

THE IMPORTANCE OF AN EFFECTIVE WORKING RELATIONSHIP

What problem are we trying to solve

For purpose organisations can do great things when there is an effective working relationship between the Board and the Executive Team.

It seems that anything is possible when the Board and executive team are committed to their cause, have a shared vision and strategy, and are working in partnership to implement a plan.

However, developing an effective working relationship with the Board can be a challenge.

We hear CEOs and Executive Leaders raise concerns that the Board is interfering in operational matters, micro-managing and not understanding organisational nuances.

Similarly, Chairs and Board members raise concerns that the executive are not leveraging Board expertise, Board papers are late or difficult to read, and the CEO is not focusing on the right areas.

A poor working relationship leads to frustration, the lack of a clear direction, failure to make progress and Board / executive turnover.

Finding solutions to a shared challenge

An effective working relationship between the Board and the Executive team can have a significant impact on a For Purpose organisation's ability to achieve their purpose and commercial objectives.

With this in mind, The Centre For Social Purpose organised a Roundtable to gain insights and practical ideas on how CEOs and Executive Leaders can strengthen this relationship.

The Roundtable involved a panel of experienced sector leaders:

- **Elisabeth Shaw** (CEO, Relationships Australia - NSW; and Board Chair, Settlement Services International)
- **Paul Linossier** (former CEO, Uniting Vic.Tas; and Board Chair, Parramatta Mission)
- **Mark Sewell** (CEO, Warrigal)
- **Trudy Skilbeck** (Company Secretary, CBM Australia; and Board Chair, Whitehorse Manningham Regional Library Corporation)

The 50 sector participants were then involved in small group discussions to find practical solutions to shared challenges.

An unusual co-dependency

Some tension between Board and Management is expected. Board members and executive leaders are likely to have strong opinions and a tendency to take charge.

It is also complicated as the CEO and Chair roles are different but similar, independent but intertwined.

Both are focussed on the organisation delivering its purpose and commercial objectives. However, a co-dependency exists.

The CEO needs clear direction and support from the Chair and Board in removing obstacles. The Chair needs accurate, relevant, and real time information about organisational performance.

The core challenge is navigating the line between governance and management, and ensuring the partnership is adding value.

“Both are leaders. Both are stewards of a bigger purpose. Both need to be able to articulate the mission and strategy of their organisation; and model the values and culture.”

“There is a co-dependency between the Chair and the CEO. Neither can do their job properly without the other doing their job properly.”

Paul Linossier (former CEO, Uniting Victoria.Tasmania)

Identified strategies to strengthen working relationship

The Roundtable identified the following strategies:

1. Take ownership to build an effective working relationship
2. Manage the strategic vs. operational tension
3. Get the fundamentals in place (Board papers, Board meetings, Board committees)
4. The importance of trust

This Whitepaper explores each strategy in more detail.

ROUNDTABLE PARTICIPATING ORGANISATIONS

Australian Community Support Organisation, Autism Spectrum Australia (Aspect), Barnardos, Berry Street, CareFlight, CBM Australia, Cerebral Palsy Alliance, Cvgt Australia Limited, EACH Social and Community Health, ermha, Family Planning NSW, GetUp!, HeartKids Australia, Karitane, Key Assets Australia, Lifestart Co-Operative, MAF Australia, Mission Australia, National Rural Health Alliance, Nganampa Health Council, Northcott Disability Services, Oak Possability, Police Citizens Youth Club, Relationships Australia, RSL Lifecare, Sacred Heart Mission, Save The Children, Settlement Services International, Spinal Cord Injuries Australia, St Vincent de Paul, Surf Life Saving, The Housing Trust, Uniting Victoria.Tasmania, Warrigal, Whitelion, Windana, Woden Community Services, World Vision and Ysas.

Board relationship building is part of your job

CEOs have a rewarding, but also challenging, role.

They are transforming their organisation to meet sector challenges while also implementing initiatives to achieve short-term objectives. They are seeking new revenue streams, finding ways to attract and retain quality staff, implementing programs to deliver social outcomes and driving organisational improvement – typically with constrained budgets.

