

## Leadership - It Gets Lonely at the Top - By Dr. Rick Johnson

2008-07-10

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Being a President, CEO or the owner of a company can get lonely at times. This is true even if you are an excellent leader and have developed a top notch executive staff.

Often times you face decisions, challenges or just thoughts that you can't even divulge to your most trusted employee. Some CEOs use executive coaches to help them during these times. Often it is just affirmation and validation of one's own thinking but it is important to have that outlet.

Other leaders, owners & Presidents use a Board of Directors for guidance and consultation. A Board of Directors, elected by ownership, can provide the kind of support necessary to take the company to the next level. No man is an island and it can become very lonely at the top. Growing an organization is hard work. The president of the corporation not only has to surround himself with an excellent team but he must be able to rely on another power to challenge him and his team. The Board of Directors, in exercising its business judgment, acts as an advisor and counselor to the President and his executive team. The Board can help define and enforce standards of accountability. A Board can challenge and help the management team execute their responsibilities to the fullest extent in the best interest of the shareholders.

### **A Sounding Board**

A Board can have differing types of responsibilities based on its written charter and by laws. However, the typical responsibilities that a Board for a privately held corporation must live up to are generally aligned with ownership/shareholder objectives. Overseeing the way the company conducts its business to insure that it is managed effectively is one primary responsibility. Selecting, compensating and evaluating the CEO is another key responsibility. Someone has to have the power to take the CEO to the woodshed when it becomes necessary. No one person has all the answers and the board can provide the kind of advice and insight that may circumvent mistakes or validate the direction the CEO is taking the company in.

### **Structure**

Boards can be structured under a wide range of responsibilities and personalities. They can be very formal with strict procedural requirements or they can be very informal, made up of predominantly family members without the necessity of following 'Roberts Rules of Order' in conducting its business. It's the opinion of this author that every Board including the 'Family Advisory' Board needs to have several outside directors elected. These outside board members are not the company accountant, the company attorney or best buddies with the owners. They are proven successful business people that can serve the Board in an uncompromising objective manner. The Board can support management in the development of organizational planning, succession and resource management. The most effective Board will be a group of professionals with a wide variety of skills. Ideally, these board members will have backgrounds that differ from the management team but compliment their skill sets. [Click here](#) to learn how CEO Strategist can help....

### **The Board Personality**

Just like management, a Board of Directors success and how supportive it is to management is directly related to their personality traits and their character. Selecting directors for board membership is critical and the process should not be taken lightly. These directors must perform the role of governance, although their primary role is one of a supporter, a coach and even mentors. They must also assume the role of questioners and monitors of company performance. As supporters they must provide guidance and advice while living up to their governance responsibility which insures the long term health of the organization. This role includes succession planning and holding the CEO and the management team accountable for the success of the organization. That is why the director's character is so important. A character that embraces the following:

Honesty

Integrity

Enthusiasm

Open mindedness

Competence

Trustworthiness

Analytical thinking

Being a team player

A sense of humor

### **Strategic Planning**

Every company needs to think about its future. Developing a long term strategic plan is a key best practice every company should embrace. A Board of Directors has the responsibility of reviewing, approving and monitoring the success of the company's strategic plan. The CEO is responsible for the company vision.

The executive team should create the roadmap, the strategic plan and the Board will review and approve it. Monitoring the company's financial performance, reporting policies and accounting practices are part of this process. Compliance and risk management also become a part of the Board's responsibilities.

### **So What Does the Management Team Do?**

It sounds like the management team will spend most of it's time trying to keep the Board happy. Not true. The role of the CEO and the management team is quite clear. They run the company. The company's day-to-day business will always remain the responsibility of its employees under the direction of senior management and the CEO. The CEO is held accountable, as he should be, by the Board of Directors. Once the management team creates the strategic plan and it is approved by the Board, they are fully empowered to execute the plan.

### **Role of the Director**

Directors are expected to demonstrate the kind of character that is beyond reproach. They must always act in the best interests of the business and fulfill their fiduciary responsibilities. They must always act honestly, ethically and with integrity. They must always maintain a courteous and respectful attitude. They will act in good faith exercising sound judgment, competence and due diligence. They must maintain the confidentiality of the organization and avoid any conflict of interests. Being a director should never be taken lightly. It requires time, attention and dedication. They are expected to attend all the scheduled meetings and serve on necessary committees that are in the best interest of the organization.

A Board of Directors should not perform an adversarial role but a supportive role to the CEO and the management team of the organization. The right board members can be significant part of the success of the organization. The power the board has is dependent upon its charter and it's by laws. Remember, the board is elected by the shareholders. In a privately held corporation, this means that ownership determines the make up and type of board they want to govern the organization. Successful owners, true leaders understand the value a board of directors can provide. E-mail [rick@ceostrategist.com](mailto:rick@ceostrategist.com) for more information on establishing a board of directors for your organization.

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This article comes from Hotel News Resource

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The URL for this story is:

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