

2. CEOs Chairs

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EL Welcome to the Community Colleges Australia podcast on governance. I'm Ellen Leabeater. In this episode, Ty Wiggins explains the ins and outs of the chair and CEO relationship.

Ty is the principal of Converge Consulting, and has spent time working with chairs and CEOs within the community college sector. Ty begins by outlining the characteristics of the two roles.

TW The CEO is responsible for running the organisation. It's the day-to-day management, it's funding, it's expenses, it's staffing, it's sales, it's business development, it's cost direction, it's everything to do within the operation of the college.

The chair's responsibility is to run the board primarily, and the board is the governing body for the organisation and for the CEO.

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So, the chair and the CEO need to have a really good working relationship. In essence, the CEO is the top of the tree within the organisation, but reports in to the board, and primarily in to the chair.

The chair needs to support, sometimes mentor, coach, dissent, argue, challenge the CEO, and vice versa. And where the CEO and the chair work well, they tend to form a very functioning organisation.

EL What does a good chair/CEO relationship look like?

TW Healthy respect for each other, comfortable in their own roles, as in, the CEO doesn't want to be the chair, and the chair doesn't want to be the CEO. Aligned purposed and mission for the organisation. So, they see the organisation progressing to the same basic area.

They meet or talk regularly, so they foster that relationship where they meet outside of the board. If they only meet during the board meetings, then there's very low chance it's going to be a high-functioning relationship.

They are mindful of each other's boundaries, in that the staff can always go to the chair if they have an issue with the CEO, but the chair needs to be very mindful that they don't open the door to just a back door of complaints on a regular basis.

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And same with the CEO and the rest of the board. They have open access in terms of communication, but they need to be mindful of their responsibilities.

But I think, primarily, they don't want each other's roles, they're comfortable in their own position, and they both see the future of the organisation pretty much the same.

EL Does that happen often, where there's a tension between the chair wanting to be the CEO and vice versa?

TW Yes. And it happens in the corporate world too. You see it quite a bit where the CEO will get sacked, and all of a sudden, the chair comes down and becomes CEO.

So, there's, you know, the presence of a personal agenda in organisations are always there. For a lot of the colleges I've seen through working with CCA, it's been pretty good. The CEO has normally decided they don't want to do it any more, and they've progressed to the chair role, which is positive.

But that can also be a challenge, where the CEO... in some cases, the CEO might have been the CEO for 20 years, and then goes and becomes the chair. It's very hard for that person, generally, to let go. And it's hard for the staff to break those ties, in terms of where they go. So, there is a... there is a natural progression for CEOs to become chairs, if it's productive.

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EL What about a poor chair/CEO relationship? What does that look like?

TW Well, it would have the presence of a couple of those things, where they... they're interested in each other's roles, or primarily, they see a different future for the organisation, which is a real challenge.

The chair might have an attitude that they don't need to spend time with the CEO and that the board can do it themselves, or the chair might not run the board efficiently, so those board meetings are ineffective because the chair might leave it up to the CEO to run. That's one of the challenges that comes up.

The CEO takes a view that the chair's responsibility is to protect him or her from the board, which is not the case either.

The chair is too involved with the staff, or the directors are too involved with the staff, which undermines the CEO's ability to do things.

These types of things tend to show up as frustration, then ultimately, becomes a discord between the two of them, where the chair generally wins. So, it's unusual for a CEO to oust a chair, it's more likely that the chair and the board will remove the CEO.

And we've seen a couple of those in the last two years, within CCA, which I think has been to the detriment of those organisations.

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EL So when you're looking at appointing a chair, are there any particular skills that are beneficial?

TW The chair's responsibility is really to manage the board. So, it needs to be somebody who is comfortable in that type of role, is comfortable directing and holding other people to account.

Generally, they will have some sort of staff management responsibilities, because that's part of the role. They need to be au fait with the financials. They don't have to be a financial person, but the chair certainly needs to be comfortable to read the P&L and the balance sheet of the college.

They need to be committed to, you know, the longer-term aspect. So, it's generally not someone who's just joined the board. You don't normally join the board and go straight to chair, and if you do, that kind of sends a signal that no one else wants it, which is not a good board.

There's usually a process where people progress to that chair. They take it on for a couple of years, then they agree to step back. So, it's generally not someone new, so it's someone who understands board process, understands the legalities of the board, and what should happen from a meeting and minutes point of view.

But most importantly, it's someone who's comfortable to actually hold court, I guess, and direct the board, and hold it to its purpose. Govern the meetings, run the meetings, and work closely with the CEO.

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EL And Ty, you've done some work looking at what CEOs want out of their chairs and what chairs want from their CEOs. Could you share some of the common frustrations that you see?

