

Trustee Insights

GOVERNANCE



Best Practices for Executive Sessions Without CEOs

Supporting healthy board–CEO relationships

BY TODD C. LINDEN

When I was a young and inexperienced CEO, I did not like it when my board went into executive sessions without me. In fact, I hated it.

Spouses and significant others in delivery rooms are routine these days. For me, waiting for the board to finish an executive session was akin to the days of yore when expectant fathers paced in the waiting room, biting their fingernails and worrying about their partner and baby.

“What are they talking about?”
“Will they tell me if I’m doing something wrong or if they need something more from me?” “Why

is it taking so long?” These were some of the questions that would tick through my head as I impatiently waited for their meeting to end.

Over time I came to realize it was healthy for the board to have the opportunity to have candid conversations without me in the room. In fact, I came to see it as a gift. These meeting-within-a-meeting meetings gave board members the chance to talk privately to address sensitive and confidential issues, promote robust discussion and build trust — among themselves and with me.

That being said, the process and approach a board takes with execu-

tive sessions can go a long way to ensuring a productive conversation occurs. It’s important these sessions don’t end up like a meeting with the staff of “The Office” at the Dunder Mifflin Paper Company, Scranton branch.

This article focuses specifically on best practices for executive sessions without the CEO present. It is important to note that for public boards, these recommendations may not apply due to open meetings laws, which vary among states. Legal counsel should be engaged to advise public boards about appropriate use of executive sessions, also known as “closed sessions.”

Tips for Effective Executive Sessions

These tips will ensure that effective executive sessions advance ideas and create robust relationships.

Develop a good process and follow it. The purpose of an executive session should have focus — whether it’s to handle personnel matters such as CEO performance or to consider delicate matters like salaries, organizational culture or legal issues.

EXAMPLE 1: Many new board members are sensitive to asking questions in front of the CEO until they have more experience. They may be interested in understanding the evaluation process or details about the CEO contract.

Pro tip: Briefly start the session with the CEO and board members only. This gives the board the chance to share any concerns or comments with the CEO without others in the room. Then, the CEO leaves the room but not the building. Board members are now free to share with each other without worrying about hurting the CEO's feelings or creating undue stress. I encourage the chair to create a set of talking points after all members of the board have had a chance to bring up any issues or concerns. The CEO comes back into the meeting, and the chair shares the talking points with the CEO. By having the chair share talking points in front of the full board, there is less opportunity for a miscommunication. Any board member is free to clarify a point or add a comment.

Some issues may be easily resolved and/or questions answered with a few simple words during the meeting with the CEO. Other items may need to be investigated or explored and can be put on a future board agenda. The meeting ends with a consensus on how to move forward with anything shared with the CEO.

EXAMPLE 2: Board members want to ensure the CEO is an active community leader who is visible in the community.

Pro tip: After the CEO leaves the session, board members discuss their expectations about community engagement and the level of importance they may place on this expectation. When the CEO comes back into the meeting, the chair shares the query about community engagement and the expectations the board has. The CEO may be able to immediately

Questions for Boards to Consider

1. Do we have a good process for conducting executive sessions with or without the CEO?
2. Do we discuss at least annually the quality of our executive sessions and identify opportunities to improve them?
3. Have we clearly defined who attends executive sessions and when we might exclude certain people?
4. Have we had a conversation with our CEO about holding executive sessions without them and why a well-developed process could strengthen the board–CEO relationship?

answer the question by outlining community engagement activities, and that ends the topic. Or, if the CEO is not as engaged as the board would like, the decision is made to add this topic to a future board meeting agenda. Then a dialogue between the board and CEO ensues about what a reasonable level of community engagement might look like given the demands of the CEO position. Once mutually agreed upon, the board can add this expectation to the CEO's job description or annual goals. The solution could be as simple as having the CEO include a list of community engagement activities in the annual CEO evaluation packet provided to the board that clearly demonstrates how the expectation is being managed.

Just do it ... every meeting.