Against this backdrop, input or questions from Boards can be received as irritants and distractions.

The CEO, who reports to the Board, has a vested interest in taking the initiative to build an effective working relationship.

“The Chair-CEO relationship is the most important relationship of them all. We have to do well. It’s important and it’s worth an ongoing investment”

Mark Sewell (CEO, Warrigal)

Be intentional in building these relationships

The panel and participants highlighted that Board relationships are the most important ones a CEO needs to manage.

Effective working relationship rarely just emerge. They need to be constructed with intent. There needs to be discussion about how this relationship will work.

“I think it’s important early in new relationships, that there’s a deliberate discussion about how you want this relationship between CEO and Chair to work”

Paul Linossier (former CEO, Uniting Victoria.Tasmania)

“We need to ask, what are your preferences, how do you like to work, what was the best similar CEO-Chair relationship you’ve ever had?”

Elisabeth Shaw (CEO, Relationships Australia - NSW)

A collaborative partnership between Chair and CEO

There needs to be a sense of working together to achieve a shared aspirational goal.

“It’s like having a personal trainer at the gym. If the experience with your Chair stretches and challenges you, and you feel that the issue at hand is progressing, then the Chair is like a good personal trainer, both pushing and encouraging.

But if you’re apprehensive leading up to your board meetings, if you have no sense of progress; then the Chair is just that picture on the wall of the gym, judging you and your progress”

Paul Linossier (former CEO, Uniting Victoria.Tasmania)

Key elements of the CEO-Chair relationship

The panel and participants identified the following elements:

- Mutual trust built on respect for each other
- No surprises
- Open and honest communication, each prepared to give and receive constructive feedback

Participants also highlighted the importance of the social dimension to the relationship. Only meeting your Chair at board meetings is a problem. CEOs mentioned weekly phone calls and meetings.

The social connection is important to build the trust to be able to have difficult conversations.

“If we want a deep relationship, then we need to be able to say to the Chair, ‘I’m not confident our relationship is the best it can be’, or ‘I felt our last couple of meetings were a bit stilted. I feel like you might be sitting on something and I’d like to hear whatever’s going on’

That takes a lot of courage”

Elisabeth Shaw (CEO, Relationships Australia - NSW)

“It’s important to be checking in periodically, that things are working to your mutual satisfaction”

Paul Linossier (former CEO, Uniting Victoria.Tasmania)

The importance of role clarity

The panel highlighted the need for clarity on the roles and responsibilities of the CEO, Chair and Board members.

Boards are responsible for strategy and governance, the executive team for strategy execution and operational management.

Roles should be covered in the Board Charter. Ideally, there would be job descriptions.

“These roles need to be negotiated and clear so the CEO and the chair are not tripping over each other”

Paul Linossier (former CEO, Uniting Victoria.Tasmania)

“I keep asking the defining question – either as CEO or Chair - of “What is it that I can do that no other can do?” In effect, what is the uniqueness of the role that I play right now? This is especially important when you think there is role creep”

Elisabeth Shaw (CEO, Relationships Australia - NSW)

Managing boundaries : “Nose in, fingers out”

The most frequently mentioned challenge by participants was that Board members are overly involved in operational issues.

This creates a tension. It can be time consuming, a distraction for busy executives and potentially demotivating for those with operational responsibilities.

Leveraging Board member expertise

Participants noted the need for Boards with capabilities relevant to the current environment.

Whereas some Board members have a personal connection to the cause (such as a child with a disability), others were selected due to their experience in areas such as commercial acumen, fundraising or technology. Sometimes, these Directors may provide operational assistance – for example, helping develop a fundraising strategy.

This needs to be managed to prevent difficulties.