TW From the chair's point of view to the CEO, strangely, when I've done this with a couple of the groups within CCA, the irony is that the list of what the chairs want the CEOs to do more of is quite long. And what they want them to do less of is quite short. So, there's an issue right there.

They often talk about the CEO being more strategic, and less operational. So, the chair is looking for the CEO to get out of the day-to-day, and to actually do the thinking required to ensure the longevity of the organisation.

From the CEO's point of view, it's generally more support from the chair, and more control of the directors' day-to-day involvement. So, frustrations come when the directors, who often have more free time than some other people, just sort of lob into the college, turn up, talk to staff, hang out in the tea room, become a little bit problematic for the CEO. That's often a bit of a challenge.

Sometimes the CEO would like the chair to be stronger in the meeting, and make sure that the board have actually done the readings, they're prepared, that the meetings stay to the time print and the agenda, and that they actually get some decisions.

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It's very frustrating for a CEO, who wants a decision on X, to wait for the next board meeting, to go through that entire board meeting and not get a decision, because they feel that the chair hasn't run the meeting effectively. That's often one of the key concerns.

Chairs regularly complain that they don't have enough visibility and enough information early enough for the meetings to prepare. Conversely, CEOs complain that the directors don't read the material before they go.

So, there's a pitfall I think... I think the primary issues come around the meetings. Are the meetings effective, are they efficient?

EL How much of a CEO's role is dedicated to strategy and that long-term thinking, versus operational?

TW They're ultimately responsible for the strategy. It's not the board, traditionally, that sets the strategy, because they're not informed enough. The chair can certainly have an influence, but it's the responsibility of the CEO. So, where a board thinks it's their responsibility, it generally means that they have a lack of confidence in the CEO, which is an issue in itself.

The mantle of strategy setting and direction is the CEO's. So, they should be spending, you know, a proportionate amount of their time on it early in the piece. If everything is on track and the strategy's in place and they're happy with that, then it's sort of this constant adjustment, slightly turning the dials. But when they're new, or they go through a strategy reset, it'll be a large amount of their time.

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They should certainly allocate time, sort of every day, every week, to be thinking about that aspect. Because it's sometimes in the... just in that thought process, or that clear space, that they actually get the opportunity to decide really what they need to be doing.

Everything should come back to the strategy... all their decisions, their staff's decisions, what courses to run, what markets to target, you know, if they don't have that tied in to the strategy, then they tend to just sort of wander around in terms of their direction.

EL If you're a new CEO, or a new chair, what should some of the first things that you do in order to foster a good relationship?

TW Take time out with each other early. Have some time just talking about your views on the organisation, if you're new to the organisation, try and get a feel for the history and the legacy; you do need to understand what's happened previously. You don't necessarily have to dwell on it, but you need to understand it.

Relationships are built over time, so you can't expect to meet once a month for an hour and foster a really good relationship. Early in the piece you need to spend some time together. And you need to involve each other in that initial strategy-setting process, and then it's a case of sort of updating as you go along.

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So, new CEOs traditionally will spend a lot of time getting a feel for the organisation. They'll usually take a month or so trying to just observe and understand and learn what's going on, before they make any key decisions.

Chairs often have to come in a little bit quicker. But like I said before, it's very unusual for a chair to also be new to the organisation. They tend to have been a director for a while, so they have an understanding of what's going on. So, their transition is far easier than a new CEO.

If the CEO comes from within the organisation, then they've obviously had a grounding, but if they're new, it generally takes them about three months to really get a feel for what's going on.

You know, when colleges bring new CEOs in, they need to make sure that they set up some sort of on-boarding processes that support the CEO. A lot of the colleges have CEOs that are long-standing. If you have an organisation where the leader has been in the role for 10-15 years plus, you can safely expect some turmoil when you... that person eventually decides to stop. And then you really need to be careful around supporting the new CEO.

So, I've seen a number of changes, again in the last sort of two years, that haven't stuck. Where I thought they had recruited a good CEO with some new ideas, and that's always going to be the case, but the board hasn't supported them. As soon as there's a little bit of upset from the staff, they tend to turn on the CEO.

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You know, and there's that sort of famous joke about... everyone wants change, but no one wants to change. So, if you bring a new CEO, you need to expect change. You need to support them. You need to expect that there's going to be some staff in the organisation that may or may not be the right staff for where the CEO wants to take the organisation.

Boards need to be mindful that there are going to be some, you know, some teething pains and some changes. But, it's in the opportunity of a new CEO to pick up the organisation and take it to the next stage. That is so important.

EL What happens if the chair and the CEO disagree? Does it have to go to the board, what... who makes the ultimate decisions?

