

Take on Board Podcast – Episode 277

Transcript – Roles and responsibilities mini series – Jo Plummer outlines the ideal relationship between CEO and board



Helga Svendsen 0:00

Today on the Take on Board podcast, I'm speaking with Jo Plummer about the relationship between the board and the CEO. This is the final episode in the roles and responsibilities series, a mini series about the roles and responsibilities of board directors, covering board charters, delegations, board reports, policies, and this one, the relationship between the board and the CEO.

Helga Svendsen 0:23

Before we start the podcast today, I'd like to acknowledge the traditional custodians of the land on which we record. For me, I am on the unceded lands of the Wurundjeri people of the Kulin nation, and I pay my respects to elders past and present. I also acknowledge any First Nations people who may be listening today, I acknowledge their continuing connections to land, waters, skies, culture and country. I support voice, treaty and truth for Aboriginal and Torres, Strait Islander peoples in Australia, and I encourage others in the Take on Board community to do the same.

Helga Svendsen 0:55

Now, let me tell you about Jo. Jo is the chair of Barwon Water, the Country Fire Authority, and a non executive director of Barwon Asset Solutions. She's got a long list of previous boards, so bear with me here. She's previously been on the boards of South Melbourne Market, Deakin MBA Advisory, Vic Water, Geelong Regional Football, Business in Heels, the AICD Geelong, Geelong Ranges Football, Western United Advisory, Central Highlands Water and Barwon Youth. She's got a lot of experience.

Helga Svendsen 1:29

So it won't surprise you to hear that Jo is a contemporary governance specialist and a seasoned board chair, experienced in commercial government, small to medium and not for profit settings.

She's an Australian Institute of company directors, Master and Fellow, and holds an MBA majoring in leadership, communication, strategy and planning. Her value proposition lies in creating enabling high performance environments where boards partner with their organisations to supercharge aspiration and collective strategic now to deliver beyond traditional boundaries. She is relentless in her pursuit of environmental, social and governance excellence, and is a long term advocate for enabling choice, opportunity and equality for women and people who are underrepresented. As a self confessed happy provocateur. Her professional purpose for being is to inspire aspiration, confidence and optimism, so together, we can do and be better. Oh, Jo, so awesome to have you back on the podcast, because I know I've had you once before. So welcome again to the Take on Board podcast.

Jo Plummer 2:33

Thank you, and thank you for that lovely introduction, and I am delighted to hear your beautiful acknowledgement to country. I echo your words there. So thank you for doing.

Helga Svendsen 2:45

What country are you on today?

Jo Plummer 2:47

So I'm on Wadawurrung country today, and in their language, I say in nyatne, which is thank you for caring for our country, our waters, our environment, our skies, all of those things for over 60,000 years, which for me, is just absolutely mind boggling. Recently, I went to Europe, like many others have done this year with COVID passing and what have you, and it was terrific to go and see the beautiful architecture and so forth. But then when you stand and think, well, wow, ours is much older than that. We have the oldest living culture in the world, and we have so much to learn along that journey.

Helga Svendsen 3:25

Take on Board. Listeners may have heard me say this before, but I think about governance as the long term stewardship of an organisation or of something. And when we reflect on the stewardship of this country by First Nations people for 60,000 years, as you say, it is an incredible testament to stewardship and governance.

Helga Svendsen 3:44

All right, Jo, so with that, I'm so looking forward to digging into this conversation about the relationship between the board and the CEO. What are the key roles and responsibilities of the board? But as always, let me just dig a little bit deeper about you first, tell me, is there something in the last month or so that you're proud of that you'd like to share with us?

Jo Plummer 4:06

Well, actually, that's quite topical at the moment, and I'm a little bit shy to say this, but I have recently been awarded the Geelong Business Leader of the Year Award, which was absolutely overwhelming, but just such an incredible privilege. So that's my little proud moment for this moment in time.

Helga Svendsen 4:24

Oh, I love it. I saw that shared on social media Jo, and I thought there is nobody better, even just reading your list of boards that you've been involved in. And I know that's not your only kind of involvement in the Geelong community, but it is part of your involvement in the Geelong community and your commitment to my words, not yours, but doing business good, should be recognized. So I'm so glad that you've been recognized for that. It is absolutely well deserved, and I'm really pleased to hear you're proud of it. You should be, and we are proud of you as well.

Jo Plummer 4:54

Thank you so much.

