

Minding Your Manners

Don't overlook the importance of CEO-board etiquette — it's a pillar of good governance

By Kathryn J. McDonagh

The relationship between boards and chief executive officers can be fraught with challenges, and trustees often are unsure of how to handle certain delicate situations. But using a framework of etiquette can provide guidance. The Emily Post Institute notes that business etiquette promotes civility, relationship-building and customer service. That's ideal for the trustee-CEO relationship because positive and constructive relations are essential for effective governance.

At two recent AHA Center for Healthcare Governance symposia, discussion groups, predominantly comprising board members and other senior leaders, explored some of the awkward trustee-CEO situations they had encountered and identified possible solutions. Some of the examples included:

- physicians going around the CEO and directly to board members to solve problems or present issues
- breaches of confidentiality resulting from board members who discussed issues outside the boardroom
- more robust conversations taking place in the parking lot after the board meeting rather than during the meeting itself
- a trustee who is a prominent community member dominating discus-

sions and board business

- relationships between board members and physicians or community leaders that circumvent the CEO
- CEOs shielding the board from negative findings or bad news and not supporting transparency in communications

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- board members delving into operational or managerial details

The discussions revealed consensus that a strong relationship between the CEO and board is critical for high-performance governance. Trustees and the CEO should work collaboratively to develop trust and protect their relationship with honesty and transparency. In particular, the chair must play a key role in assessing and maintaining a healthy relationship that includes candid dialogue and dealing directly with situations that arise.

The discussion groups emphasized that directly and promptly dealing with the issues was the best course of action. However, there was some dif-

ference of opinion about the nature of relationships that trustees maintained with physicians and community members. In small towns, relationships were naturally closer among board members and hospital staff than in larger cities. One rural hospital board member said it was common to be a Facebook friend with various hospital employees, while board members from larger organizations found that to be inappropriate.

These situations can vary, participants concurred, as long as certain boundaries are maintained, such as confidentiality and using appropriate channels to handle issues.

The etiquette breaches discussed often were symptomatic of problems with CEO and board relationships and represented an imbalance in board function. For example, if the most robust board discussions are taking place in the parking lot after the meeting, then the chair and CEO need to address it and restructure board meetings to allow adequate time for important and strategic discussions. An assessment should be performed

to determine if there are barriers to open dialogue in board meetings.

Some guidelines for addressing etiquette quandaries emerged from these discussions:

- Boards should act as a team, not as individuals influencing events on their own.
- When outsiders raise issues to board members, the most appropriate action is to listen and refer the issues back to the CEO.
- Strategic planning retreats are a valuable tool to build relationships between board members and the CEO and to work collectively on crucial issues.
- Routine executive sessions create

an appropriate forum for discussing sensitive issues.

- A board governance committee can provide “rules of engagement” and group norms to guide appropriate behavior for all.
- A process manager, such as a member of the board’s governance committee, can be appointed by the board to monitor meeting processes, report issues to be addressed and conduct discussions on board meeting effectiveness.
- An external consultant can act as a

catalyst and provide an objective view of board functions and make recommendations for improvement.

- Board evaluation of the CEO should be a constructive, transparent and candid process and address any lack of communication or shielding of the board by the CEO.
 - The board chair has an important responsibility to address dysfunctional behavior and inappropriate communication among board members.
- Sharing these experiences among board members and executive leaders

was an enlightening way to view etiquette issues and discuss solutions. All of the situations discussed had nuances that made them challenging to address. Yet, practical solutions emerged from sharing them. Discussing board and CEO etiquette at your next board meeting might yield some interesting stories and lessons. **T**

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