

PROVIDING MEANINGFUL FEEDBACK THAT CEOS CAN ACT UPON

Boards of directors commonly ask for my assistance to address CEO performance. In most cases, it is not the achievement of the company goals that is the issue, it is CEO behaviour. Directors may describe the CEO as being defensive or resistant. They may feel their feedback is not being heard or clearly understood. But when the directors or chair change their approach, they observe the behavioural changes they were looking for.

Why do CEOs come across as defensive or resistant?

In many of these situations, directors are offering well-intended advice on operational items. They see opportunities for improvement in the execution of strategy, delivery of services, or the resolution of human resources issues. They may challenge the CEO to take a different approach or make changes to the operations. Then when the CEO is resistant or does not take action consistent with their advice, the directors may feel shunned, or that the CEO is not open to feedback.

Directors want to make a meaningful contribution to the business. They want to share their hard-won experience and, on occasion, protect others from the failures they encountered. Board members can be excellent mentors and guides, providing the wisdom that comes from battles won and lost, successful and unsuccessful deals, and specialized knowledge in technology, finance, audit, supply chain, or a particular industry. The approach taken can have a profound effect on CEO behaviour and performance.

Is the board building trust?

Trust can be built through courageous and perhaps uncomfortable conversations. This evolves over time.

Often there are two or three directors with whom the CEO is most comfortable; sometimes this is the chair, other times it is one of the committee chairs. Where possible, these directors are the ones who should most often initiate potentially uncomfortable conversations with the CEO. Secondly, as chair, during board meetings, watch for situations in which directors are delving too deeply into the management and operation of the company. The role of the board is governance and oversight, and to set and/or approve strategy, not to define the plan for execution.

What can a board do?

When a board determines that the CEO is being defensive or resistant, relationships can deteriorate quickly. If you hear those descriptors at your board table, it is time to ask yourselves these questions:

- Are we asking questions to gain understanding, or are we providing how to's and advice?
- Does the CEO and management feel supported and that we have their backs?
- Or do they feel that we are meddling in the day-to-day operations?

It can be helpful for a trusted director to ask these questions of the CEO and report back to the board. It also signifies an opportunity to have an honest, in-camera discussion about the role of the board and the role of management, to ensure there is consistent understanding and agreement among all directors and the CEO.