
Take on Board Podcast – Episode 370

# Transcript – Building chair CEO relationships and setting boundaries with Pam Macdonald

Today on the Take on Board podcast, I'm speaking with Pam Macdonald about the importance of the relationship between chair and CEO.

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 pay my respects to any First Nations people who may be listening or watching 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.

Now, let me tell you about Pam.

Pam is the deputy chair of Intereach and president of Active Education Australia. She was formerly on the boards of Remembrance Park Central Victoria, Golden Dragon Museum, National Chinese Museum Australia, Community Foundation Central Victoria, Women's Housing Limited, Career Development Association, and the Australian Human Resources Institute.

Pam has over 20 years' experience as a director and as a human resources professional, two skill sets that she combines with her strategic mindset to ensure that the people and processes aspect of effective governance are brought to the fore.

An experienced facilitator, Pam views the board as a team, albeit one that has both significant responsibility and opportunity to harness the collective capability around the table to best serve the organisation and community.

Her consulting business also has her mentor and coach directors and board chairs from time to time, especially those referred to her when they are having challenges.

Oh, Pam, we sound like peas in a pod in all of this, so welcome to the Take on Board podcast.

Thank you, Helga, and I traditionally operate from the lands of the Dja Dja Wurrung and also pay my respects to their Elders.

Fantastic. Thank you.

Well, thank you so much for being here for this conversation, and whilst I'm very keen to dive on into the chair-CEO relationship, as always, I would like to dig a little bit deeper about you.

So can you tell me a story about young Pam that tells us a little bit about how you got to where you are today?

Thank you, Helga. In some respects there are things from our childhood that stay sort of a little misty around the edges, and there are some that have stayed pretty clear.

I was an only child, and my parents were a little bit older when I was born, and the thing that strikes me is being at a dinner party, just a small intimate thing at home, and noticing the different dynamics between different people at the table and almost observing that, not quite power play, but definitely the nuances of the relationship and how important the relationship between two key people was on the dynamic of everyone else at the table.

And that's always stayed with me. In fact, I've got the image in my head as I'm speaking.

And I think that's what's really played into my perspective and my view that the board is a team, and henceforth the importance of that relationship between the CEO and the chair, because if their dynamic is a little bit off, it can unsettle the organisation from the CEO's point of view.

It can also unsettle the board because of what we're seeing happening or not happening at the table.

Oh my God. That is so interesting.

I hadn't thought about dinner tables as board tables in a way, and I don't know when my next dinner party's going to be or next time I'm out for dinner, although I'm now going to be thinking, "Ooh, who's the chair of this gathering? Who's the CEO at this gathering?"

Is that kind of what you were thinking, that around the dinner table there were people playing those different roles? Not a board table, obviously, but different roles.

Yep, absolutely.

You know, the role of the chair is often about curating the conversation, and I think we can all reflect on dynamics of parties or events where there's one person who lightly and deftly interjects different things at different points in the conversation that helps it flow.

Or alternatively, when somebody says something that just lands like a lead balloon in the midst of everything and creates a silence.

And when you think about the person who's responsible for getting things done, maybe the host or hostess, who's sort of the CEO because they're the one who is managing the clearing of the plates and the bringing of new dishes.

Okay, well then I am going to use that as the segue.

So in your experience then as the chair of boards, how have you built that relationship with your CEO so that it is a constructive relationship around the board table?

Is there a story you can share about how that has played out for you in reality?

I can probably share a couple.

My approach, Helga, is to be pretty direct with the CEO. I have a viewpoint that an early meeting that sets the scene and sets the tone is really important.

And I remember with one CEO, I took over midstream of their contract from another chair, and I was very open in that first conversation about wanting to maintain the integrity and the success of what had been working well, whilst also acknowledging that the CEO and I actually, in some respects, needed to start back at zero to navigate the way that we would communicate.

So making sure that we set a cadence of contact and connection that worked for us that wasn't just carried over from the previous chair.

I always focus on what is the role of the chair compared to what is the role of the CEO, and always aim to reassure my CEO that I will not be sticking my nose into executive matters, and that we, in our private one-on-one conversation, may well have some robust and perhaps deep-diving questions, conversations, dialogue to really make sure that we are on the same page and effectively a united front.

I was going to ask, is there a time, which you might not be able to delve into this, although I'll ask it anyway, and then in as much detail as you're able to share, you may be able to.

I'm wondering, this is all well and good when you are a united front and when you do agree what is operational and governance. Sometimes that's not the case.

So I'm wondering, as I say, in as much detail as you're able to share, whether there's been instances where you haven't had that united front and you've had to navigate around or through those dynamics.

Absolutely. And I can probably say that there's been more than one.