“Where possible, don’t invite board members into providing operational assistance. That protects your Board members because they shouldn’t wear two hats; that can compromise them. It can also challenge your ability to seek independent advice, and set a new direction. If your board member gives you operational advice, you may feel beholden to follow it”

Elisabeth Shaw (CEO, Relationships Australia - NSW)

Be intentional in Board staff engagement

Participants identified the benefits of involving Board members in planned events :

“I tend to encourage interaction. We invite Board Directors to events, such as at staff awards or an opening ceremony or even a 100th birthday celebration of a resident. I want the Directors to gain a better understanding of our organisation”

Mark Sewell (CEO, Warrigal)

However, less structured involvement – such as Board members walking the floor to meet staff or “getting to know you” sessions – had the potential to lead to Board members becoming immersed in operational detail.

Calling out operational matters

It is inevitable during Board meetings that discussions will stray into operational matters. Both the CEO and the Chair need to bring this back on track.

“At times, I will specifically ask Directors for their feedback or decision. There are other times when I’ll say thank you for your suggestions, but this is a management issue”

Mark Sewell (CEO, Warrigal)

Encourage Governance Qualifications

It is unreasonable to assume Board members will innately understand the expectations of their role.

Participants highlighted the importance of encouraging professional training for Board members. This can be invaluable in helping Board members work at a more strategic level.

“I encourage my Board to get qualified and complete the AICD Company Directors’ course. Without it, they default to their intuition or own professional experience. Understanding governance frameworks is important”

Mark Sewell (CEO, Warrigal)

Use of Committees to involve Board members

Committees are an effective solution to balance the tension of being reluctant to encourage Board involvement in operational matters, while also recognising the need to leverage the functional expertise of Board members.

Committees involve a Board member(s), executive and possibly staff to work on a specific issue and report back to the Board.

Committees leverage Director expertise in a structured way and progress an organisational priority. The Board is also more likely to accept the recommendation as they have confidence the issues have been appropriately investigated.

“We know from research that sub-committees are the workhorse of Boards”

Kirsty Nowlan (Executive Director - Strategic Engagement, Research and Advocacy, Achieve Australia)

Educate the Board

We are asking Board members to make strategic decisions, often with limited understanding of our organisation and external environment. Board members are typically volunteers with limited time to gain a deep organisational knowledge.

Participants highlighted the importance of an effective induction process, knowledge sharing sessions and providing relevant information.

“I made it normal from the outset that I would be the sort of CEO that would seed ideas and bring interesting information to the Board. I try and convey, “We’re all on a learning journey. I’ll bring what I’ve got. If you’ve got new readings, I’ll read them too”

Elisabeth Shaw (CEO, Relationships Australia - NSW)

Board contact with Executives

There were different opinions on this. Some prefer the Chair-CEO as a narrow gateway of communication between the Board and the Executive team. Others encouraged Executive Leaders who presented to the Board to stay for the full Board meeting.

The CEO needs to agree on rules of interaction that provides communication but limits the risk of confusing strategic vs operational boundaries.

Getting the fundamentals right

The panel and participants identified ways that Executive Leaders can avoid providing opportunities for Boards to stray into detailed operational matters.

“Get the basics right. Create quality board papers. Get them out on time. Take care of meeting logistics. Check in with the Chair. Make sure your committees are effective and focused in their reporting. Use consent agendas. Ensure there is an end-of-meeting review process”

Paul Linossier (former CEO, Uniting Victoria.Tasmania)

“We talk about the “Four T’s” : Templates, time, tone and Tim Tams. Are the Board Papers easy to use ? Is the meeting a good length of time ? Is the tone right – respectful, but not boring? Are we good hosts? “

Mark Sewell (CEO, Warrigal)

Getting Board Papers right

Board paper quality impacts Board meeting effectiveness. Poorly prepared Board papers may be the catalyst to “dive into the weeds”. Invest time in the Board Paper design and preparation process. You get what you put in.

Some practical tips :

- Board papers should never be late (non-negotiable)
- Keep Board Papers less than 100 pages
- Use Plan on a Page, Executive Summaries, One Pagers

“If I’m seeing an overly operational response by the Board, it’s usually because I’ve provided Board papers that led discussion into the weeds. This tends to happen when Board papers are written with just management needs and interests in mind. The board papers need to be geared to what the board actually needs to know in order to be able to stay at a helicopter view.”

