Key Aspects of the Chairman's Role and Responsibilities

A governing board, like any team of individuals working toward a common purpose needs an effective 'team leader'. Just as the chief executive provides leadership to the staff and to the operational organisation, the chairman[1] provides leadership to the board. The chairman is pivotal in creating the conditions for overall board and individual director effectiveness, both inside and outside the boardroom. It is a role with many different demands as we have described previously.[2] The purpose of this article is to explore further some of the key aspects of the chairman's role and responsibilities. In particular, this is intended to assist in developing an appropriate job description if your chairman does not already have one.

Many boards struggle because they lack an individual capable of meeting the demands of this crucial leadership role. Even if they possess the types of personal qualities thought relevant to the role[3], many chairmen find themselves buffeted by forces that reflect a wide spectrum of views about the chairman's role. At one end of a continuum, the chairman may be expected to act as the 'boss' of the board. At the other end is the view that the chairman is primarily a 'facilitator', a 'first among equals', who performs most effectively in the role by 'leading from behind'.

Emergent 'best practice' literature about the role of the board chairman tends strongly towards the latter. The concept of 'servant-leader' sees the chairman as the protector and enhancer of the effectiveness and integrity of the board's governance processes. He or she serves the board, not the other way round.

Consistent with this, in most jurisdictions, statutory and organisational constitutional frameworks refer to the primacy of the board. When there is a reference to a presiding member (i.e. the chairman), it is in a subordinate sense.

The role of chairman must, therefore, be defined by what the board, itself, must achieve. Logically, only then can the chairman's role be determined. If the board as a whole does not have a clear understanding and explicit statement of its own job the chairman can hardly be blamed for imposing his or her interpretation and discipline on the board's operations.

Assuming the board's role is clear, the following aspects of the chairman's role and responsibilities are particularly important.

1 Setting the boardroom culture and building the board as a team

The chairman models desired behaviours, acknowledges and enhances the contribution of other members of the board team and creates and manages a working environment that enables the board to do its primary work.

The way authority is exercised from 'the chair' has a direct impact on the board's culture. A chairman, for example, who is over-bearing, controlling and dominating, relegates board members to mere 'yes' men and women. Apart from denying the board to chance to collate and exercise its collective wisdom, this can become self-justifying – other directors need to be dominated because they are weak or ineffective! A chairman who allows directors full reign to express their opinions but then offers his opinion in the form of 'the final word' only nominally encourages free and open dialogue. A chairman who, in attempting to be 'facilitative', defers to fellow directors on all decision-making, leaves no personal imprint on the board's decision-making.

To ensure that good governance is not left to chance, the chairman should make sure the board has an explicit statement of its roles and responsibilities and of the policies, procedures, protocols, etc. that will guide the content and process of its work. Such a statement will also frame the expectations of the board's performance and that of its individual members. The chairman should have an intimate knowledge not only of the board's own policies and procedures but the organisation's constitution, strategic plan and other relevant 'directional' documents.

Effective chairmen draw the best from both the board and the executives supporting it. They encourage appropriate and productive participation from all board members, encouraging them to express an independent view and to articulate their aspirations for the organisation. Under such chairmanship, no member leaves a board meeting with his or her opinions unvoiced or unheard. This increases the probability the board will be cohesive and enables it to continually benefit from the wisdom, perspectives and experience of all of its members. An effective chairman builds unique relationships with each board member and uses these to shape consensus (Ward, 2000).

A mutually respectful and productive (but also demanding) partnership between board and executive team is another crucial by-product of an effective chairman.

2 Designing and managing the board meeting agenda

Of all a chairman's responsibilities, there is one that is regularly neglected - the design and content of the board meeting. Board meeting time is arguably a board's scarcest resource. Advance planning of how best to use it is an area where chairmen can make their most substantive contribution.