For me, it's about recentering both of us on the greater good and the organisation's purpose, and being open to be curious and persist to find a way to navigate through whilst keeping the organisation at our core and as our central priority, whilst also acknowledging that perhaps we might have some differences.

Remembering what is the role of the CEO and what is the role of the board, and making sure that we're both not crossing over into each other's patch.

And they can be challenging conversations, particularly when you've got high passion and high commitment, which we almost always do, whether it's a for-profit or for-purpose organisation.

I don't subscribe to the view that people in the not-for-profit sector have more or less passion than corporates. I think we all have passion.

It can be really a double-down dynamic, I suppose, if you've got a passionate chair who wants to go in this direction and a passionate CEO who would prefer to be going here.

We have to come back and say, "What is it that we've agreed in our strategic plan? What is it that's aligned with our values? What is it that's about the purpose of the organisation? And how material is this subject?"

So I'm wondering then also, okay, having this focus on purpose, clear boundaries, or as clear as possible boundaries, and even ground rules about the way you interact, around what is the CEO work and what is the board work and what is the chair work.

Often that comes together around performance review time or setting of KPI time or setting of review of performance time.

What's been your experience there, and what's your advice to chairs in managing that relationship when it comes to reviewing performance?

I always say get onto the conversation really early.

So we should never start—

Mm-hmm.

—talking about someone's performance in the month or two before it's due. It really needs to be an ongoing dialogue.

And some of the language that I like to use is, "How can we set you and the organisation up for success?"

With one CEO that comes to mind who was relatively new to an effective performance process, there had been a little bit of resistance, and my narrative was, "I believe in you as a CEO, and I believe that we are going to have very positive conversations in terms of us celebrating success.

"I also know that you as a CEO have high standards for yourself, and what I would really love for us to do is to be able to identify and articulate measures and metrics that we as a board can say, 'Here's the evidence that says categorically we are satisfied with your performance.'

"Even while you might be in that chair thinking to yourself, 'I could have done more. I should have done more,' that we've actually then got that absolutely quantitative baseline to be able to substantiate, to say, 'This is the reason that we are giving you good feedback.'"

So that it's not a platitude, so that it's not, "Great job."

On the other hand, so that we're getting ahead of misinterpretations, because I've also been involved in performance discussions where the metrics weren't clear, and we have one party saying, "This is not actually what we were expecting," and the other party saying, "This is exactly what we were expecting."

Those are really challenging.

And also, in terms of a performance process, that's why I believe that the board needs to have a conversation amongst themselves about the CEO performance before the representative or representatives of the board speak with the CEO.

Because if there's disparity at the board table, we don't want that to be happening in front of the CEO.

I mean, it's so important at every level really, isn't it?

So, you know, you want your strategic plan. You've even talked about purpose. You want your purpose of the organisation to be clear in the strategic plan, and the measures.

How will you know you've achieved your purpose?

And then how will the CEO know that they've achieved it?

And indeed, how are they holding their team to account in a clear, measurable way as well?

Absolutely.

And how are we as a board ensuring that our conversations are staying within the trajectory of the purpose and the values and the strategic plan?

Because we can get really excited as board members, and we can start having discussions that go off on slight tangents.

We need the North Star just as much as the CEO and the executive team do.

Absolutely.

And I think this is slightly off the CEO relationship, or maybe it's not actually.

I think as a board refreshes its strategy, it's actually a really good opportunity for them to look at themselves and the skills that are required and strengths in the boardroom, and possibly even what is the type of CEO that is required for this organisation.

Absolutely.

And with the Active Education board, we slightly delayed our most recent strategic planning activity to ensure that we could include new board members who had just joined, because we wanted their insight and input to how the strategy looked, what their ideas were.

Also to make sure that we could facilitate exactly that conversation that you're having.

What does this mean for our succession for our CEO? What does this mean for the succession of the board, our own skills matrix?

And it was such a powerful session, and one that I think will sit in my top 10 of events that I'm really proud of.

Amazing.

Yeah, it is.

I mean, I had a conversation with somebody recently about an organisation that was just in the process of moving essentially from start-up to growth.

And the person who led the organisation was awesome, fantastic, and they're a start-up person.

And it wasn't at all saying, well, actually, I guess in some ways it was saying, "You can't do the job that is next."

It's a new job. It's a totally new thing.

So it's not, "Hello person, you're not a good CEO." You are just not necessarily the right person for this time, although that can be a very tricky conversation to then have.

Oh, definitely.

Is there anything you can share around that?

Other than I couldn't agree more with you in terms of, I think that there's a time, and it's about finding the right match of what the organisation needs and what a CEO has to offer.

Because we want our CEOs to feel fulfilled and engaged, and if you've got an entrepreneurial change agent, growth driver type of CEO, yet the organisation is in a stage where it needs to be consolidating and looking at sustainability, you've got...

