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Ideas that Shape Leaders and Organizations

The fast track to building a winning relationship with the board

A guide for new CEOs

Laura Mitchell reached for the phone and dialed the number. As she was waiting for the answer, she arranged the papers on her desk with the questions she was about to ask. Laura, a newly hired nonprofit CEO, just 23 days on the job, was completing her final "get-to-know-you" conversations with members of her new board.

Because she knew how critical it is to build relationships with board members early, she arranged a series of lunches, coffees, and phone calls with individual members of the board. She knew this investment of effort early on would pay huge dividends later.

When Bill answered, they engaged in the usual chitchat to confirm that this was a good time for the conversation. Laura began her questions by asking Bill, "How long have you been on the board and what prompted you to join this board?" As Bill responded, Laura took notes so that she could later get a clear sense of board members' tenure, how they came onto the board, what mattered to them about the organization, and their views on priorities for the future.

Laura then asked Bill, "When you think about our organization and its programs and operations, what matters most to you as a board member?"

When Bill finished his response, she said, "I'd like to ask about some of the high points and low points you've seen. Is there a particular time or event that you think exemplifies our board when it's working at its best?" After Bill responded, Laura followed up with, "How common is this? Is this how the board works most of the time?"

She then asked, "Okay, what about low points? Was there a time when you thought the board wasn't performing as well as you expected?" She followed up with, "Is that unusual?"

As the call continued Laura asked some additional questions:

- "What would be a picture of success for our work together – the board and me – after the first year of my tenure as your new CEO?"
- "Are there two or three things that you think are must-achieve priorities for that first year?"
- "How do you see my role as CEO in tackling those priorities?"
- "What about the board's role – what contributions do you think the board should make towards those priorities?"
- "Finally, what obstacles are standing between us and that picture of success?"

With her get-to-know-you conversations wrapped up, Laura was now ready for the next steps in her board relationship-building process, which included:

1. **Creating a vivid picture of success.** Taking in all that she heard from the board members, she composed a vision of the near-term future that included her own input as well as perspectives gleaned from conversations with her senior staff. She prepared a draft – several simple paragraphs that provided a vision of the organization at the end of her first year. This became a focal point of discussion with her board chair, then the executive committee, and eventually the entire board.
2. **Distilling the board members' many priorities into a single "leadership agenda."*** Laura knew that the picture of success would only be achieved through action – action based on a few essential priorities. She took the list of various priorities mentioned by board members and condensed them into a short list of items that directly related to the collective picture of success. Her target was between three to six items because she knew that anything longer would become a laundry list rather than a coherent, actionable agenda.
3. **Revisiting the board's roles and responsibilities**. Laura and her board chair knew that the first year of her tenure would be anything but business as usual and that bringing on a new CEO would require changes by the board. Laura and the board avoided a mistake made by many of their counterparts who see the board as a fixed, unchangeable entity. She and her board recognized the need to revisit the board's role and approach to governance, especially in light of their fresh perspective on the CEO's role gained during the executive search. They recognized that executive leadership and board governance are dynamic, interrelated processes that need to be revisited when a new CEO comes on board. In short, they recognized the need to refresh their understanding of the roles on both sides of the leadership equation – the executive and the board.
4. **Clarifying expectations.** Expectations in this context are the roles and responsibilities in action, particularly the actions needed to achieve the items on the leadership agenda. This involved a chain of conversations beginning with her board chair and the executive committee and leading up to a discussion with the entire board. Those conversations developed and clarified the board's expectations for her and Laura's expectations for the board. The net result was a mutual understanding about how they were going to tackle the priorities on their leadership agenda – what Laura could count on the board to do and what they expected from her.
5. **Getting the board to establish a plan for monitoring and evaluating performance, including its own.** The executive committee created a performance-monitoring plan with a timetable for check-ins during the first year, leading up to an annual performance evaluation. The plan included specific performance measures that the board would use to evaluate Laura's performance and performance measures for the board to measure its own effectiveness.