TW Depends on the level of disagreement. Are we disagreeing about a tactic, or an activity that drives us towards where we are, or are we disagreeing about the longer-term vision?

If we're disagreeing about the longer-term vision, I'd suggest that the two of them need to work fairly closely over a short period of time to see if they can get alignment. Ultimately, if they can't get alignment, the relationship won't work. One will surpass the other.

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And, it is unusual for the chair to be removed, but the chair might say, listen, I no longer see where this is going, I don't agree where it's going, I would want something different if I were CEO.

And they might say, well, I'll step back. If the board thinks that this is where the college needs to go, we want to back the CEO, either I get on board, or I stop.

It is an issue, it usually raises its head pretty early in the relationship, when that relationship is new, and often results in the CEO leaving before the chair, rightly or wrongly.

EL If you are, or if you were a CEO of an organisation, you were that CEO for 10 years, 15, 20 years, whatever it may be, and you step into a board position, how can you really increase your power? What are some things you can do to be part of the change?

TW The first thing would be to meet with, and make very clear to the existing staff, that your relationship with them has changed. And that you are no longer a port of call for anything that they're unhappy about. They don't report to you anymore. There are certain things that they should bring to you, and other things that they shouldn't.

And you need to be strong with directing them back to the CEO, and saying, listen, you know, thanks for bringing this to my attention, but as you know, I'm now the chair, this is really a CEO issue, you need to go talk to him or her.

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And if there's a conflict, involve the CEO, so that there's no chance that the staff members are skirting around the CEO, and the CEO feels undermined about that. Because that just creates conflict; they tend to dig their heels in, and all of a sudden, you're in a stash.

You also need to change the approach with the board. It tends to be that, if you've been CEO for 10-15 years, the board has probably changed multiple times in your tenure, so you've had some involvement in their recruitment, which changes the balance of that board relationship and the corporate governance.

So, one of the rules of corporate governance is the CEO should not choose the board. It undermines their objectivity, and it means that the board essentially works for the CEO. And when you see that in corporate, that's a big issue.

So, you need to be really careful about that. So, if you change your relationship to becoming one of the board, you need to make clear to the board that your relationship has changed as well, and that your influence is reduced significantly, and you can no longer sort of pull the strings that you used to pull.

So, it's a bit of a challenge. If you've run an organisation for so long, to step back and still be involved is hard.

EL Maybe it's better to move to a different college board?

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TW Well, ideally, it would be good. Especially after that amount of tenure. The flip side, of course, is that the person does have a real vested interest in the organisation, does have a lot of knowledge, and where it... where they can transition into that role, it's helpful.

Coupled with the fact that it's hard to find board members. A lot of the boards around the colleges are not fully subscribed to the level that they want. Just because they can't find volunteers to do it.

So, when you're faced with someone who knows the organisation, and is happy to jump on the board, you're kind of going, oh... And you can see the conflict for the CEOs. They'd be great to have, but if they don't back off, it's going to be a struggle.

EL So it's hard to find board members. What often happens in the colleges, when they are trying to recruit board members?

TW For most of the colleges, they tend to just run short of numbers. So, they... they're often challenged in terms of the numbers they have.

Some of the colleges will recruit employees or trainers onto the board. The intent is good... the intent is, how we'll get a variety of views and the board should be made up of key stakeholders, and some of the stakeholders are the staff. True.

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However, the role of board to govern the CEO... putting somebody on the board who reports to the CEO creates natural conflict. Either that person will use that as leverage and become very vocal in the board, or they won't talk at all, in fear of their role in the organisation, and therefore they're lost in terms of the board.

It also means that if the CEO wants to discuss ideas with the board, that potentially affect the staff, they're doing that in front of the staff.

So, this provides a challenge. It would be unusual in corporate, to find that on the board sat a direct employee of the CEO. Most CEOs would just say, that's not on, there's no way you're having that. You find a board member that suits.

So, where possible, I think that having trainers involved in the board, whilst the intent is good, I don't think it's very suitable, and I think colleges, where they can, should try to avoid that.

I certainly think that there's a platform for people to come and talk to the board, and address the board about their specific areas, and you can have a person who represents the trainers and talks about the trainers' view.

But for them to sit on the board, makes it very difficult for the CEO, and I just... I think it undermines the whole strength of the board's effectiveness.

EL Ty Wiggins from Converge Consulting. In the next episode in this series, you will hear from Michael Newton from WEA Sydney, and David Knowles from Koda Capital, talking about the importance of having a clear purpose for your college.

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DK How do you know what you're trying to do without a mission statement? You can come up with a strategy, but that's an aimless strategy. For what purpose does the strategy exist? It can only be because of the mission.

EL That's available now, on the Community Colleges Australia podcast.

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