It's almost like you're trying to use a thoroughbred to pull a plough in a field.

It's not right for anybody.

And I think when you can have the conversation in that mindset of saying, "We want this to be successful for all parties. Let's have a good look at evaluation of conversation about the match between needs and capacities and capabilities."

And when we can part as friends and release each other to go on and do even better and bigger things, we can both always remain proud of the contribution.

It's when people avoid those conversations that I think all of us, you know, you and I in this conversation and anyone who's watching and listening, all of us can think of a time when something has been allowed to go on for a bit too long, and we've ended up with the right person who was in the role that was no longer right for them, and how difficult that then became for everybody.

Yes.

Well, I think it's interesting. It's almost pretty commonly accepted now that there are constitutions of boards or of organisations or maybe the governance guidelines, that there would be a maximum term for board members, often between six to nine years.

It's often not the case for CEOs.

And it's a really fine balance, I think.

You don't want your CEOs turning over every day. I mean, that is also an issue.

Quite frankly, you don't want them there for 20 years either.

Again, not because they're not a good person, but because the organisation grows and changes.

Absolutely.

And I think we also need to be mindful of the timing of turnover of CEO and board, because also one of the last things we want is for there to be a one-third turnover of board at exactly the same time as we're getting a new CEO.

It can be really unsettling for everybody.

And of chair as well, actually, in that.

Yes.

You know, you might want to have chair stability while CEO changes or CEO stability while chair changes and so on.

Yeah, because don't our spidey senses get heightened when we see in the news that there's been a chair and a CEO who've left an organisation at the same time?

We all go straight into that speculative, "What's happened?"

Absolutely.

And sometimes there is indeed a very sensible story for why that has happened.

You're absolutely right, it's always the question.

If someone was approaching you or you were approached about that, it'd be like, "Okay, talk me through what's happened here."

Yeah.

Yes. Absolutely. Spidey senses.

And where's that on the skills matrix?

That's true. Note to self, we'll add that in.

I think it's, you know, we often talk about the optics and reputational risk, and it sometimes strikes me how infrequently reputational risk and turnover or succession are discussed together.

We need to be really mindful about what our message to market is.

Yes.

Well then, that's interesting as well.

I'm wondering if you've got some insights for us also around succession planning for chairs.

So what chairs should be thinking about, what they should be looking for in their board.

What's your experience there about succession, either for you coming into a chair role and how you were succession planned in, or how you kept an eye on who was next and how you succession planned the next person?

Yeah.

I think it's very similar to our conversation about CEOs having right time, right place.

I think the same can go for the chair of the board.

For me, I'm always thinking that the role of the chair is not to be the loudest or the biggest contributor.

The role of the chair is often about curating the conversation and curating the room.

And so when I'm thinking about succession, I'm looking around the board table and thinking about who it is who is constructive with their commentary.

Who is it that helps bring points of view out from other people?

Who is it that supports people to be succinct with their commentary without closing them down?

And for me, coming in, I always like to serve at least a year on a board before I take on a leadership role because I want to get to know the people around the table.

For me, it feels slightly risky for someone to come in as the chair, although I also understand that that is precisely sometimes what needs to happen.

And when that has happened, it's a good conversation to say, "Let's get clear."

I'm almost putting myself in the CEO performance review position of saying, "What is it that's needed? What's expected? What are the success measures? Let's talk about what success looks like."

Because if I'm coming in to be the chair right from my first meeting, I want to understand that background.

And then I think it also increases the early workload, because a new chair really needs to get to know their board members.

Yes.

Well, you've gone to workload, so let's ask about that.

So chairs, you know, they just swan in and chair meetings, right? That's all they do.

That's it. Pack up, go home.

That's it. Yep.

Leave the—

Well—

—leave the dirty coffee cup for someone else to pick up.

Absolutely. Exactly. All done. Done and dusted.

So tell me, what the real work of a chair is. What's the hidden... What's the visible work and what's the hidden work?

I think the visible work happens at the meetings and in the, as some of us call it, the show-and-tell, when you've got a launch or a public event.

The chair or president really needs to be present for those.

The work that goes on behind the scenes that people not only don't see, but often don't appreciate, is the relationship management with the CEO.

It's not just the one-on-one meetings. It's not just the agenda setting and preparation. It's not just the meeting preparation.

It's the relationship building and management.

Yeah.

The same can be said for the relationship with board members.

Now, I'm not a fan of canvassing people before meetings or having decisions that are effectively made outside the boardroom, and I am a fan of periodically checking in with my board members to find out what's happening for them, what feedback they might have, what's working for them, is there anything that they might like to see more or less of, either from us as a team or from me as a board chair.

And I have been known to start canvassing in those conversations fairly early.

"What are your aspirations on this board? Do you see yourself as chair in some time?"