These five steps that Laura and her board went through can be thought of as a board-executive social contracting process,* which we will discuss below.

What you can learn from Laura's example

Let's dig a little deeper into the lessons from Laura's story.

Don't go into your first board meeting still a stranger to anyone on the board.

Have a substantive conversation with every board member during your first month on the job. This might be extended to the first 45-60 days if you have an especially large board.

Like any other new CEO, Laura faced seemingly countless demands on her time and many complications in prioritizing the crucial actions during her first 90 to 100 days on the job. The challenges facing any executive assuming a new position can be enormous. There's the challenge of getting to know the unfamiliar faces, customs, and environment of the new organization. There's the challenge of building working relationships with your new staff team, or recasting those relationships if you were promoted from within the organization. And, there's the overall challenge of taking charge while you're still learning about the organization.

But, Laura knew, despite the challenges and other demands on her time, the most important task of all was building working relationships with all her critical stakeholders, especially her senior management team and her new board. More than a relationship, she knew she needed to establish a working partnership with the board.

She knew that this involved beginning to understand them as individuals – what was important to them and how they saw their role – as well as working towards a collective agreement about goals, roles, responsibilities, and outcomes with the board as a whole.

She understood a fundamental truth: that the board-executive relationship is one of the most, perhaps the most, critical relationship in the organization. She recognized that the health of that relationship and the collective outlook that she and the board developed together would not only affect the quality of her work life, but it would influence the health and vitality of the organization as well.

Like Laura, you should recognize that your relationship with the board needs to be carefully constructed and nurtured. That will require an investment of time up front. But it will be an extremely worthwhile investment. Don't go into your first board meeting with the feeling as though anyone on your board is still a stranger to you and you are a stranger to them.

Note that the questions Laura asked during her initial contacts not only provided an important focal point for those conversations, they also yielded information that she could use in the next stages of the relationship-building process.

Make sure you understand the governance context.

Boards can be all over the map in terms of their sophistication as a governing body and their collective understanding of what constitutes good governance. By governance context, I'm referring to the overall picture of how the board operates, including its mode of governance – how much time they spend on...

1. operational matters – getting into the weeds on operations (where they shouldn't be), versus
2. fiduciary responsibilities – oversight of finances and the organization overall, versus
3. strategic discussions – clarifying the organization's direction and helping the executive chart the course, versus
4. generative conversations – using their smarts and savvy to help the executive "read the tea leaves" about the future or to make sense of an uncertain environment.

Governance context also includes how they see the role of the board versus the role of the executive, whether they have a growth or maintenance mindset, etc. Basically, you'll want to gain a sense of the gestalt of the board. Hopefully the hiring process already gave you a pretty good sense of the board you are inheriting.

Embrace your responsibility *for* the board, not just *to* the board.

As the CEO, you're responsible for the entire organization, including the board. While they may be volunteers, and they may be your boss, the board is not some walled-off group. They are a critical, dynamic part of the organization. An important part of your job is to nurture the board and ensure they are carrying out the three fundamental roles universal to all boards:

- Shape the organization's mission and strategic direction,
- Ensure that the organization has proper leadership and adequate resources, and
- Be accountable for the organization's performance and mission impact, including exercising responsibility for its own performance as a board.

A critical part of your job is to support the board in their governance duties, and that includes helping the board grow and develop. Too many executives, at their peril, assume the board is a fixed, unchangeable entity, or worse, nothing more than a burden that they have to deal with. However, research shows that executives who are most satisfied with their board's performance are the ones who spend the most time nurturing their board. That's certainly not a coincidence (BoardSource, 2015).

Build a solid working relationship (social contract) with your board.

While many CEOs have a literal contract in the form of a written employment agreement, much of our work life – indeed, all of life – is shaped by social contracts with the folks around us. In the workplace, these are tacit agreements between employee and employer and between team members who are accountable to each other. Usually these agreements are not written down, but they can hold sway over everything from our outlook about the future to how we interact with each other.