Ideally, the chairman will periodically lead his/her board through the process of developing a work plan or 'annual agenda' for the board. This is to ensure that:

- The board has ownership of its forward work programme and control of its own meetings;
- The work programme focuses on what is most important rather than what is most urgent (or 'interesting');
- The board focuses on those governance-related matters that justify the scarce time and attention of the board and is not reacting principally to management concerns or

initiatives;
- The board properly addresses all the major strategic issues that will affect the organisation's viability, reputation and success; and
- The board effectively monitors management and takes action to address financial performance or compliance issues.

Even when the board has such a work plan, there is still the need for the chairman to manage the content and sequence of each meeting to ensure it will be productive and to assist the chief executive to determine exactly what information the board requires and in what form and quantity.

Prior to the meeting (perhaps even weeks before) the chairman should have thought his or her way through the meeting agenda, determining how each issue might best be addressed.

3 Leading the board's meetings

It is then up to the chairman to manage the board meeting according to the plan (agenda). The following illustrative list of board meeting success factors highlights the demands on chairmen who should ensure that:
- Meetings start and finish on time but with flexibility in the way the agenda is managed;
- Agenda items and discussions are restricted to governance issues, avoiding the temptation to delve into management issues;
- Members have information that supports understanding and decision making. They are adequately prepared for the meeting deliberations;
- The meeting process encourages open, frank and thorough dialogue. Every board member's opinion is sought, acknowledged and respected;
- Behaviour, individually and collectively, is consistent with the board's previously agreed code of conduct;
- Divergent views are encouraged but differences in thinking are not allowed to become personal;
- More forceful, articulate or 'higher status' board members are not allowed to dominate proceedings at the expense of others;
- The board has the opportunity to 'think things through'. Sufficient time is allowed for the discussion of complex or contentious issues;
- When there has been sufficient dialogue, discussions are brought to a closure and a clear conclusion or decision is reached and accurately recorded;
- Reporting by executives focuses on the governance level of issues and does not reduce the board to the role of passive listeners and observers;
- 'Rubber-stamping' is kept to a minimum. The board uses a consent agenda to deal efficiently with issues that, while requiring formal board approval, do not require discussion;
- There is a clear separation between historical (compliance monitoring and evaluation) and future-related (strategic thinking and decision making) agenda items with an appropriate balance between them.

Following the board meeting the chairman has the responsibility for reviewing the minutes of the meeting to ensure that:
- they accurately reflect the board's deliberations, and
- matters arising from the minutes, and on which further action is required, have been addressed.

4 Developing the board's effectiveness

The chairman, as board leader, should manage the ongoing process of board development. This includes a regular assessment of board and individual director performance effectiveness, oversight of the recruitment and induction of new directors and the professional development of individual directors and the board as a whole. The chairman need not carry out these board development functions alone, but should assume the overall management of the processes ensuring these tasks are completed in a timely fashion.

Regular board effectiveness self-assessment results in more effective succession planning. Even when the board cannot directly influence its composition, the chairman should ensure there is clarity about the current board's relative strengths and weaknesses and that those who will elect or appoint new board members have the best possible understanding of the steps they should take to strengthen the board's performance.

In many organisations, the induction of new board members is left to the chief executive or even someone lower down the organisational tree. The chairman should ensure the board takes the lead in a properly constructed induction programme for new board members. Board members are, after all, joining the board, not the management team. This process should be comprehensive, formal and tailored to individual needs. The addition of even one new board member can completely change the dynamics of a board. The chairman has to ensure that this is a positive rather than a negative event.

5 Supporting the board/chief executive relationship4

There is a wide range of views among governance educators and commentators, for and against, about how close the working relationship should be between chairman and chief executive.

The conventional wisdom is that there should be a close working relationship between the chairman and the chief executive. This thinking is rooted in a set of organisational realities. For example, the position of chief executive is frequently an isolated and lonely one. There are occasions when, for a variety of reasons, it is not prudent or appropriate for a chief executive to discuss matters with other staff, no matter how senior. At such times, the chairman can provide a valuable, independent sounding board for the chief executive's analysis of the problem or the actions he/she proposes. The chairman is the ideal person for the chief executive to check with that his or her interpretation of the board's policies is consistent with the board's expectations. On such occasions, the chairman acts on behalf of the full board.