And also thinking about their development.

"What professional development are you undertaking? Do you think that this organisation should or is supporting you with that professional development?"

That's the unseen work, and that's the richness.

That's, for me, what allows a board to begin a meeting primed, ready to perform at their best.

Lots of invisible work there.

Yes.

About... And just getting to know people.

I think you've done some thinking and some work around getting to know the styles and the strengths of the people around the board table.

What's your advice there?

I think that needs to be something that is an obvious and overt focus of the chair of the board.

You need to understand the mechanics, for want of a better phrase, of the humans who are around the table.

And that does come through one-on-ones, and it also comes from debriefs after meetings.

So a piece of the other work of the chair that I didn't mention previously, and that is equally important, is sometimes circling back to people after meetings.

There's one particularly difficult meeting that comes to mind that I can't go into details on.

We had an independent member of one of our subcommittees who was observing that meeting, which happened from time to time, and it was a particularly tumultuous agenda and very, very difficult waters for the board to be navigating.

I think I spent the two and a half hours immediately after that meeting on the phone with that independent person.

Because they were a sporadic attendee, they hadn't been fully up to speed with the progressive build that the rest of the board had been through before tackling that topic.

And I also circled back with a couple of board members who, thinking about the way that they'd contributed and not contributed during the meeting, I wanted to make sure that they were firstly okay because it was very difficult, and also wanted to make sure that I as the chair had a good sense of what it was that my board members were feeling.

And sometimes people feel less comfortable speaking up in front of the full table.

And I'm thinking of one of my past directors in particular.

His contributions were always beautifully measured and well-considered, and that was because he took time not only to prepare, but time to think while others were speaking.

So he would almost always be the very last person who would contribute a comment on a topic, and it wasn't because he was disinterested.

That was merely the way that his mind worked.

And knowing that meant that I didn't put him on the spot by saying, "Right, we're going to open discussion on agenda item 4.2. Brian, is there anything that you'd like to add?"

I wouldn't do that to him because I knew that his process was taking his own thought and then evaluating that against what else came up at the table.

He wasn't one that was swayed by other people. I want to be really clear on that.

What he would do was, as I said, present a beautifully articulate summary of his own views, link it to other relevant points, and it was just fabulous to work with.

Oh, amazing.

Yeah. It is, I mean, it is a team sport after all.

It's not getting the best set of individuals. It's a team sport, not an individual sport.

Yeah.

Oh, Pam—

And potentially one... Sorry, I was going to say, potentially one of the other things that a chair needs to do is also that robust self-reflection that says, "Am I the right person for this organisation at this time?"

Absolutely.

Much like we had the conversation before about the CEO for the times, that is absolutely the case for the board and the chair as well.

Yes.

And I think as chairs, we're the ones who need to lead that conversation for ourselves and for the board, because...

Can you imagine being on a board where you're the person who sort of draws the short straw, that you've got to go have that coffee meeting with the chair to say, "I think it's time that you kind of thought about moving on?"

Yes. Yes. Exactly.

And it should be.

You know, you're showcasing that actually for the rest of the board.

So if you are showcasing, not you, you, you, but the chair is showcasing digging in and hanging around at all costs, then that is what the culture of the board and the organisation will be, which is not a healthy culture.

Yeah, not necessarily at all.

Yeah.

Oh, Pam, so much in here.

What are the key things you want people to take away from the conversation that we've had today?

Well, there's so much. I'd love them to take away everything.

I think first one, Helga, is remember that the board is a team, and just as you would manage any team, you need to think about managing the board.

Secondly, the relationship between the CEO and the board is crucial for the operation and the culture of the organisation.

If we as a board are treating our CEO with respect and setting clear KPIs and parameters and expectations, it's far easier for the CEO to then do that and then have that cascade through the organisation.

And the third thing, let's have the conversations that we need to have early.

Let's not wait until the 11th hour.

Let's open the dialogue early. Makes it far more manageable.

Those are my three.

Such wisdom there. Love it.

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

Oh, I think that the resource that we have as a community is to interact with each other.

It's about being able to ask the question of, "What worked for you?" Or, "I've got this situation. If you were me, what would you do?"

And so I would happily accept LinkedIn requests from people in the community if that's what they would like.

I'm happy to have those conversations because I think there is a rich, untapped resource of the experiences that we all have that we need to be making more dynamic and making it more accessible and more lived.

Love it.

Well, we will make sure there is a link to your LinkedIn in the show notes.

Well, Pam, thank you.

Thank you so much for taking the time to share your wisdom, to share your stories with the Take on Board community today.

I really appreciate it, and I know others in the community will too, so thank you for being here.

Oh, you're most welcome.

Thank you for having me, and I'm looking forward to hearing more of the podcast and watching more because they're great conversations that you have with people.

Well done.

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