Helga Svendsen 4:55

All right, so with that, let's dig in to the. Relationship between the board and the CEO. You're the chair of two boards. Currently, you're on another board. You've been on a long list of boards. We know this is a key role for the board the relationship with the CEO. Where should we start this conversation?

Jo Plummer 5:17

Well, I think it would be fair to start it with there is no more important relationship actually, for the success of the organisation. The board's biggest lever in actually delivering success for the organisation. And as you said, the stewardship, the long term stewardship, is having that positive,

constructive relationship with the CEO, and that takes work like any relationship. It needs to be invested in. It needs to be based on a high level of trust and respect.

Helga Svendsen 5:51

So in your experience on boards, both as chair, but also not as chair, like sometimes the chair has a closer relationship. Obviously, they meet with the CEO, but in your experience, what works in building that trust? What works? Well, I'm wondering if there's any stories you've got to share in as much detail as you're able about building that trust and how that happened, or even if you've got any stories, and again, in as much detail as you can share, sometimes rebuilding trust, because that can be tricky too.

Jo Plummer 6:20

So I think one of the things that I've learned along the way and as boards are evolving and into that contemporary governance space whereby we don't have that traditional command control relationship, that transactional relationship, which I've run a mile from, because I don't think you get the best results from that at all. So I think as we're evolving in that space, we are certainly getting better results from that, and we're getting a different kind of leadership.

Jo Plummer 6:50

One of my thoughts and things that I sort of say to people all the time is, don't mistake kindness with weakness, but we should always be kind, right? We should always be kind, even when we're delivering really difficult messages. So once upon a time, when I first started my journey in the boardroom, not as chair, I did see a very traditional relationship between, and I'm talking, you know, 15 to 20 years ago now, whereby there was very much that command, control and that distance, and, you know, it was very much a telling kind of approach. It was quite, I guess, adversarial in such that it felt like the CEO was often under fire and defending decisions or trying to push through their recommendation and thinking about what they would say and how they would get their decisions through, whereby, I think what boards should be aiming for is a situation where the CEO and their executive, for that matter, because I think the whole executive relationship is important is bringing to the board their very best recommendation, but with a mindset that says, hey, this is what we think. We've considered all of these things, and we are inviting you to test and challenge and build. At the end of the day, we want the very best outcome for the organisation, and it doesn't matter where the idea comes from, let's have a crack at it together. And that is a very different relationship and mindset to, you know, the gotcha questions and that adversarial questioning.

Helga Svendsen 8:27

So I'm interested then. So you joined a board whenever it was 20 years ago-ish, which did have that atmosphere, I guess in the boardroom. I would love to think that that doesn't exist these days, but we know that it does still exist in some boardrooms these days. How did you manage that? That's not your approach, but it was the atmosphere or the culture at the time of that board. How did you approach shifting that?

Jo Plummer 8:52

So one of the things that I think, and by the way, I just want to make a comment for those who are listening thinking, Well, that might be okay in a not for profit scenario, but it might not be so good in a commercial scenario, I would disagree with you entirely. And the gap between what we call not for profit, and commercial businesses, is absolutely closing on both ends, right? So thinking about commercial boards, our society demands that they need to have purpose. They don't mind that we make profit. Incredibly important that we, of course, make profit, but how you make that and what you do with it? People care about and our employees care about on the flip side, not for profits. Of course, have always said, Well, we're different because we're for purpose, and that is true. But again, the need to be financially resilient is forever increasing. Competition has never been higher for funding and revenue and the number of organisations. And so the gap between the two is closing. And so therefore, so is the way we govern and the relationships that we create.

Jo Plummer 10:01

And so one of the things that I think is really important in creating that relationship is making sure that we are open as a board to being tested and challenged ourselves. So we are always asking the CEO/MD, and I'll use that term interchangeably with the executive. We KPI them within an inch of their lives. We are continually asking them to do and be better. Yet, boards often are not taking themselves on that same journey. And so I think that's where it starts. Is where we are sharing risk, opportunity, challenge, and that leadership journey, where we are always looking at ourselves and holding ourselves to account, and when the CEO and their executive can see that that in itself, creates a different relationship and dynamic.

Jo Plummer 10:58

And often, I'll get asked the question, well, how did the boards do that? Well, there's many, many ways that you can do that. It often starts with the board being open to properly and independently and professionally evaluating itself and its relationships and the shadow that it casts on others. People of our era would remember the Police song 'every move you make, every breath you take, I'll be watching you'. And granted, that was about a stalker, but there is no truer song for boards and for particularly the chair and the CEO relationship people are watching every move you make, how you went to the building, whether you smile, whether you're grumpy, how you respond to off the

cuff commentary, the decisions you make, how you speak to people, whether you leave them, sitting outside the boardroom, waiting, waiting, waiting, all of those things contribute to culture and relationships and what you really think about people and those, those relationships.