These social contracts are agreements or understandings about "how things should work around here," and they are usually developed over time. The contracting process that Laura and her board went through is a great way to jumpstart the agreement-building process. She used a deliberate approach to make explicit the board-executive social contract, call out the various elements, and deliberately work through them in order to speed up the relationship-building work.

Generally, board-executive social contracts involve four sets of agreements or understandings:

1. **Goals.** An agreement about goals or priorities, which I refer to as the "leadership agenda."* These goals or priorities should form a coherent picture of success or an end state for the organization over a certain time period. Laura was especially smart in starting with a picture of success (vision) and focusing on priorities that underpin that vision. A well-crafted vision or picture of success can be a compelling way to rally support and drive toward a collective sense of the future.
2. **Roles and responsibilities**. An understanding about roles and responsibilities, particularly the respective role of the board vis-à-vis that of the executive.
3. **Expectations.** An understanding of the expectations that you and the board hold for each other – what the board is counting on you to do, and what you are counting on from the board. Think of expectations as anticipated action within the roles and responsibilities and in pursuit of the goals or priorities.

4. **Performance monitoring/evaluation.** Agreement on how performance will be monitored and evaluated – how frequently and on what specific criteria.

Much of your organization's success rides on the strength of your top-level social contracts – the contract between you and your board but also the contract between you and your leadership team and those team members and their subordinates. The primary job of a leader is to create alignment between aims and actions, and that requires clarifying goals, roles, responsibilities, and expectations and then monitoring performance to keep the goals and action plan in front of everyone – to make it live.

Early on, establish a clear set of priorities that you and the board agree on.

After your initial conversations with board members, you should have a substantive picture of the members' perspectives as individuals. You now have some raw data in the form of input from individual board members, but if you take a step back and reflect, you should also have an emerging picture of the "psychographic" landscape of the board – a sense of the diverse personalities, attitudes, interests, opinions, and perhaps even values reflected on the board. Now your challenge is to summarize and synthesize that information, and, most importantly, to work with the board to craft a collective picture of success that you and the board agree on.

After the board member interviews, you may have something of a laundry list of priorities in front of you. You'll want to distill this into a short list that you and the board agree represents what's doable. Your leadership agenda should be the top three to six (no more than seven) priorities that you and the board agree are the key elements of your collective picture of success. Some of these priorities may come directly out of the strategic plan, while others may be unique to this initial year of your tenure, and still others may have to do with capacity-building objectives unique to the organization's current circumstances. The important point is your mutual agreement with the board about the relative importance of these priorities and the overall picture of success.

Don't try to do this completely on your own and dazzle the board with your brilliance. You want to make sure that the board has some skin in the game. Engagement fosters ownership, so make sure that there is substantive interaction with the board in finalizing the list. For example, engage your board chair and executive committee in the refinement of the list and let them help you finalize it with the board. You also may need their help in managing any naysayers and contrarians on the board.

Consider using priorities instead of goals in your leadership agenda. Goals can often be amorphous and slippery. Priorities, on the other hand, establish a clear ranking of importance.

Revisit roles and responsibilities.

Have a deep discussion about roles and responsibilities and the intersections between the board's role and yours. During the executive search that led up to your being hired, the board probably spent a fair amount of time clarifying the role of the CEO. But chances are, they probably haven't thought about their role as a board – particularly relative to the executive's role – in recent memory, if ever. Some boards go into the relationship with their new executive expecting it to be business as usual. They assume that "the board is the board" and the executive will conform to the board. But any time you hire a new executive, there is no business as usual. An important part of the relationship-building process is for the board to do some reflection and introspection about its governance role, how it is performing as a board of directors, and the nature of the relationship with the CEO going forward.

Clarify how performance will be monitored.

Establish an agreed-on mechanism for monitoring and evaluating performance. Recognize that until your relationship matures, your board is probably going to have a heightened need for information and oversight. Early on, board members need to assure themselves that they made the right decision in hiring you. And, likewise, you will be looking to the board for certain assurances as well.

