</p> <ul style="list-style-type: none"> ▶ Audits, budgets, staff reports, facts and figures 	<p>Board’s central purpose:</p> <ul style="list-style-type: none"> ▶ Strategic partnership with senior management <p>Board’s principal role:</p> <ul style="list-style-type: none"> ▶ Strategist <p>Board’s core work:</p> <ul style="list-style-type: none"> ▶ Scan internal and external environments ▶ Resolve priorities ▶ Review and modify strategic plan ▶ Monitor performance <p>Organization of work:</p> <ul style="list-style-type: none"> ▶ Fluid work groups mirror strategic priorities <p>Agendas and meetings:</p> <ul style="list-style-type: none"> ▶ Thematic, strategic, variable, participative <p>Deliberative style:</p> <ul style="list-style-type: none"> ▶ Empirical, analytical, congenial <p>Performance metrics:</p> <ul style="list-style-type: none"> ▶ Scorecards, benchmarks, dashboards 	<p>Board’s central purpose:</p> <ul style="list-style-type: none"> ▶ Assess internal and external trends to lead the future of the organization. <p>Board’s principal role:</p> <ul style="list-style-type: none"> ▶ Visionary <p>Board’s core work:</p> <ul style="list-style-type: none"> ▶ Invites questions and alternative hypotheses. ▶ Places problems and opportunities in a new light. ▶ Involves sense-making and meaning-making which spawns policies, strategies, and decisions. ▶ Addresses ambiguities and challenges <p>Organization of work:</p> <ul style="list-style-type: none"> ▶ Fluid work groups mirror strategic priorities <p>Agendas and meetings:</p> <ul style="list-style-type: none"> ▶ Thematic, generative, variable, interactive <p>Deliberative style:</p> <ul style="list-style-type: none"> ▶ Empirical, analytical, congenial <p>Performance metrics:</p> <ul style="list-style-type: none"> ▶ Scorecards, benchmarks, dashboards

Strategic Planning Roles of Board, Staff and Committees

Board

1. Sets overall direction and communicates that direction to the organization
2. Formally approves the strategic plan
3. Assures alignment of overall staff, board and committee planning
4. Assures that strategic plan guides board development efforts
5. Identifies continuing and current priorities and develops organization's financial plan accordingly
6. Establishes procedures to facilitate committees' response to the strategic plan
7. Evaluates and updates strategic plan
8. Revises mission, vision, goals, strategic directions, and priorities
9. Establishes criteria for successful outcomes and monitors outcomes to assure quality and impact on an ongoing basis
10. Conducts annual self evaluation

Board Chair (and Vice Chair/Chair-Elect)

1. Defines activities in support of organization's strategic directions
2. With CEO, guides Board interpretation of plan in relation to services/programs and other critical activities (board leadership development, community and member relationship building, etc.)

CEO

1. Plays key role in formulation of strategy
2. Works closely with Board leadership in determining appropriate strategic thinking and planning approaches
3. Identifies continuing and current priorities and helps to develop organization's financial plan accordingly
4. Develops/updates environmental scan
5. Champions the mission and vision and provides continuity
6. Interprets plan to staff, stakeholders, members, and general public
7. Completes annual report of organization's and committees accomplishments in relation to strategic directions
8. Assists president and board with development of implementation plan within defined areas of board responsibility
9. Sets schedule and sequence for evaluation, review and updating of plan

Committees

1. Within the organization's Strategic Plan, identify committee priorities that support goals and strategic directions
2. Develop activities that support committee priorities
3. Complete annual report of committee accomplishments in relation to strategic directions.
4. Contribute to overall organization's strategic planning process.

Sample Division of Roles between Board and CEO

(Adapted from "Building and Managing An Effective Board of Directors, Center for Nonprofit Mgmt)

This matrix describes the roles and responsibilities of the board and the CEO in critical areas. Review each entry and revise based on the specific needs and requirements of your Pool. This chart should be reviewed on an annual basis and updated as necessary.

Responsibility	Board Of Directors	CEO
Legal	<ul style="list-style-type: none"> • Exercises fiduciary role to ensure that the organization is properly managed. The board should have a mechanism to validate information from the CEO. • Maintains legal status; ensures the proper paperwork is submitted to governmental agencies. • Reviews financial and business dealings and exercises proper judgment in self-dealing transactions -- avoidance of conflicts of interest. 	<ul style="list-style-type: none"> • Must provide information to the board to demonstrate that the organization is well managed. • Compiles information for annual filing requirements. • Signals to the board if any situations are likely to occur/have occurred that jeopardize the legal status of the organization.
Finance and Accounting	<ul style="list-style-type: none"> • Approves annual budget. • Reviews periodic financial reports (balance sheet, income statement, changes in financial position). • Ensures that proper internal controls are in place. 	<ul style="list-style-type: none"> • Prepares annual budget with input from CFO and finance committee • Oversees preparation of periodic financial reports. • Implements proper financial controls.
Planning	<ul style="list-style-type: none"> • Establishes mission, vision and overall program direction for the organization. • Reviews strategic plan progress. • Assesses compliance/progress in achieving program/service outcomes. • Assesses program evaluation plan. 	<ul style="list-style-type: none"> • Participates in establishing mission and strategic direction for the organization. Contributes to vision of the organization; and assists the board in maintaining focus and momentum for the organization • Develops specific program goals and objectives based on board specific mission. • Develops reports or oversees staff development of reports to demonstrate program progress.
Policy	<ul style="list-style-type: none"> • Develop and adopt written board level policies. • Responsible for reviewing board level policies periodically 	<ul style="list-style-type: none"> • Identifies need for new policies • Responsible for assuring the implementation of policies and for assisting the board in analyzing policy options