Trudy Skilbeck (Company Secretary, CBM Australia)

Getting Board Meetings right

Board members are time-constrained. Therefore, ensure interactions are well designed, planned and managed.

Board papers go out in time so Board members are prepared. There is a clear agenda which is followed. The meetings are well managed by the Chair. Board members prompt and moderate each other if discussion goes off topic.

“I talk about the three D’s. Design is about quality board papers which sustain quality debate. Dynamics includes pushing for external Board review or using tools that unpack different learning and processing styles. And Diversity is about the mix of thinking and lived experience around the Board table”

Trudy Skilbeck (Company Secretary, CBM Australia)

Be clear on what you want from the Board

Identify your objective in providing specific information. Are you seeking a decision, or discussion or is this for noting?

Focus on the strategic question you are asking the Board to answer; make plain the desired outcome.

Customise information you provide the Board :

“Don’t just include in the Board Papers the same 20 page report you gave your executive team. Instead, tailor it to encourage a more strategic focus and output”

Trudy Skilbeck (Company Secretary, CBM Australia)

Shift the focus to strategy

Participants were concerned that board meetings spend too much time on operational issues. Practical ideas to address this included:

- Start board meetings (when energy levels are high) with a strategy discussion, followed by operations
- Include Strategy on a Page in Board Papers

Board Evaluation

Panel and participants highlighted the importance of a Board evaluation process once a year. What we are doing is too important to not check if it is adding value.

Some suggested an internal review one year, an external review the next; and covering topics such as diversity of Board members and thinking styles, and a skills matrix.

Reflection : The Board Meeting process review

Participants spoke about the importance of deliberate regular reflection on the board meeting practice. This encourages and normalises in-the-moment feedback.

“We have an end of meeting feedback tool with everybody present, and each person around the table takes a rotated turn to lead the review which embeds real ownership. For example, we may ask ‘have we stayed strategic?, have we voiced diverse thinking?’

This mechanism is also a way to further encourage Board members to moderate each other”

Trudy Skilbeck (Company Secretary, CBM Australia)

The Power of Influence

While the Chair and CEO have the key roles in structure and process decisions around Board meetings, executive leaders can still influence through providing suggestions.

For example, promoting the need for a more diverse selection panel when recruiting a board member, or using an external provider for the Board evaluation.

Trust is the glue of effective working relationships

The panel highlighted trust as a fundamental requirement.

There needs to be respect, clear communication and confidence in each other. Trust is particularly important in organisational transformation when CEOs need to take risks, which may raise Board concerns.

“If you’ve got trust-based relationships then our work is easier. There’s less concern, less double checking, there’s less onerous auditing. That kind of trust where people can rely upon us as CEOs goes a long way to making our own life easier, so it’s a worthy investment of our time to build trust”

Mark Sewell (CEO, Warrigal)

No Surprises

“No surprises” was a frequently used phrase by Panel and participants.

“The Chair ought not be ambushed. The CEO ought not be ambushed. They should be briefed about things that are going wrong or unpalatable matters. There should be no surprises.”

Paul Linossier (former CEO, Uniting Victoria.Tasmania)

The importance of open communication

Boards and CEO need to be able to communicate openly, including uncomfortable discussions. There is too much at stake for Boards and CEOs to avoid discussing difficult issues.

Learn how to manage conflict

The CEO is the leader of everyone, except in the Boardroom.

CEOs need to be able to manage being challenged by Board members and respond non-defensively.

Avoid the temptation to reduce personal interaction with Board members when there is tension.

“Even if annoyed, still perform”

Elisabeth Shaw (CEO, Relationships Australia - NSW)

Give the Board reason to have confidence in you

The best way to prevent Board interference is to deliver results.

Like any management position, your manager (or Board for the CEO) will be more involved if they are concerned about your ability to deliver results.

