8 Ways to Hold the CEO Accountable

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Introduction

The board is accountable. However, board members are not present every day and are unable to control everything the CEO does on a daily basis. As a result, the board requires mechanisms that enable it to determine whether the CEO is ensuring that the organization is operating effectively and efficiently within applicable policies and legislation, and aware of external factors which could influence the longitudinal well-being of the entity.

There are at least eight actions a board can take to hold the CEO responsible for the management of the organization. These are the focus of the article and relate to the following topics:

1. Governance planning  
2. Focus on vision  
3. Risk oversight  
4. Reporting schedule  
5. Knowing what is expected and when  
6. Trends  
7. Hiring practices; and  
8. CEO focus.

Governance Planning

It is essential for a board to have a governance plan which is separate from the management plan. The governance plan contains the mission, goals and objectives which are the governance level.

The CEO supports the implementation of the governance plan and also establishes priorities to be accomplished within the organization. Making these priorities explicit is important for the management team. An example of such a priority could relate to professional development required to meet changing industry standards or
organizational needs. There may be many needs but the CEO and his team have to decide what can be supported from risk, financial and human resources perspectives.

The similarity in both plans is that the goals are time-limited, clear, concise, achievable and measurable.

**Focus on Vision**

The board establishes a vision for a reason. Therefore, it is vital to see evidence that the CEO is focused on that vision and refraining from implementing his own vision, particularly if it is different from that of the board. It is also essential to question how major decisions are supporting the attainment of that vision and how it is being communicated to key stakeholders and partners.

**Risk Oversight**

Often boards complain they do not know how to find the balance between oversight and micromanagement. One way is to use a risk checklist. This checklist ensures that the board can be aware of essential operational details without being involved with them. This checklist also delineates areas of worry for the board and may vary from board to board. Here is an example of one board’s checklist:

I) deductions have been remitted on their due dates (for example, Workers’ Compensation premiums; federal/provincial payroll deductions; pension contributions; dues (such as union or professional); health premiums; payroll tax; and H.S.T. premiums);

II) there are no known instances of contravention of any applicable laws that could create a liability; no legal claim outstanding against the Board; and where there is an outstanding claim, the board has full details;

III) board of director insurance is in place; and

IV) financial reports are filed as required.
This checklist would be signed by the CEO and other applicable personnel before being submitted to the board at designated intervals.

**Reporting Schedule**

There are many topics of interest to the board. Unfortunately, many of these topics can only be addressed comprehensively at specific times of the year. Therefore, it is essential for the board to identify with the CEO when accurate meaningful information can be reported. The result of this discussion is a list of topics which the CEO shall address at specified meetings.

If the CEO is unable to present the required data, he would provide an explanation and the date when the information shall be made available.

**Knowing What is Expected and When**

How often the CEO reports to the board will depend on the frequency with which the board meets and the amount of time which can be devoted to the CEO report. Each report should address

1. the objectives in the strategic plan,
2. issues which are political and/or publicly sensitive and
3. outstanding accomplishments or challenges which the organization is facing, and
4. the topics agree upon by the board and the CEO.

It is unreasonable for a board to expect a report on every program, service, or product. If the board creates such an expectation, it will receive volumes of material, much of which will be imprecise and lack substance, even if it appears impressive.

The CEO is very busy and time spent writing vague information or creating fillers in order to impress the board is time the CEO cannot focus on the effectiveness and efficiency of the organization.
Also, to save time in board meetings, it is possible to request that board members receive the CEO’s report in advance. Then it is only necessary to have the CEO speak to critical points and answer the board members’ questions.

**Trends**
Whether the board oversees a business, a union, a not-for-profit, an association or a public-sector organization, it is still essential to be aware of trends. Trends affect such things as

- sales
- standards
- job security
- extraneous costs such as taxes
- the sustainability of programs, services and products
- what people want or expect, and
- availability of human resources and recruitment methods.

Recognizing that board work is usually one part of a board member’s role in life, how does a board become aware of trends? The answer is via the CEO. The CEO is the conduit between society at large and the board. He is the person who is expected to read, engage in discussions with others, and network to find out about trends which will influence the organization in the near and distant future.

**Hiring Practices**
The success of any organization is often dependent on the talents and skills of the management team. Since the CEO hires his team, it is essential for the board to note whether or not the CEO hires a strong management team.

If he does, the board can usually rest assured that the entity is in good hands. If he does not hire a competent team with excellent team building, conflict resolution, and managerial skills, the entity may be at risk. These risks can relate to the reputation, the financial health, the stability or the ability of the entity to cope with change and sustain itself well into the future.
Any hiring decisions which are based on nepotism, fear or personal needs can hurt the organization and would be of concern to any board.

**CEO Focus**

It is essential for the CEO to keep his focus on the customer/client/user. He is the person who would meet with customers/clients/users and articulate their needs, challenges, frustrations, and goals.

If the CEO becomes focused on self-promotion, his own benefits, or his own future directions, he is unable to gain the information needed to ensure the organization is attentive to its vision and mandate. He can ask the board to make decisions which are not in the entity’s best interests and can negatively affect the board’s reputation.

**Final Comment**

This article outlined eight ways part-time board members can hold the CEO accountable. No longer can boards avoid oversight. They are no longer window dressing for organizations. Boards are accountable for the well-being of their organizations. Thus it is incumbent upon them to find ways to hold their CEOs accountable.