The Board and the CEO:
Building an effective relationship

In the conventional view of third-sector organisations, the board is the all-powerful group that establishes the mission, sets the objectives, appoints the staff and monitors their performance…In practice the reverse is sometimes nearer the truth…Not only does the staff Control the board, it frequently plays a significant role in determining its membership…So the perception of the board as the centre of power is frequently far removed from reality. In practice many boards are more dependent on their staff than the staff is on the board. But this need not be the case. Some boards perform a leadership function. They add value to the organisation by steering, anticipating and providing wisdom and good judgement. They are concerned with the vision of the organisation, its values and culture and its achievements.[1]

It has been said that the most important decision any Board can make is the appointment of their Executive Officer. The most important relationship is that between the board, particularly the executive and the executive officer. Unfortunately, it is not uncommon for management issues to cause friction between the Board of Management and senior staff and potentially do personal damage to this relationship.

This breakdown can occur when:

- Important decisions that should be made by the committee as a whole has been made between meetings, with the committee simply rubber stamping

- Inadequate information is provided when decisions need to be made

- Time is wasted on unimportant agenda items

- Long-standing management practices are unclear especially to new committee members.

To establish a productive relationship, Board members need to:

- Ensure there is a clear understanding of the scope of authority delegated to the Executive Officer

- Ensure that policies and strategies agreed by the Board are expressed in an unambiguous manner so that the Executive Officer and staff responsible for implementing those policies are clear as to what is expected. All directions should come from the Board as a whole

- Act fairly and in accordance with good employment and equal opportunity principles in making decisions affecting the appointment, recruitment, professional development, appraisal, remuneration and discipline of the Executive Officer and staff

- Understand, accept and respect the difference in roles between the Board, Executive Officer and staff, ensuring that the honorary officers, Board members, the Executive Officer and his/her

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[1] Mike Hudson (1995) Managing Without Profit, Penguin: London

team work effectively and cohesively for the benefit of the organisation and develop a mutually supportive and loyal relationship

- Ensure that having given the Executive Officer delegated authority, they should be careful, individually or as a whole, not to undermine it.

Executive Officers need to:

- Act within the powers delegated to them by the Board of Management and must be responsible to the Board for these delegated powers.

- Respect the proper sphere of responsibility of the Board.

- Work within the policy parameters laid down by the Board. If an Executive Officer believes that a policy is wrong or inadvisable, they should make their misgivings clear to the Board. However, once a policy has been passed by the Board, an Executive Officer has a duty to implement that policy.

- Be accountable to the Board for their decisions and performance, as well as for the performance of the staff, volunteers and the organisation in general.

Above all else, both the Board of Management and the Executive Officer must at all times act in the best interest of the organisation and its stakeholders.

Checklist

- ✓ Are members of the Board clear on their role and responsibilities in regard to the organisation and the Executive Officer?

- ✓ Is the Executive Officer clear on their role and responsibilities in regards to their organisation and relationship with the Board of Management?

- ✓ Is there a written agreement on these matters in the form of job descriptions/statement of responsibilities for all parties?

References and Resources

Fishel, David (2014) *The Book of the Board: Effective Governance for Non-Profit Organisations* (3rd Ed) Federation Press

NCOSS Sector Support

- Templates and Resources
  - A Guide to Ethical Decision Making
  - Board Delegations
  - Ethical Frameworks: Codes of ethics and conduct
  - Professional Supervision
  - Qualities for Good Leadership
  - Roles and Responsibilities of Board Members of NSW Incorporated Associations

- Wheeler, Graham (2012) *Incorporation: An explanation of the Associations Incorporation Act 2009*

NSW Family and Community Services (FACS)

- Corporate Governance Chapter One (Section 1.5) in Good Governance: It's your business

Board Connect

- Delegations to the CEO (Template)
- CEO's Report to the Board
- Sharing the Load: Board and CEO
- CEO Performance Appraisal (including templates)
- CEO Monitoring & Feedback 6
- The Relationship between Chair & CEO
- Personal Development Plan for CEO Review
- Board and CEO/Staff Responsibilities
- CEO Duty Statement

NB: The above websites were accessible on 18 December 2015. If the links do not work, search on the title of the document or go directly to the organisation's website.