Helga Svendsen 12:02

Oh my goodness, next time I walk in the building show, I'm going to have that police song in my head.

Jo Plummer 12:07

Well, I was almost going to sing it for you. Go on.

Helga Svendsen 12:11

I haven't had karaoke on the podcast before. This could be a first. Oh yeah. And it links, I guess, to that tone from the top as well, like the executive and the CEO are watching the board, the board is also watching the executive and the CEO, of course, in that and I guess it's about ensuring that that watching is not like the police song. It's not a stalker like watching, but a constructive watching and a constructive helping, even though that observation is always happening consciously or unconsciously.

Helga Svendsen 12:42

So you've been on many a board, and you've been the chair of many a board, and as I touched on very briefly earlier, the chair has a bit of a special relationship with the CEO. They often meet with them separately, or, I would say, should be meeting with them separately, and then the chair then needs to be building and working with the CEO, and they need to be reporting back, I guess, not everything to the board, but reporting back constructively to the board as well. In your experience as chair, how has that role worked, both with working directly and more closely with the CEO, but then also with the board around the CEO and the CEO relationship. What's your advice there? Or what are some stories there?

Jo Plummer 13:27

So first of all, and I think there's a bit of a myth that the chair is the boss of the board, and I think it's great to lose that perception, right? The chair is there to facilitate the wishes of the board and make sure that the sum of all parts is greater than one, right? And, of course, there's lots of governance things that we have to do, but, but in essence, that is really important. And from day one, I think one of the critical components in that chair/CEO relationship is that it is consistent. The meetings are

consistent, they're frequent, they're all of those things. And yes, we want to make sure that we are having those close communications about, you know, strategic objectives of the organisation, the risk that you know those sorts of things. But also, there is a mentoring relationship, which is incredibly important.

Jo Plummer 14:20

We know that being a CEO can be a very lonely place. There are things that are not appropriate to share with their executive. You know, if they're particularly difficult or confidential, things that that are occurring and so being able to have those conversations with the chair, albeit they may not be board business, there is absolutely that close mentor and relationship. But I also think it is important, of course, we have to make hard decisions at times about our CEOs and MDs, and that might not be because they're performing poorly. It might be because the organisation needs something different at a point in time.

Jo Plummer 14:59

So one of the things that I like to do from day one is be having professional development conversations with the CEO so that there is never a surprise when a CEO leaves. Now I'm certainly naive enough to know that that sometimes might need, not need to happen, and there are times where it is a surprise and isn't constructive, but I would always do my best to make sure that CEOs feel well supported with their development journey, so that they are continually evolving themselves, that we are both acutely aware of the skills and experience that the organisation needs to take it into its journey, where the CEO/MD might need to lean into those and, you know, further develop, but also thinking about and talking openly about their next career steps, so that when the opportunity for a natural close occurs. It is not a surprise to anyone. It is incredibly constructive, and the organisation is left in a better place for it. And that is a real skill, to be able to have those conversations in a way that people aren't thinking, oh my goodness, this person's managing me, or this board's managing me out of the business. Absolutely not what we are doing is investing in the development of both that person and the organisation. And the reality is, CEOs will move on if you get six years out of a CEO, fantastic, right? And when the time is right for both, and we leave both really well intact and better for having been part of the business, that's when you know you've done a good job.

Helga Svendsen 16:43

Absolutely. Oh, I could not agree more in that, Jo, and it's interesting as you were talking about that, because if I link it back to your reflections before, about the board's own self reflection as well. I think if the board is able to talk about their own, their own succession planning, if the chair is able to talk about their own succession planning, if the board is able to recognize when the boardroom needs different skills, and therefore some people need to move on, and if the boardroom is also able to recognize the professional development. So there's PD conversations happening in the

boardroom as well. It's going to be much easier, I'm guessing, to then have those conversations with the CEO, because it's part of the culture, absolutely.