Along with the annual performance review, the initial year might include quarterly check-ins to ensure that everything is on track and that the onboarding and settling-in process is going well. The list of priorities established earlier provides all-important criteria for these interim check-in discussions and the performance review.

Keep the leadership agenda in focus.

There's an incredibly simple way to keep the priorities in focus and on track, and that's to put it on the agenda for every board meeting. Carve out a 15- to 20-minute block in each board meeting – give it a descriptive name such as "Outlook," "Future Directions," or simply "Leadership Agenda." Use this time to discuss how work on the priorities is going, what's been accomplished, what plans may need to be recalibrated, and where you might need advice, assistance, or resources from the board.

Conclusion

Developing a thriving relationship with the board, like any teambuilding exercise, takes time. As a new CEO, you have both advantages and disadvantages when it comes to teambuilding with the board. The disadvantage is that they are presumably already a team and there's a status quo bias present in teams that assumes the newest member should conform to the team rather than team conforming to the new member. But recasting this relationship anew is an important part of the onboarding process for new CEOs and a critical element in the partnership-building process with the board.

What I've laid out here is a recipe for a sustained campaign, not a one-time, one-shot process. The board-executive relationship needs to be frequently recalibrated as the world around you changes, as board members turn over, and as priorities are achieved and new ones are added to the agenda. As author Jim Collins points out, "Every institution has its unique set of irrational and difficult constraints… Greatness is not a function of circumstance… [It's] largely a matter of conscious choice, and discipline" (Collins, 2005). Cycling through the process of clarifying goals, roles, expectations and performance measures annually is a great discipline for maintaining alignment between the executive and board, but also for keeping the work relationship fresh and relevant the nonprofit's changing environment and leadership needs.

Finally, I invite you to share this guide with your board chair, executive committee, and board. The process outlined here can have an enormous payoff, not just for clarifying and strengthening the board-executive relationship, but increasing job satisfaction for you and your board members and boosting the mission impact of the organization through greater clarity and alignment.

References

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*The research behind these recommendations

In the late 1990s, I conducted a case study research project, funded by the Packard Foundation, that focused on governance practices in highly effective nonprofits. The study involved 20 organizations located on the East and West Coasts and in the Midwest. The organizations selected were nominated by at least three funders as among the most highly effective nonprofits in their community.

One of the striking things about these organizations was the palpable quality of the relationship between the boards and the executives and their sense of shared ownership, partnership, and accountability. Although the specifics of the board-CEO relationship, what I termed the "board-executive social contract," looked somewhat different across these organizations, some of the characteristics they shared in common were, first, that both the board and executive saw themselves as mutually accountable for the success of the organization. None of the boards dumped everything into the executive's lap and hoped for the best. Likewise, the executives had high expectations for the board and its members. A number of them had a formal agreement that board members were expected to sign and adhere to. And at least one gave their board members a "report card" on their participation, particularly their involvement in the fundraising efforts.

Second, they recognized that success hinges on being clear about goals, roles, expectations, and performance monitoring. At any one time, there were a handful of priorities that were the center of attention, that constituted their "leadership agenda." And there was healthy give and take that made the agenda more clear and the commitment to it stronger.

Third, the executives saw themselves as being responsible *for* the board, not just *to* the board. The executives didn't assume their boards were immovable objects and they just had to live with whatever board they had. By and large, both boards and executives saw their partnership as a dynamic process and both were expected to grow and develop along with the growth and development of the organization.

Don Tebbe is a leadership succession consultant and author of the award-winning book, *Chief Executive Transitions: How to Hire and Support a Nonprofit CEO*, published by BoardSource, and a new book, *The Nonprofit CEO Succession Roadmap*. He has been a consultant to over 140 nonprofits on CEO transitions and leadership succession projects since 1993, and a frequent speaker at events across the U.S.