



When the CEO's Tail Wags the Board's Dog

It is not uncommon to hear board members and CEO's agreeing that the CEO should 'drive the board'. We don't agree. Certainly the CEO should drive the operational organisation but the board should drive itself. Continuing the motoring metaphor, if the CEO has a special contribution to make to the board's travels, it is by providing the fuel for the board's 'thinking' engine rather than by taking the wheel or designing the organisational journey.

Putting metaphors to one side, it must be accepted that the board should take control of its own responsibilities and processes. Those readers familiar with the policy framework advocated in this journal will know that one way that the board takes such control is via the development, adoption and monitoring of its own governance process policies.

These policies address the various aspects of the board's job beginning with a board role description. In essence the board should develop and monitor a policy framework that enables it to provide assurance of appropriate organisational performance while meeting all required compliance standards. Further governance process policies might include policies addressing the management of conflicts of interest, the role of the chairperson, setting and managing the board's own operational budget, induction of new board members, a code of conduct and ethics for the board and individual board members, meeting protocols and a board committees policy.

Certainly the CEO's contribution is vital to board deliberations but this person's energy, ideas and activities should not replace the need for the board to generate those same things for itself.

Too often, in our experience, boards place excessive reliance on their CEO to create the board's momentum and to do its thinking for it.

The board has a special job to do, looking after the organisation on behalf of its owners. This entails setting the organisation's strategic direction, managing overall organisation risk by developing and monitoring a wide range of risk management policies, setting CEO performance expectations and monitoring these and establishing and maintaining the link with the ownership. None of these vital jobs should be left or assigned to the CEO.

When the board itself fulfils these governance obligations it is able to do its own driving. If the board leaves these to the CEO then it is a case of the proverbial tail wagging the dog.

The next time you hear someone commenting that the CEO should drive the board, challenge them by asking what they mean. It should not take too much explanation to convince them that this is a false maxim that does not fit with the requirement in law and the associated moral requisite that the board has its own special job to do that should not be handed off to anyone else, not even to the CEO, who after all should be fully occupied doing his or her own job.