

What gives Board Directors confidence in the CEO?

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*Excerpt from a Speech given to the Canadian Innovators Forum
by Tony Griffiths, Corporate Director and independent consultant.*



The CEO's relationship with his Board of directors is probably the most important partnership to get right. With increased scrutiny of Boards, and as directors and CEOs

grapple with their roles, the burning question is how does the Board of Directors manage the CEO?

"The truth is," says Tony Griffiths, a Board director and investor, "Management is in charge of the company, and as Board Director, the most you can do is push, prod and shove the CEO to pay attention to your issues,"

Yet what about when something goes wrong, the company goes into a downturn and there are all sorts of excuses? Tony Griffiths is emphatic when he says it all comes down to one thing – the CEO. "As a member of many Boards, I have come to the conclusion that Board Directors only make one decision, and that is to hire and fire the CEO of the company." With Enron and the other high profile disastrous companies running amok, their CEOs clearly out of control, Tony has one question: where the hell was the Board?

Given that members of Boards do have the power to get rid of non-performing CEOs, what should CEOs do to demonstrate their relationship?

Tony has five suggestions:

Do you set and meet your objectives?

The concept of feedback on performance is getting more time at the top level now. Increasingly, Boards are focusing on whether management is meeting targets and expectations. For Board members, the most important tool is the CEO performance review. The assessment of performance should be arrived at by looking at what has been achieved compared to specific criteria set.

As CEO, do not wait for the Board – go ahead and set your own objectives and get approval. It goes

without saying that your objectives need to be written and must be measurable.

"There are 360 degree reviews," Tony says, "Which frankly, I wish I had done thirty years ago." The purpose of the 360 feedback is to get the whole team around the leader to comment on day-to-day work and hopefully, bring to light behaviors that may dampen a very good career.

Tony recalls that back in the 1960s, the whole feedback system was sterile. When rating the executives, the CEO would tick off a list of criteria, collate the results, call the executives into the room and give one simple rating. There was little discussion of actions to take to remedy weaknesses or build on strengths.

Is planning built into your culture?

An expertise in planning is invaluable. The CEO who can hold his team accountable to a plan and measure their success will do well. Most management is drowning in numbers and the reports they are supposed to go through look like an encyclopedia. Rather, CEOs should have a few pages of growth projections next to results and have the management team measure themselves monthly against the plan.

How are you at relationships?

Lou Holtz, coach for the Notre Dame Football team, led his teams through consecutive years of outstanding performance. Lou was a man of few words, but he knew how to build teams that won games. One victorious season, Lou was asked by a TV announcer, "How do you motivate a football team?" Lou did not even hesitate in his reply, "You get rid of anyone who is not motivated to be on the team."

Make sure you appear motivated to be part of the team. Relationships with others will affect the success of the business. As CEO, your Board will scrutinize how you relate to your peers. Are you a team player or not? They will also pick up clues about how motivated you are to work with the Board - or not.

Are you developing other people?

Be perceived to grow talent. After all, you stand on the shoulders of the people on your team. The more you improve them, the more your company performs.

Do you work to grow yourself?

Whatever it is, probably the best insight into your leadership competence is available to you from your Board. Smart CEOs know that their Board gives the truth. They are not asking hard questions to score points against your ego; they want you to be a success and are giving you a hand-up to the higher ground.

To encourage honest discussions, you need the discipline to have a good attitude to encourage comments on your performance. Feedback to the CEO requires brutal honesty and the odds are against this happening. It is human nature that once the Board has met the CEO socially, played some golf, had a few drinks and what have you, then it is

going to be more difficult to give the harsh facts. In the cold light of day, it is obvious CEOs would benefit from encouraging your Board and demonstrating that you appreciate direct counsel.

CEOs need strong Boards

There is growing attention to many Boards' seeming reluctance to fire CEOs, even when these CEOs are paying themselves ridiculous salaries and obviously not managing well.

With a clear understanding of what gives Board Directors confidence in their leadership, CEOs are more likely to tap into the wisdom of Board directors and truly gain value from the relationship.

Loewen & Partners gratefully acknowledges the time given by Tony Griffiths to speak at the CIF CEO Retreat.



Tony Griffiths, who is well known for his turnaround of Mitel Corp., is a former President of Canadian Cable Systems Ltd., and has parachuted into a number of stricken companies. From 1993 to the present Tony has been associated with various companies acting as an independent consultant. At present, he is Director and Chairman of Russel Metals Inc., and Novadaq Technologies Inc., and Cunningham Lindsey Group Inc. He is also a Director of Alliance Atlantis Communications, Vitran Corporation, Fairfax Financial Holdings Limited, Jaguar Mining Inc., PreMd Inc., Hub.

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