

## **Spare a thought for the overworked CEO, but remember to be a ‘Critical Friend’** *- thoughts on Board/CEO relationships during the pandemic*

Prepare for the ‘Surge’ . . . this advice, from Taoiseach Le Varadkar in his St Patrick’s Day emergency address, sent chills down the spine of every CEO and Board Member in the country. It’s a time that will test relationships to the limit.

So which camp are you in? Step back and let the CEO get on with it? Or, Get in there and make sure everything’s ok? Or, perhaps, you’ve figured out the ‘sweet spot’ in between?



McKinsey has forthright advice:

### **Board intervention – a recipe for disaster?**

In crises, board members must reserve the right to step in and steer the organization, especially if it becomes apparent that the leaders are conflicted or complicit. In those instances, boards are expected to take on some operational responsibilities and to make decisions that would otherwise fall within management’s purview.

But in the absence of such circumstances, said one director, boards must hold back: “If directors are overly intrusive on good management teams, it creates a muddle in terms of crisis management. **If the board is more than a thought partner with the CEO and other managers ... and instead [is] trying to be the CEO or a management member, it’s a recipe for disaster.**”

*Building board–management dynamics to withstand a crisis: Addressing the fault lines, McKinsey, September 2019 by Linda Liu, Robyn Bew, and Friso van der Oord*

The notion of board members might ‘take on some operational responsibilities’ is enough to strike fear into the heart of many CEOs - but it’s a reminder, nonetheless, that ultimate responsibility rests with the board. A tricky balance, to be sure.

Deloitte has a useful suggestion: being *the CEO's 'Critical Friend'*:

Leadership in a crisis is not the same as in business as usual: demands become exponentially greater and it becomes harder for leaders to execute their role. Usual ways of working must be adapted, processes simplified, authority delegated.

Directors should resist the urge to jump in and possibly hinder management's ability to do an already difficult job. We find that **the board adds most value when it provides critical insight, long-term planning and strategic support, and helps to engage key stakeholders such as government and business partners.**

The ability of the board to fulfill this role relies on its strength of relationship and exchange of information with the executive team. This is often about having the right process that sets out how situation updates are provided, who they will be given to, and how often.

Being the CEO of an organization in crisis can be a lonely place. Having the confidence and counsel of the board can be vital, and the chair of the board is well placed to be a 'critical friend' in these difficult hours, days or even months after a crisis strikes.

*Stepping in: the board's role in crisis management, Deloitte*

So, what issues should the board, as 'Critical Friend', consider? Here are a few topics worthy of consideration:

- Delegating enough to the CEO/Leadership team to ensure they can make quick decisions without recourse to the board? (have we documented this increased delegation of powers?)
- The health of the CEO and leadership team (what plans, if any, exist in the event of illness of one or more C-suite members?)
- The tradeoff between accuracy and timeliness of information (have we sufficient challenges in place to compensate for hurried or ill-judged decisions?)
- Decision-making – especially how it is documented ('decide in haste, regret at length?' It's all very well to 'be decisive' and make that tough call, but if a product fails, or a staff member is injured, or the share price falls sharply, we need to have a reasonable and defensible basis documented for decisions which, later, may come in for adverse scrutiny)
- Longer term hazards and opportunities (while attention is understandably focused on the immediate, the board has to scan the horizon for longer term issues)

#### **4 Key Issues to find the 'Sweet Spot'**

Finding the sweet spot relies fundamentally on 4 key issues:

- Supporting, and being seen to support, the CEO at every opportunity
- Getting sufficient information (on an appropriate cycle) to fully inform the board about how the management team is responding and what issues deserve closer attention

- Having private meetings of the board for forthright conversation – identifying where a word in the ear of the CEO will be genuinely helpful (and staying silent on the rest), and,
- Reserving the right (and duty) to be the CEO’s ‘critical friend’, to complement sterling efforts with sage advice.



### **Final thought**

At a time when boards, like everyone else, will be even more restricted in participating in face-to-face meetings, the need for smarter, remote meetings (using electronic collaboration tools) is even greater – but that’s a subject for another article.

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