Jo Plummer 17:25

And in fact, I'm in that exact position at the moment with Barwon Water. I have been the chair of that organisation for nine years, and in a spirit of good governance, I will leave after 10. And some might argue that 10 is too long, and that may be the case in some types of industries. I mean, the water industry has very long term assets and long term strategic plans, and in that 10 years, we've worked towards moving into adjacent areas to taps and toilets to make sure that we can improve the business of taps and toilets. So we're now in, you know, the energy transition, safe economy and all those sorts of things. So it's a very long term business. But the reason why I mentioned that is I have been very open about that journey and when I will step off the board and making sure both the directors, but importantly, the CEO/MD, is prepared for those and that it's not an awkward conversation, and it doesn't mean that I'm sort of backing off the pedal. I'm 110% until the day I leave, but I am leaving, and let's look at these gaps and how we exit the business productively and leave it in better shape, so that somebody else can come in and work with the board and the CEO and the executive and continue that build.

Helga Svendsen 18:41

It's interesting. A lot of boards now have a maximum term, whether it's for board members or for board chairs, and sometimes chairs get a little bit of extra time, which I think particularly if there's a short you know, if a maximum term on a board is six years, it's pretty hard for a chair to get going in that time. If it's a bit longer than that, might be okay, but it's interesting, isn't it, how there's a maximum term for board members, but there's not a maximum term for CEOs?

Jo Plummer 19:07

Well, there can be that's in the contract, right? So I think it's probably good practice to put some kind of term on it. Of course, either one has the option to bear that sooner or later, but I think actually it's good to put that stop point in so that there is an obvious time for reflection. And it does create an enabling environment.

Helga Svendsen 19:31

I will say board members also have terms, and yet it's only at the end of the maximum term that often the board members move on as well. But I guess that's about the culture that all boards should be trying to build and grow. The sort of culture you've talked about, where there is self reflection, where there is this the board that is needed at this time? Is this the executive that is needed at this time? What is the professional development needed and so on? That self awareness, if it's there, will

help that move. Common inverted commas, automatic rollover to something that is a bit more conscious.

Jo Plummer 20:05

Yeah, and the same conversations will be happening, or should be happening, between chair and non executive directors around what does their next gig look like, and how can we help them, both from a professional development perspective, but also from a transition perspective, to help them find what that new role looks like in what sorts of organisations, etc, etc. So again, people leave with their mojo intact. We don't want people leaving thinking, Oh, why was I the one? Did it need to be me? Wasn't I good enough? Yes, you are good enough. Often it's about fit, and sometimes it's just about having run its course, and we've squeezed every bit of value out of that skill set, and it's time to move on. And it happens to all of us. It is part of the circle of life.

Helga Svendsen 20:52

It's a healthy thing recognising that. So I agree wholeheartedly. So we've touched on the relationship with the executive now the topic for today is the relationship between the board and the CEO. But you mentioned it before that the executive team is also key in this. So I just want to touch on that before we wrap the conversation today, what should boards be thinking about in building that relationship with the whole executive team? Like, what's the appropriate line? How does that work at a healthy way?

Jo Plummer 21:22

I mean, I think the line, for me, in some ways, is blurred. Clearly, the board is accountable. There is no doubt about that. We as a board are there to create and protect value. And yes, there's a whole lot of Government speak that sits in and around that, but that's the bottom line. And in simplifying that, I think about, we are there to make sure that the North Star is positioned exactly where it needs to be positioned, and that the guard rails to get there have the appropriate tolerances and so forth, the risk and opportunity appetite that sits within those and for me, it's as simple as that.

Jo Plummer 21:59

So when I think about, how does that look for me? And not everybody agrees with me, and that's okay, but I don't have a board meeting where in most of my organisations, not in all of them, but I'm certainly working on it, where the whole executive, so anybody that reports directly to the CEO, MD, is part of that board meeting.

Jo Plummer 22:20

Now, two things to remember, one, that does not diminish the accountability of the board, right? The board is accountable. And yes, of course, we should always have director time out where the board does have time to spend on its own, but through the bulk of the meeting, if the board wants the organisation to be successful. What better way than to have the people who are implementing the strategy here, the how and why decisions are made, to have your subject matter experts in the room on hand to ask questions, not got to questions, but to understand more right? And for the executive to feel like they can come to the board, as I said earlier, as a whole executive, not everything is going through your CEO, MD, that's not helpful for lots of reasons. The whole executive can come and feel supported with their very best recommendation, but with a mindset that says we want the board to test and challenge. They are going to be our backstop here. We're packing each other's parachute, and if this decision comes out a little differently to what we thought, we understand why and how. And for me, that is about creating, protecting the value of the organisation. So it is a different approach. I think it is a more contemporary approach than what we are used to, and it's something that as we get more diverse on boards, and gender is absolutely number one in that and I don't apologize for it, because it is 50% of plus of the population. And of course, there are other many, many layers of diversity that we need to also ensure that we are across but that is helping us drive towards these more contemporary approaches.

