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The board should adopt clear rules on sticky situations – such as whether physicians who invest in competitive ventures have a disabling conflict that should bar their continued board membership. Once the rule is set, follow it. Tolerance is worse than having no rule at all.

### 5. Never surprise the

**CEO.** If a director plans to air serious reservations about an upcoming matter or the performance of a program, common courtesy and good board process say to give the CEO a heads-up. Advance notice allows the CEO to come prepared with facts and data and to give thought to the appropriate response. CEOs are not omniscient – they cannot be expected to know every detail of a complex enterprise. Surprising a CEO triggers understandable defensiveness. Even if the board raises good questions, a CEO who feels ambushed can lose objectivity and may be unwilling to reconsider a matter for fear of looking weak.

“The concept of red rules can also be applied to governance. There are some that are so intrinsic to the effective functioning of a board that they always must be followed and enforced by the board’s leadership and the CEO.”

The intent of a “no surprises” rule isn’t to bar spontaneous questions but to respect management and allow good preparation. If a director deliberately or repeatedly violates the red rule against surprises, the Board Chair should speak with the member and – if the behavior continues – stop the sneak attacks when they occur.

### 6. Never surprise the

**board.** Similarly, when CEOs bring significant decisions to the board at the eleventh hour, without advance information or thorough committee review, members naturally resent being treated as a rubber stamp. True emergencies requiring expedited board process will occur, but they should be rare.

If a CEO or senior executives fall into a pattern of asking for approval of done deals, the board should apply the red rule and say “No, we’ll consider the matter though the appropriate committee and vote next time.” Once should be enough to send the signal that diligent governance oversight requires sufficient notice.

### 7. Never bring operational

**questions or data to the board.** CEOs and senior executives who complain that their boards get into operational details should examine their own practices first to ensure they are providing the right level of information to directors. Is the strategic plan really a management implementation plan that doesn’t focus the board on a few critical strategic success factors? Does the CFO bury critical financial indicators in

voluminous financial statements instead of highlighting them on a dashboard? Is the board looking at every JCAHO core measure instead of rolled-up or bundled measures, such as the percentage of heart attack patients who received “all appropriate care?”

If operational reports are going to the board or a committee, stop the assembly line and ensure that the board gets governance information, not management detail.

For their part, boards should articulate what they want to know, and they should ask for information that’s strategic, trended, contextual, and compared to best practice. If the board doesn’t get a comprehensive performance

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dashboard or balanced scorecard, invoke the red rule and ask management to work with the board to create one.

If a CEO thinks his board is wandering into operational territory, he should tactfully raise the issue and try to reframe the matter in larger

policy or strategy terms. Complaining to subordinates after the fact doesn't fix the problem. If some board members regularly "get lost in the weeds," education or discussion of board roles at a retreat may be the remedy.

Following red rules for boards won't produce results as dramatic as no

nuclear mishaps or airline accidents. They will, however, help a board and CEO work as a team, approach tough decisions with candor, and sleep soundly because they've protected the mission and provided the organization with sustainability for the long term. *What are your board's red rules?*