



## Partnership between executive and non-executive board members at the core of an outstanding board

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*As we begin January and a new year ahead, many chairmen and board members have been contemplating the year just finished, reflecting on the positives, the challenges and now looking ahead at the coming year. January and February in practice represent the period in the year where most boards reflect on their level of effectiveness, their performance and how they can evolve as an excellent board team. Once the cycle of board meetings, committee meetings, strategy away-days etc. kick in, the ebb and flow of the organisation's operational, financial performance etc. in most cases focuses the board's attention back into tactical mode.*

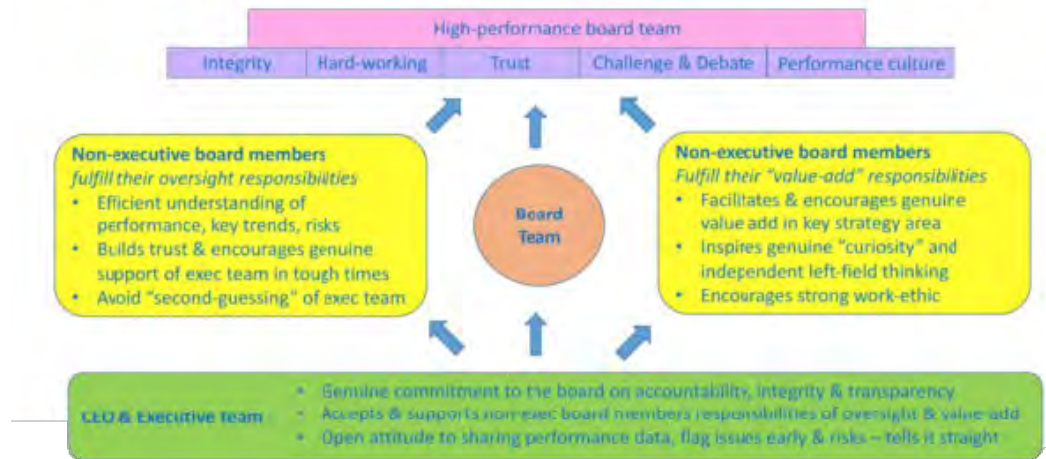
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As I reflect on Board Excellence's progress over this past year, supporting boards across the UK and Ireland, one item that stands out has been the re-enforcement of the key factors which underpin an outstanding board of directors excelling on behalf of their shareholders. While a number of these are remarkably consistent such as the chairman leadership and the level of high quality robust constructive challenge & debate, one factor stands out and this is the genuine partnership between executive and non-executive board members that is the hallmark of an outstanding board team.

The terms "partnership" and "team" might seem strange phrases in the context of a board of directors and the key oversight responsibilities of non-executive board members but highly effective boards have found a way to balance the critical oversight of the executive team, organisational performance, financial health, risk etc. with adding genuine value to the executive team in key areas such as strategy, risk, dealing with major challenges etc.

In Figure 1 outlined here, which is an extract from our board best practices workshop, we lay out how highly effective boards achieve this partnership model and we will now explore the critical aspects of how boards achieve this in practice ;

## Partnership between executive and non-executive board members



### It starts with the CEO & Executive team

While it definitely takes two to tango, my experience of working with board teams is that this partnership starts with the approach of the CEO & Executive team to the board. Where the CEO & executive team have a genuine respect for the role of the board, accepts & facilitates the key responsibilities of the non-executive board members in terms of oversight and genuine value-add, then you have a genuine foundation to build all other components of the partnership. When the CEO and executive team have a genuine commitment to the board on accountability, integrity and transparency, it enables all the other components of highly effective boards to come into play. In practice, this means that the CEO and executive team genuinely tell it straight at the board in terms of a very open approach to sharing performance data, key risks and importantly flag serious issues early on. Some CEOs have commented to me that it's frustrating that "they have to make the first move" particularly in cases where this partnership is not in place or sufficiently strong. However, my experience has been is that the CEO and executive team should lay these foundation stones which the non-exec board members must then reciprocate in terms of their approach and contribution.

