

NEW CEOs *and* BOARDS



How to Build a Great
Board Relationship—
and a Great Board



BEVERLY A. BEHAN

Board Advisor, LLC - New York

Program Guide

Board Effectiveness Programs for New CEOs

We offer four programs to help New CEOs master one of the most important transitions of their career: Working effectively with their board – and building a board they can be genuinely proud of.



Executive Coaching

This isn't standard executive coaching or CEO on-boarding. It's focused entirely on building the foundation of a constructive CEO/board relationship and addressing board-related issues. Unlike most executive coaches, we can offer new CEOs the benefit of our unparalleled experience in working with nearly 200 boards over the past 25 years, providing fresh perspectives, innovative practices from other boards and practical advice on a range of board-related issues that inevitably arise early on in a new CEO's tenure. Coaching sessions may include discussing around some of the following topics:

- ***Understanding the board you've inherited*** –using five board archetypes model, we'll analyze your board's operating mode – and discuss the implications of this in terms of working with them effectively. We'll also identify practical steps you can consider to change the board's operating mode, where necessary (for example, from micro-management to collaborative oversight).
- ***Preliminary one-on-one's with board members*** –an important opportunity that many new CEOs squander, these initial meetings with your directors can be invaluable with greater focus and structure. We can help you make the most of them.
- ***Developing a constructive working relationship with board leadership*** -including the cadence of the relationship and understanding where the Chair/Lead Director can add unique value for you, as a new CEO, that you should take advantage of.
- ***Preparing to engage with the board on corporate strategy*** – tactics to ensure that directors and management are aligned on key assumptions/fundamentals of the strategic plan which is often the single most important undertaking in your work with the board during your first year as CEO.
- ***Board Development*** –board evaluations, board succession planning, director performance management and other issues largely in the purview of the board but which every CEO should thoroughly understand and work collaboratively with his/her board in addressing.

Pricing: \$9,500 U.S. for 10 hours

One-on-One Workshops for New CEOs

We offer a package of three 90-minute workshops exclusively for new CEOs with our President, Beverly Behan. They're one-on-one so that you can discuss the applications of these concepts to your own board in a confidential setting – something that a classroom or group setting fails to offer.

The program starts with our signature workshop, **Optimizing the CEO/Board Relationship**; from there, you can select two of the six other workshops specifically designed for New CEOs:

Workshop One: The CEO/Board Relationship (included)

This is the foundational workshop for any new CEO to consider. Understanding the type of board you've inherited from your predecessor (from among five board archetypes) can be critically important in determining how to work effectively with that board – and how to shift the board relationship over time, including the necessary pre-requisites to accomplish this. Many CEOs underestimate the time they should expect to spend on board-related issues and what to prioritize in establishing the foundation of a constructive board relationship. This workshop focused on all of these issues and enables good discussion about **your** board.

Workshop Two: Working with Board Leadership

Board leadership differs markedly from corporate leadership. Influence and communication are the twin cornerstones of board power. This workshop introduces the concept of Champion vs Preservationist Chairs/Lead Directors and discusses four key facets of the Chair role. It covers topics that new CEOs should discuss with their Chair/Lead Director early on and outlines three areas in which a Chair/Lead Director can be particularly valuable to a new CEO in thwarting board-related problems.

Workshop Three: Preliminary Meetings with Your Board Members

Most CEOs squander these conversations; with greater focus and structure, they can be eye-opening. This workshop explores a range of topics to consider discussing with your board members one-on-one, including their expectations of the board/management relationship, perceptions of top executives and board leadership and their understanding of key issues that underlie key strategic assumptions, so that any gaps in this area can be addressed well in advance of your first board strategy offsite.

Workshop Four: Building a Board-Worthy Executive Team

Nearly all boards believe their pre-reading materials could be improved- and most think management presentations could be better, as well. Any CEO who takes initiatives in this area typically finds plenty to work with and nearly always receives accolades from directors; it's low-hanging boardroom fruit. This workshop discusses key elements of board-friendly pre-reading materials, the use of a CEO letter to the board, key rules for effective board presentations and redesigning your director orientation program.

Workshop Five: A New CEO's Board-Building Toolkit

Many CEOs believe their boards can be improved – and they're nearly always right. The biggest challenge most face is how to go about it – without alienating the board. "Leading from behind" – shepherding the board to effective processes that create board buy-in and yield meaningful change is often the answer. This workshop outlines 8 key parameters of board-building and discusses 3 board-building tools every CEO should know about.

Workshop Six: Dealing with Director Performance Issues

Many boards are reluctant to address director performance problems. But allowing them to go unchecked can impair the "tone at the top" of the company, the credibility of the board and your own credibility, as CEO. This workshop discusses important differences between addressing issues of behavior vs expertise – and outlines 4 director performance management tools that every CEO should have in their board-building toolkit.

