

The CEO Advantage: How to Rebuild Corporate Board Trust and Effectiveness

By Nancy MacKay, Ph.D

CEO challenge:

For the first time, the board of an organization decided to evaluate its effectiveness, inviting the CEO and the management team to participate by providing feedback on their perceptions of the board's ability to carry out its responsibilities.

Board members completed a self-evaluation, awarding themselves scores of three or four, on a four-point scale, in most categories.

The management team, on the other hand, gave the board scores of one or two out of four.

Board members were not pleased.

CEO mistake:

When the CEO met with the board to discuss the results, board members expressed extreme disappointment with the low rating and the negative feedback from management. They questioned whether the CEO had the right management team in place to move the company forward. To them, it was evident that management didn't understand the role of the board or know how to effectively interact with board members.

The two-year CEO reacted by accusing the board of being defensive and not open to feedback. She sided with her management team and suggested that the board needed to be more strategic and less focused on operational decision-making. She also conveyed that the board should be more open to being challenged and that it was the board's lack of candour that was leading to problems.

Not surprisingly, the reaction of board members was not positive. Their solution to the attack was to shut down the CEO. They asked her to complete a review of her management talent pool and develop a plan to educate the executive team on how best to work with a board.

The meeting got so heated that everyone decided they needed some time to cool down and a future meeting was scheduled.

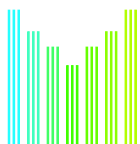
CEO solution:

It was important for this CEO to remember that the point of the evaluation was ultimately to raise the bar on board effectiveness, not to argue over the validity of the results.

With some assistance, the CEO learned that the trust between management and the board had taken a hit. She needed to defuse the situation by first acknowledging the disappointment of the board instead of trying to make the board wrong for getting defensive.

At the followup meeting, she was coached to listen first – an initial step to regaining trust. She let the board members explain what they wanted to do to address the situation and then she suggested a three-step process that would lead to a 90-day action plan to rebuild trust.

First, she spoke with each board member individually to get his or her input on next steps. Then she met with her management team to discuss the board's suggestions and asked the executives for their ideas. Using all the input, she developed and presented a plan that met with approval from all.



By working the plan over the next 90 days, the CEO was able to build board effectiveness in a more constructive and positive way, with the assistance and support of her management team. •

Nancy MacKay is the president of MacKay & Associates (www.mackayandassociates.ca) and the CEO coach and facilitator of 15 CEO and executive forums across Canada with more than 150 members.

This article from Business in Vancouver April 19-25, 2011; issue 1121

Business in Vancouver (www.biv.com) has been publishing in-depth local business news, analysis and commentary since 1989. The newspaper also produces a weekly ranked list of the biggest companies and players in a wide range of B.C. industries and commercial sectors, monthly features and industry-focused sections that arm its subscribers with a complete package of local business intelligence each week.