“Trust is built on two things – honesty and reliability. So, as CEOs, we can be very honest. This includes being very transparent in our reports and at meetings. ‘No surprises’ is very important. Secondly, board papers need to be good quality, but also steady and consistent”

Mark Sewell (CEO, Warrigal)

“Friendly, not Friends”

Building personal rapport is important in gaining trust.

However, the panellists highlighted the need to keep some boundaries around the level of openness and disclosure with Chairs.

“Trust is almost never built by telling your board how overwhelmed you feel, or how angry you feel with a particular government department or people on your team. This is one of the worst things to do – it breaches trust. You might think it’s being open and transparent but actually it’s the worst possible trust polluter.

Remember, friendly, not friends”

Mark Sewell (CEO, Warrigal)

“One of the key takeaways for me was that it’s important not to blur the boundaries between the Chairperson and the CEO. It works better if the CEO is not debriefing to the Chair. Once they start that, they’re getting into operations. The CEO needs to find a trusted other person, like a mentor or coach, to do that”

Teresa McClelland (Chief Operating Officer: Complex Services, ermha)

Being professional in Executive team feedback

Similarly, it is wise to not share Board tensions with the Executive Team.

“The CEO has a critical role to be an Ambassador of the board to the executive team. So you can’t share any Board frustrations with your direct reports.

This is what they mean when they say the role of the CEO can be lonely. You need to find other forms of support outside your Board or organisation”

Elisabeth Shaw (CEO, Relationships Australia - NSW)

WHAT NEXT

Useful resources and next steps include the following.

Several participants suggested “**Board Papers**” (Governance Institute of Australia), an excellent 17 page document outlining:

- The purpose of board papers
- Issues to consider when developing a policy on board papers
- How to prepare a board paper
- Training for board paper writing
- Sample board paper

The PDF can be downloaded from

<https://www.governanceinstitute.com.au/advocacy/thought-leadership/guidance-board-papers/>

Members of The Centre For Social Purpose can access articles, toolkits and templates from the CSP “**Resource Hub**” from June.

Look out for an invitation to the Centre’s **Working with your Board Workshop**, a Zoom workshop delivered over three sessions (each of 2.5 hours).

THANK YOU

The Centre thanks:

- **The Roundtable panel:** Elisabeth Shaw (CEO, Relationships Australia, NSW; and Board Chair, Settlement Services International), Paul Linossier (former CEO, Uniting Vic.Tas; and Board Chair, Parramatta Mission), Mark Sewell (CEO, Warrigal) and Trudy Skilbeck (Company Secretary, CBM Australia; and Board Chair, Whitehorse Manningham Regional Library Corporation)
- **The 50 Sector participants:** for their insights and practical suggestions provided in small groups
- **The Roundtable MC and Panel Facilitator:** Michael Curtin
- **Our Chair:** Brian Doolan
- **The Small Group Facilitators:** Heather Bailey, Graeme Bartram, Michael Curtin, Craig Hawke, Teresa McClelland, Kirsty Nowlan and Susanna Truasheim
- **Our Zoom Administrator:** Ellie Hegarty

THE CENTRE FOR SOCIAL PURPOSE

The Centre For Social Purpose (www.tcfsp.com.au) is a membership community to assist For Purpose organisations to achieve their purpose and commercial objectives through improving operational excellence.

Our Chair is the former CEO of **The Fred Hollows Foundation**.

Our 60+ member organisations include **Mission Australia, St Vincent de Paul, Barnardos, St John Ambulance, Relationships Australia, CareFlight, ChildFund, Sydney Children’s Hospital Foundation and Settlement Services**; to name a few.

The Centre’s objective is to assist organisations to achieve their revenue goals, optimise impact and reduce costs.

We do this by focusing on three areas:

CONNECT: learning from peers through Roundtables and Best Practice Groups

DEVELOP: strengthen capability through cost-effective sector-relevant Workshops, Mentoring and access to Consultants

SAVE: through resource sharing and productivity improvement ideas

To find out more about how the Centre could assist your organisation, contact:

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