The 3-workshop package includes:

- A 45-minute initial Zoom call to clarify your objectives for the sessions and discuss some of the history and background of your board so that workshops can be tailored accordingly
- Confidentiality Agreement signed by Board Advisor at the outset to ensure that discussions in the workshop and the preliminary call can be open and candid

Pricing: \$9,500 U.S. (additional workshops may be added for \$2,500 each)

Optimizing the Board/Management Relationship

Many Boards and CEOs today want to shift the board's operating mode from "Reporting Out" or even "Micro-Management" to a more productive "Collaborative Oversight" approach, the direction that boards around the world are now heading (see Appendix for details). It's an operating mode that yields far more value than the old "Reporting Out" style that characterized most boards pre-pandemic and the "Micro-Management" mode than many boards adopted in navigating the challenges of COVID-19.

But getting there won't happen organically. There are levers that both the board and the senior team need to consciously pull to both achieve and sustain this shift. That's what Optimizing the Board/Management Relationship is all about. It focuses on those factors likely to have the greatest impact in the shortest amount of time based on our work with nearly 200 boards over the past 25 years. And it's tailored to **your** board and its unique features; there's nothing cookie-cutter about this process.

We start with preliminary discussions with board and corporate leadership to understand your board – its history, issues you're currently dealing with or have focused significant attention on recently. We strive to understand what makes your board unique, because every board is a bit different. We also review two prior board agendas and pre-reading materials, any prior board evaluations and other relevant documents (roles of the CEO and Chair, etc.) From there, we create two parallel interview protocols for a series of confidential conversations with every member of the board and the company's top executives. This provides structure and focus, so that we're getting insights on the most important issues identified from our preliminary review. Engaging both board members and management in this way surfaces any differences in viewpoint, underscores areas of alignment and creates a bias for action.

We analyze all of this feedback to understand current strengths of the board/management relationship and identify areas where constructive changes can yield further improvements – and shift the board to its optimal operating mode. This culminates in a joint working session of the board and management facilitated by Board Advisor in collaboration with board and corporate leadership - and an Action Plan resulting from this working session where everyone's on the same page.

Pricing: \$59,500 U.S.

Includes interviews with up to 10 board members (including the Chair/Lead Director and the CEO) and 5 additional members of the senior executive team conducted via Zoom. If more interviews or in-person interviews are required/appropriate, the project can be expanded accordingly and we'll provide a quote.

Timing

This process typically takes 2-3 months from preliminary conversations with leadership to the creation of an Action Plan following the working session of the board and management; the session is often held in conjunction with a scheduled board meeting. However, this timing can be accelerated, if necessary.

Building a Board-Worthy Executive Team

This program includes a review of two sets of board materials and confidential Zoom interviews with every director to get their views on current strengths and areas for enhancement when it comes to board pre-reading materials and executive presentations in board meetings. We also interview corporate executives who regularly work with the board. Then we design a 90 minute workshop tailored to specifically your executive team. Because it's based on feedback, materials and analysis relative to **your** board, it's meaningful and relevant. Workshop components typically include:

- ***The Boardroom Landscape of 2022 and Beyond:*** This segment discusses the evolution boards have undergone since the fall of Enron 20 years ago through the COVID-19 pandemic. It provides a framework to analyze your own board –and implications for executives in working with the board, which vary based on the archetype in which the board is operating.
- ***Board Pre-Reading Materials:*** Common pitfalls in creating board materials– from Snowballing board books to the Buried Treasure trap – and what to do about them. We'll discuss the downsides of repurposing materials from internal meetings, why many executives unwittingly invite their directors to “micro-manage” and some interesting British research that highlights why more is seldom better when it comes to board materials.
- ***Board Presentations that Dazzle:*** Making the most of board presentations requires clarity of objectives and knowing your audience. If your goal is to create a more collaborative board relationship, we'll discuss what's necessary to make that shift in working with your board. This segment also offers three important tips that can enable both seasoned executives and boardroom virgins to achieve more polished boardroom presentations.
- ***Director Orientation:*** The mandate for director orientation typically falls to the Nominating/ Governance Committee. But the director orientation program, itself, is nearly always delivered by management. Far too often, this is a “drinking from a firehose experience” that can be dramatically improved - through phasing, site visits, board buddies and other innovations.

Pricing: \$45,000 U.S.

Includes preliminary discussions with the CEO, confidential pre-workshop interviews with up to 8 board members and 4 senior executives (via Zoom) and review of 2 sets of board pre-reading materials.