Responsibility	Board Of Directors	CEO
Revenue Development	<ul style="list-style-type: none"> Responsible for assuring long-range commitments of resources; approves revenue development plan and participates in its implementation as appropriate. 	<ul style="list-style-type: none"> Creates revenue development plan with input from CFO and finance committee and submits to board for approval. Responsible for implementation of revenue development plans.
Personnel	<ul style="list-style-type: none"> Sets and reviews over-arching personnel policies. Hires President/CEO and evaluates his/her performance. (Executive Committee conducts performance review. 	<ul style="list-style-type: none"> Implements board level personnel policies. Develops and implements all other personnel policies. Recommends changes in personnel policies to the board. Hires all personnel and evaluates performance of staff members (or delegates to appropriate supervisor).
Contracts	<ul style="list-style-type: none"> Approves and monitors those contracts under the purview of the board. 	<ul style="list-style-type: none"> Administers contracts approved by the board. Approves and monitors all other contracts
Board Accountability	<ul style="list-style-type: none"> Establishes and communicates clear expectations of Board directorship. Assures effective participation of Board directors. Conducts annual board self review process. 	<ul style="list-style-type: none"> Facilitates orientation, training and information exchange for members in preparation for selection of Board directors. Facilitates effective communication among Board directors.
Decision-making	<ul style="list-style-type: none"> Defines and communicates the role of Board and President/CEO in agency decision-making. Assures appropriate involvement of board directors in organizational decision-making. 	<ul style="list-style-type: none"> Responsible for all decisions except those explicitly reserved to the board.
Community/Public Relations	<ul style="list-style-type: none"> Promotes the organization to various publics. Promotes cooperative action with other organizations in alignment with the mission, vision and overall strategic direction of organization. 	<ul style="list-style-type: none"> Interprets the mission of the organization to the community through direct involvement, public relations programs, including personal contact, descriptive program literature, and work with the media; works closely with the board for an effective division of labor.
Add Others Here	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">

Tips for Building the CEO Chair Relationship

- Ensure current job descriptions are in place for CEO, board chair, and board members and that they reflect the three modes of governance: judiciary, strategic, and generative.
- Meet regularly outside of regular board meetings to have candid, meaningful discussions about your relationship and about issues facing the organization to ensure no surprises for either partner.
- Keep track of key concerns about your relationship and about the board, set goals, and develop an action plan to work on them.
- Seek clarity about each other's point of view by asking questions and being open to learning and by sense-making together.
- Be realistic about what you can accomplish and discuss more than one avenue to success on any given issue (for example, could something be asked to addressed by the chair of the governance committee or by the executive committee?).
- Establish a process for measuring progress and set markers for success.
- Avoid becoming a "two-person" board, avoid creating a dynamic in which the CEO and the board chair so dominate the governance process that no one else has input or impact
- Approach assessment as tool to strengthen board chair and executive performance.

Source: Adapted from The Practitioner's Guide to Governance As Leadership by Kathy A. Trower

Resources on Building and Maintaining a CEO/ Board Partnership

Articles

1. **Constructing a Board CEO Partnership**
<http://c.ymcdn.com/sites/www.artcurators.org/resource/resmgr/Constructing-a-Partnership.pdf>
2. **Essential Elements of an Effective CEO-Board Relationship**
<http://www.russellreynolds.com/content/essential-elements-effective-ceo-board-relationship>
3. **The Board Chair-Executive Director Relationship: Dynamics that Create Value for Nonprofit Organizations**
http://www.wvcc.edu/CMS/fileadmin/PDF/Learning_Center/board-chair-executive-director-relationship-hiland-scnm-journal08-2.pdf
4. **Governance as Leadership: Reframing the Work of the Nonprofit Board**
http://www.pewtrusts.org/~media/legacy/uploadedfiles/wwwpewtrustsorg/reports/pew_fund_for_hhs_in_phila/Governance20as20Leadership20summary20finalpdf.pdf
5. **Fostering Effective Relationships among Nonprofit Boards and Executive Directors**
<http://cmapspublic3.ihmc.us/rid=1L2HWW0C7-1B4H7DJ-YZF/fostering-effective-relationships-among-nonprofit-boards-and-executive-directors-markey-and-denison-scnm-journal08-3.pdf>
6. **Starting Off on the Right Foot: How to Establish a Good ED-Board Relationship**
<http://www.bridgespan.org/getattachment/a2aa5a35-e8db-4df9-a4ac-6051d2b1173d/Establish-Good-Board-ED-Relationship.aspx>

Books

7. **Governance as Leadership: Reframing the Work of Nonprofit Boards** by Richard P. Chait, William P. Ryan, Barbara E. Taylor. <http://amzn.to/Sgs3YJ>
8. **The Practitioner's Guide to Governance As Leadership** by Kathy A. Trower
<http://tinyurl.com/npv46bk>
9. **The Source 12: Twelve Principles of Governance That Power Exceptional Boards** by Boardsource. <http://www.boardsource.org/Bookstore.asp?Item=171>