### Non-executive board members fulfilling their oversight responsibilities

In today's boardroom, non-executive directors are entrusted with a critical and increasingly onerous responsibility of overseeing the performance of the CEO & executive team, organisational performance, risks, organisational financial health etc. When the CEO & executive team facilitate the non-exec board members discharging that responsibility in a high quality highly effective manner, it enables a genuine trust to be built at the board that in many cases also leads to greater support of the executive team in times of crisis.

Many CEOs find this surprising in that the more they open up, the more support they get from genuine high-quality non-executive board members. My own experience as a serving non-executive board member is that when you feel that you have a hard-working executive team dealing with serious challenges and you are getting it straight at the board table, your natural instinct is to engage constructively to help. In certain cases, there may be a need to subsequently review executive performance ( either short-term issues or longer-term ) but as a board team, the focus is correctly on dealing with the serious challenges. This approach also avoids the perennial problem of "second-guessing the CEO and executive team" which not only can be highly ineffective but also can be corrosive in the long term seriously impacting the board team's effectiveness & performance.

### Non-executive board members fulfilling their "value-add responsibilities"

One of the areas that CEOs and executive board members get most frustrated with is where they feel the non-executive board members add no or very little value in key areas such as strategy etc. In this partnership model, non-executive board members are facilitated, encouraged and expected to step up in these strategic areas and add genuine value. This is particularly pronounced in areas such as strategy and dealing with sudden market changes ( competitive, macro-economic, regulatory etc. ) where modern high-performance board teams have become significantly more collaborative in this area. In practice, this is where non-executive board members need to demonstrate a serious work ethic to build their expertise, their independent curiosity and their ability in certain cases to bring genuine left-field thinking to the board table. This is also, in many respects, a quid-pro-quo in response to the efforts by the CEO & exec team to facilitate a highly effective oversight capability for non-executive board members.

In my experience, this is also the juncture that many board chairmen realise that while the current group of non-executive board members may be strong in their oversight role, their “strategic value-add role” may not be strong enough. This is also a key driver for genuine diversity on the board.

### **Role of the Board Information Model in facilitating this partnership**

One common denominator we have noticed in working with board teams is that the quality of the board information model has quite an impact on enabling a genuine partnership between the executive and non-executive board members. Where the board information model quality is high, this enables the non-executive board members to be extremely effective in understanding what exactly is going on in the organization, what are the critical issues and this then enables board meetings to be highly effective as proper balanced time is spent between oversight and strategic areas.

Many board teams struggling to build this partnership completely overlook the key role of the board information model in enabling this partnership.

### **Level of robust constructive challenge & debate**

Where this strong partnership in action manifests itself most visibly is in the level of debate and challenge that happens in the board team. Where genuine trust has been built in a board team, this enables a virtuous cycle of very robust constructive debate and challenge to enable the board team make the very best decisions. At the end of the day, a board is ultimately defined by its decision-making and the very best boards genuinely “get at it” and push themselves to ensure they are absolutely delivering for their shareholders & stakeholders in terms of making the very best decisions. In my experience, the highest quality debate, challenge and decision-making is enabled by a strong partnership between executive and non-executive board members.

## Summary of the partnership underpinning a high-performance board team

Modern progressive high-performance board teams have at their core a genuine partnership between executive and non-executive board members. This takes a lot of time and effort to build up, will have some challenges along the way, but from a perspective of delivering outstanding board performance on behalf of the shareholders & stakeholders, I passionately believe that is the core model that an excellent highly-effective board team is built around. This requires strong leadership, integrity and confidence by the CEO & executive team to put the partnership foundation in place but where you have genuine high-quality non-executive board members who will reciprocate this effort & openness, you then have the basis for a genuine high-performance board team that will add huge value to your organisation.

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**Kieran Moynihan** is the managing partner of **Board Excellence** ([www.board-excellence.com](http://www.board-excellence.com)) – supporting boards & directors in Ireland, the UK and internationally excel in effectiveness, performance and corporate governance.

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