I advocate for boards to consider the benefits of routinely going into executive session during each board meeting. Even if this session is short and board members have only a few comments, making it routine normalizes the activity. If the board goes into executive session only when major challenges emerge, anxiety and stress build. This can lead to a breakdown of trust and

a deterioration of the board–CEO relationship.

Mix it up. Many executive sessions are held at the end of the regular meeting. In this model, the CEO leaves the meeting for good, and the board chair follows up with the CEO later to share issues covered during the executive session. But consider this mind-boggling idea: Executive sessions do not have to occur at the end of the meeting. In fact, waiting until the end of the meeting when people are tired and ready for the meeting to conclude likely leads to unproductive sessions. Consider mixing it up. Rotate executive sessions by holding them at the beginning, middle or near the end of the board meeting. The goal is to create the opportunity for board members to feel comfortable sharing concerns and issues before they escalate. Mixing up the time when these sessions occur may facilitate more candid conversations.

Take note. Even if the CEO's executive assistant takes board meeting notes and assists the board secretary with meeting minutes, do not include the executive assistant in executive sessions. For obvious reasons, this can put the executive

assistant in an uncomfortable position with the CEO. The best practice is to rely on the board secretary to keep limited notes during executive sessions.

Keep the focus on governance.

Are the right people in the meeting? Special attention needs to be given to medical staff members who serve on the board. Due to the special nature of the relationship that physician or advanced practice provider board members have with the CEO, it's appropriate to establish whether they participate in sessions when the CEO is not present. I recommend boards carefully discuss this in advance and decide how to mitigate the potential downside to provider participation. Because providers have unique insights into an organization's operations, it is easy for discussions to wander into the management sphere. This goes for ex officio board members as well, such as the foundation chair or chief of the medical staff. The board should discuss the advantages and disadvantages of whether ex officio board members should participate without the CEO in the room. I encourage the board chair to arbitrate and keep the focus on governance.

Make it a thoughtful conclave.

It is wise to exclude non-board members from executive sessions, with the exception of legal counsel. Allowing a disgruntled employee or member of the medical staff to have an audience with the board without the CEO present is likely to undermine the CEO's authority and chain of command.

EXAMPLE: What do you do when a member of the medical staff asks for an audience with the board in

executive session because they have a complaint about the CEO? They want to purchase a new piece of equipment they believe will improve patient care. The CEO has told the physician the request will be considered as part of the capital equipment budgeting process for the next year in which the medical staff has representation. The physician wants the equipment now.

Pro tip: By allowing such action, the board is undermining the process the hospital has in place for consideration of all equipment requests from medical staff. In a best practice scenario, the board chair will direct the physician to the medical chief of staff or chief medical officer to share the concern. If numerous concerns from multiple medical staff members surface, then these issues can be raised with the CEO through the normal channels of communication and discourse with hospital leadership. The one caveat here is if the board chair and/or board executive committee receives a credible complaint that suggests the CEO has engaged in unethical, immoral or illegal behavior; then the issue should be reviewed with legal counsel for investigation. In this case, it may be warranted for the board to go into executive session without the CEO and include "witnesses" who are not board members. This should be rarely and only done with guidance of legal counsel.

Let's be frank. Fred Wilson, an American venture capitalist whose investments have included Twitter, Zynga and Etsy, has a good philosophy for boards: "Board meetings should not be for the benefit of the board. They should be for the benefit of the CEO and the senior leadership team."

The role of the board and, in particular, the board chair is to ensure the CEO's success. It goes beyond the notion of "protecting" the CEO. It is the board's responsibility to support, guide and evaluate the CEO — to set them up for success. The proper use of executive sessions can support CEO success and build strong and lasting relationships.

An Organized Process for Debate

For those CEOs who still are hesitant about having their boards go into executive sessions without them, consider this: Board members will talk about you and/or concerns they may have. Without the freedom of the executive session, the debate will happen in the parking lot rather than through an organized process designed to keep effective communication flowing.

The work of a CEO in molding a hospital's culture and building an organization that does good in the world by taking care of patients ... all of that starts in the hospital's board room and can be supported by the meeting-within-the meeting.

Throughout my career, I've come to appreciate the value of the board having an organized discussion without me in the room. Each and every one was a gift.

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