Optional Add-On's:

- ***Individual Executive Feedback:*** Board interviews can be expanded to obtain confidential feedback for individual corporate executives on their effectiveness in working with the board. An individual report for each executive is then created, summarizing key themes – strengths, opportunities for improvement, etc.- and a one-on-one discussion is held with each executive to debrief on the findings and discuss different approaches to address any areas for improvement that emerge from the exercise. *Pricing: \$3500 per executive.*
- ***Individual Executive Run-Throughs:*** Board Advisor will serve as an audience for an executive preparing for a board presentation, to highlight strengths of the presentation and identify potential improvements. Wherever possible, it is our preference to review the pre-reading materials associated with the presentation in advance. *Pricing: \$1500 per session.*

Limited Budget? But Keen to Start Building a Board-Worthy Executive Team?



Consider a 60-minute workshop for your executive team that reflects our insights from working with dozens of boards around the world over the past 25 years. The basic workshop is delivered via Zoom for up to 10 executives but does not include any pre-workshop interviews or materials review.

Pricing: \$7,500 US

- *Add on: Pre-Workshop Review of two sets of Board Materials: +\$10,000*
- *Add-on: Pre-Workshop Interviews with CEO + 3 other Top Executives +\$12,500*

Who You'll Be Working With.....

Beverly Behan is one of the foremost global experts on board effectiveness, having advised nearly 200 boards (largely S&P1500s) on a range of board effectiveness issues dating back to 1996. We don't delegate our client work to less experienced consultants in attempt to leverage fees. When you work with Board Advisor, you work with Bev.

A former partner in the corporate governance practice of Mercer Delta and Managing Director of the Global Board Effectiveness Practice of the Hay Group, Bev started her own firm, Board Advisor, in New York more than a decade ago and continues to work with boards across the US and around the world.

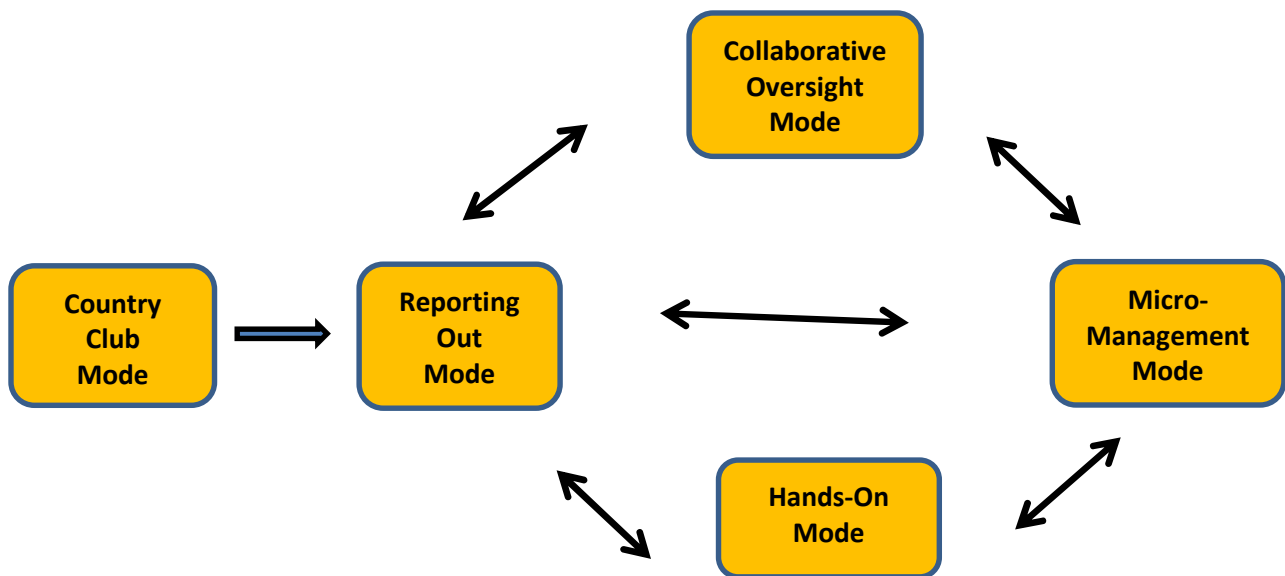


She is the author of *Great Companies Deserve Great Boards* (Palgrave MacMillan, 2011) named **Governance Book of the Year in 2012**, *Becoming a Boardroom Star* (2021) which debuted as the **#1 New Release in Corporate Governance on Amazon** worldwide, *Board and Director Evaluations: Innovations for 21st Century Governance Committees* (2021) and *New CEOs and Boards: How to Build a Great Board Relationship and a Great Board* (2022). Learn more at www.boardadvisor.net or get in touch with Bev directly via email: Beverly.behan@boardadvisor.net.

