

Building Trust Between the Board and CEO/Executives

Possible Reasons for Lack of Trust

	Capability	Intent	Candor
Key Issue	Lack of demonstrated ability in skills and experience	Perception of individual agenda or ulterior motive	Insufficient transparency, openness, or honesty
Recommended Tools & Practices	<p>Board Competency-based board selection and reappointment matrix and processes that include capabilities needed to govern</p> <p>Comprehensive orientation and ongoing education on industry and governance trends/issues</p> <p>CEO/Executives Robust CEO selection and succession processes</p> <p>Performance systems that are based on relevant metrics and benchmarks</p> <p>Both Investing and participating in leadership training and development programs</p> <p>Annual reviews of the CEO and board performance based on stated goals</p>	<p>Board Regular education on fiduciary duties and governance–management distinction</p> <p>Updated conflict of interest and “independence” definitions, forms, policies, and procedures</p> <p>CEO/Executives Clear CEO job description</p> <p>Clarity on the nature of the CEO’s outside activities (such as external board service or consulting)</p> <p>Both Clear demonstrations and actions to support the organization’s mission and values</p> <p>Governance role and decision authority matrix with clarity on management spending authority</p>	<p>Board Agreed-upon code of conduct and behavioral expectations that reinforce the desired board culture</p> <p>Disciplined approaches to holding board members accountable for behavior</p> <p>Use of best practice governance structures, such as consideration for small board size and board composition to conduct candid discussions</p> <p>CEO/Executives Expectation of constructive, candid discussions between the board and executive team</p> <p>Demonstrated commitment to transparency in providing information to the board including benchmarking/dashboards on key measures</p> <p>Both Appropriate use of executive sessions</p> <p>Regular board meeting evaluations, followed by development plans</p>

This matrix was developed by Deborah J. Bowen, FACHE, CAE, President & CEO, American College of Healthcare Executives, and Pamela R. Knecht, President & CEO, ACCORD LIMITED, for their article “Trust: A Board–CEO Imperative,” published in the August 2023 issue of *BoardRoom Press*.