Helga Svendsen 24:09

That is so interesting to hear. I there's one board that I'm on at the moment where the whole executive comes to the whole board meeting, and we have discussed that a number of times at board, about whether that's a good approach, or not a good approach, because it's a lot of people in the room. It's a lot of their time as well in the room. And we've continued to have the whole exec because we think it is valuable for some of those reasons. Yeah, so it's interesting, and I've done I've had others where the exec turns up and goes out again, but I think it is, I think it is valuable for them to hear the whole conversation. And again, it's, see, I'm not going to be able to get that Police song out of my head, Jo, but they get to watch what is happening and the dynamic. And so do you, and that is the culture, yes. And so do you exactly.

Jo Plummer 24:55

It's one of those areas. It's a go slow to go fast mechanism, yes. Takes time, yeah, but if you want great implementation, and you want the executive to feel free to bring both risk and opportunity and feel safe to do so and when things aren't going according to plan, it's really interesting, one of the things I've noticed in working for the Australian Institute of Company Directors, so on day five, we do a mock board meeting, and invariably, you'll have the CEO and board members, and as soon as there is only one person sitting across the table or around the table from so you might have a one on seven scenario, you end up with a much more transactional conversation, and it's Q A, and what you see is the CEO feeling like they have to defend their answers or defend the recommendation, as opposed to the board having a really free flowing, curious conversation that explores what's been

put before them, as opposed to drilling the CEO and then feeling like they have to defend the recommendation they've put to the board. And I don't think that gives us the best answer.

Helga Svendsen 26:11

That is a really interesting reflection, too, that just having extra bodies there, I mean, hopefully they're participating, and hopefully it's constructive, but just having the extra bodies there makes it less interviewy. It's like, tell us about this now, tell us about that. Yeah. Oh, Jo, so many awesome tips in here about the relationship between the board and the CEO and the board and the executive. What are the key things you want people to take away from the conversation that we've had today?

Jo Plummer 26:40

So I guess number one, your CEO/MD, is your single biggest lever for success, and you need to be both strong and kind in that relationship. And that takes skill and effort, the trust. I mean, I often hear that boards can be too trusting of management. I don't subscribe to that. I think there was a big difference between deep trust and complacency, and it is on the board to not be complacent. But if you have an organisation, an executive or an MD that you don't feel that you can trust, wow, you've got some work to do, haven't you? So that's number two. I think there was a really big difference between that and number three. And the last one that I think is really important is that the relationship has to be invested in. And again, that takes time, it takes resources, but it is an investment, and it is definitely a go slow to go fast mechanism.

Helga Svendsen 27:45

And is there a resource you would like to share with the Take on Board community?

Jo Plummer 27:50

So I think that there's so many resources I'm really enjoying at the moment, and this isn't a plug for Diligent, but one of the board tools that I use is Diligent, and they have got some incredible resources that you can tap into there. And also the other one I really enjoy, apart from your podcast, Helga, is Julie McLellan. She has a terrific, well, a couple of terrific books, but she also does a bit of a newsletter with these scenarios of you know, this particular thing happened, and then she'll get different directors perspectives on how they might deal with it. And I always find that really interesting as well.

Helga Svendsen 28:29

She is a gem, Julie. She opened this mini series about roles and responsibilities, talking about board reports. So yeah, her resources are fantastic, and I agree, Diligent. I don't know about others. And I think the other board platforms do the same. I often just get in and go Board Papers, Board Papers. And every now and again, I'm like, hang on. What is all this stuff on the home page? And there's all this amazing things and events and resources. I also listen to the Diligent podcast, which I think is excellent. So anyway, they are great. I'll put links to all of those in the show notes.

Helga Svendsen 29:01

Jo, thank you. Thank you so much for taking the time to unravel the mysteries of the relationship between the board and the CEO and taking the time to share some of this wisdom. Thank you for all that you do. I'm so glad that your achievements and your work has been recently recognized as it should be. You're a superstar and such a champion for contemporary governance and for equality and for diversity. So thank you so much for all that you do, and thank you for being here and sharing your wisdom with the Take on Board community today.

Jo Plummer 29:31

Absolute pleasure. Thank you so much for having me.

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