Appendix I: Five Board Archetypes

Board archetypes provide a particularly useful framework for analyzing the board/management relationship, as are illustrated in Figure 1. The arrows in this graphic representing the fluidity that can exist between the different operating modes. Some boards will actually fluctuate between “Reporting Out”, “Micro-Management” and “Collaborative Oversight” in a single meeting. For example, the board might routinely operate in “Reporting Out” mode but lacks confidence in one corporate executive, causing directors to “jump the fence” into “Micro-Management” whenever this individual makes a presentation. However, most boards have a predominant operating style, which is what you might want to consider relative to your own board in reviewing Figure 1 and its descriptors.

Figure 1: Five Board Archetypes



Country Club Mode: In the 20th century, a directorship was largely considered an honorific position and most boards functioned in “Country Club” mode. Gathering multiple board seats conferred increased prestige— some directors sat on 10 boards or more. While shocking today, it was easy to manage at the time because little was expected in terms of any meaningful boardroom contributions; a director’s role was largely ornamental. CEOs typically recruited their board members and most directors viewed their primary responsibility as “supporting” the CEO rather than calling the question on issues of concern and protecting the company’s stakeholders. Enron changed all of that.

Reporting Out Mode: Over the past 20 years, most S&P1500 boards migrated to Reporting Out mode, where the cadence of board meetings typically involves management “reporting out” to the board, seeking approval for their proposals and initiatives, then responding to questions and challenges from directors. In this archetype, the board operates in an appropriate oversight role by making sure they have canvassed key risks, tested management’s assumptions and challenged a range of issues relative to the update or proposal before giving assent – or not. Directors are far more engaged and effective in fulfilling their fiduciary duties than in the Country Club era. However, the Reporting Out mode creates somewhat of a defensive dynamic: Management presenters largely spend the Q&A portion of the meeting “defending” their recommendations against challenges from the board. Many CEOs tend to

view boardroom success as simply “getting out of the meeting unscathed.” Over the past five years, I’ve noticed a genuine interest – in boardrooms but around the world – in making a further shift to better leverage the wealth of expertise assembled around most board tables. This involves a shift to the archetype I refer to as Collaborative/ Oversight, where the board is viewed and treated as a genuine corporate asset rather than a nuisance, whose questions and challenges must simply be countered so that management can move forward with their plans.

Collaborative/Oversight Mode: In Collaborative/Oversight mode, board members fulfill all of their fiduciary duties and oversight functions, but the board/management relationship is markedly different: Efforts are made to actively engage the board around pivotal issues where directors’ expertise can add real value. It’s characterized by robust two-way discussions between the board and management, eliciting views from both sides on critical issues. Management comes into the meeting with a well-considered point of view - and uses the board to test their assumptions, advance or confirm their thinking. This is a very different dynamic than “OK, here’s what we want to do. Any questions?” followed by a game of boardroom “dodgeball”. Boards operating in Collaborative/Oversight mode play the dual role of both (i) a thought partner, sounding board and collaborator, drawing on their wealth of experience to offer insights to management; and (ii) an effective overseer and watchdog, challenging management where appropriate and holding them accountable for achieving corporate objectives.

Hands-On Mode: Many boards of early-stage companies operate in Hands-On Mode, where the board provides expertise either not yet resident on the executive team or which augments managements’ capabilities. In this archetype, directors routinely make management level decisions: A board member with a legal background might function almost as the company’s General Counsel; a director with brand management expertise might draw up the company’s marketing plan. Although Hands-On mode would be considered anathema in the S&P1500, it often works extremely well in early-stage scenarios. Problems inevitably arise, however, when a change in corporate leadership occurs – typically replacement of the founder by a new CEO recruited to take the company through its next stage of growth. The new Chief Executive nearly always recoils at the board’s constant “meddling” in management decisions, at which point deliberate efforts are made to migrate the board’s operating mode to a governance/oversight level, either Reporting Out or Collaborative/Oversight.

Micro-Management Mode: In this archetype, the board of a more mature company that typically operates at a governance/oversight level, starts delving into management-level details and weighing in on decisions that are clearly within management’s purview. There are two scenarios that commonly trigger a board to shift into Micro-Management Mode:

(i) **Loss of confidence in the CEO and management** – either due to performance issues or more commonly trust issues. Directors start playing “gotcha” with management, drilling down into details largely because of a concern that management is “hiding something” from the board that they’re hoping to surface through astute and detailed questions;

(ii) **A crisis scenario or corporate emergency** - such as a sudden loss of the CEO, a major product failure, a hostile takeover or a public relations nightmare – which prompts directors to “roll up their sleeves” and do all they can to help management navigate the situation. During the COVID-19 pandemic, many boards operated in this way to support management in addressing the unforeseen and significant challenges presented. Tough decisions had to be made, often with incomplete and even speculative information; this was no time for most boards to be operating in Reporting Out mode.