There are also dangers in such a direct relationship particularly if the chairman should become the primary or 'go-between' link between the board and the chief executive that many appear to advocate. For example, there is an associated expectation that the chairman and the chief executive should meet regularly, perhaps even several times each week and that the chief executive should keep the chairman informed about 'what's going on'. This could suggest that the chairman, and perhaps the board, see themselves as, in effect, as another tier of management.

A closely related risk is that the chairman and chief executive together advance their

joint thinking on important issues far more rapidly than is possible for the board as a whole. The pair can easily become out of step with the board with unhappy results for board cohesion.

Some chairmen also appear to act as if their role is to be their chief executive's supervisor, directly influencing his/her work plan and spending considerable time around the organisation having a direct and active presence among staff. While many a chief executive's job description states that they report to the board through the chairman there should be no arrangement that implies the chairman is the 'boss' of the chief executive. There should be no exception to the basic principle that the chief executive is answerable to the board as a collective entity and not to the chairman or other individual directors, or any committee (even such as one concerned with the chief executive's performance evaluation).

Just as the chairman should not 'manage' the chief executive, neither should he or she become an information filter between the chief executive and the board. It is not for the chairman to determine which chief executive-raised matters come to the board and which are dealt with on a one-to-one basis. While there may be times when the chairman determines that 'this' or 'that' issue is an operational, not a governance issue, the chairman should never act as an information 'gatekeeper', or interfere in the board's ability to address governance matters.

While, therefore, the chairman is quite likely to engage in a regular business-focused working relationship with the chief executive, this is only on behalf of the board and consistent with the board's natural incentive to have an effective working relationship with a successful chief executive. The chairman has the important responsibility to protect and enhance the integrity of the relationship between the chief executive and the board as a whole. The chairman should never let his or her more frequent association with the chief executive come between the board and the chief executive. The chairman has a particular responsibility to ensure that the board speaks to the chief executive with 'one voice'.

6 The chairman as mentor

Many chairmen have much wisdom to offer and, if only for the position they hold, will be looked to for advice and guidance and not just by the chief executive. Many chairmen find themselves used more often as a sounding board and a listening ear by fellow directors than by the chief executive. It is important that the chairman knows their relative strengths and weaknesses and is able to maximise their individual contributions. The chairman should be available to fellow board members for frank dialogue about performance and other board issues. He/she can (and should) be honest in giving feedback to individual directors about their individual contributions. The chairman should treat all board members with equal respect regardless of their different abilities and contribution.

7 Oversight of the stakeholder interface

While it is possibly more important in a commercial context, where a company chairman must ensure that there is effective communication with shareholders and that the board has an understanding of the views of major investors, these requirements have their parallels in other situations. There will be times when the chairman has to

take quite a high profile role in representing the organisation to the public, the media and to key stakeholders. The chairman, possibly more than any other board member, needs to understand the stakeholder environment and that the organisation relates to key stakeholders in a strategic way.

As sometime public spokesperson for the board and/or the organisation, the chairman must focus on governance-related matters and should not presume to speak for the chief executive in respect of operational matters. He/she should stay within the bounds of board policy and agreed board positions. The chairman should not normally have autonomy to make 'policy' or determine matters on behalf of the board unless specifically authorised to do so. The chairman should ensure that the board speaks with 'one voice' inside as well as outside the organisation.

1 Throughout this report, we use the term 'chairman'. Despite popular opinion and increasingly common usage, the suffix 'man' in Chairman is not gender specific. It derives from the Latin 'manus', 'of the hand' implying a controlling function, thus manipulate, manufacture, manage, manual and so on.
2 See "Ten Things a Chairman Must Know" in Good Governance #35 (September-October 2003)
3 These will be covered in a subsequent article.
4 A more extensive exploration of this important issue can be found in "The CEO-Chair Relationship" in Good Governance #38 (March-April 2004, 9-10)