The purpose of *The CEO’s Boss: Tough Love in the Boardroom* is to help boards operate more effectively as the boss of the CEO—guiding them in selecting the right CEO, establishing a working relationship, and giving effective feedback. The core argument is that the CEO’s style needs to be matched to the business’s point in its cycle and that the board needs to intervene actively with the CEO to help him or her close any gaps between their capabilities/style and the requirements of the company to address its current challenges. The need for this book has been amplified by the financial meltdown and the American public’s view of chief executive officers (CEOs) as greedy and self-serving while their companies flounder. The questions then become: Where was the board? How could so many companies demonstrate poor management and step away from common sense without their boards getting “tough” with their managements? The consequences of this abdication of authority will haunt America for the next ten years.

In its first year of publication (2010), *The CEO’s Boss* was ranked as one of the Top Five Books by the *Wall Street Journal*’s livemint.com. Consistent with this standard, I have continued to study the governance practices within companies, both public and family businesses, and I have worked directly with the not-for-profit organization, the Wounded Warrior Project.
Through these case studies my thought leadership presented in the first edition of *The CEO’s Boss* is, in the second edition, integrated and applied in my corporate case studies published by Columbia CaseWorks:

- BP: A Company in Peril?
- Proctor & Gamble in 2013: A Board Adrift?
- The Wounded Warrior Project in 2016
- Demoulas Market Basket: A Governance Challenge
- Wells Fargo and Company: Corporate Governance Crisis

In addition to these case studies, which have been lightly edited and updated from their original forms to suit publication here, the original CaseWorks Corporate Governance at Hewlett-Packard 1995–2005 was updated to address it having replaced its CEO four times in seven years. Finally, two case-studies-in progress—Workforce Partners, which is led by one of my former EMBA students, and a small cap industrial company that I serve as a consultant—will serve as further examples of the application and integration of the knowledge offered in *The CEO’s Boss*. The improvements of this second edition of *The CEO’s Boss: Tough Love in the Boardroom* are the lessons learned over this decade.

Lessons Learned

*Chapter 1: The Social Contract*

The heart of the idea of the social contract may be stated simply: Each of us places his person and authority under the supreme direction of the general will, and the group receives each individual as an indivisible part of the whole.

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JEAN-JACQUES ROUSSEAU

The lesson of the social contract is that a board-CEO partnership cannot be sustained by good intentions alone: it must be defined by an explicit statement of the beliefs and behaviors that are essential for the general will of the organization.

The case study in this chapter is BP: A Company in Peril?
Chapter 2: Tough Love in the Boardroom

*Tough love* is an expression used when someone treats another person sternly with the intent to help them in the long run.

The lesson is that a board can benefit from those who study CEO tenure and company performance as well as the requisite leadership behaviors to achieve success in at the various stages in the lifecycle of their business. Boards must intentionally address these realities with the appropriate amount of tough love in the boardroom to prevent the company and CEO from becoming dysfunctional.

The case study in this chapter is Procter & Gamble in 2013: A Board Adrift?

Chapter 3: Why the Right Partnership Matters

The point of inflection: A moment of dramatic change, especially in the development of a company, industry, or market.

The lesson is that it is essential that the board constantly assess and adjust its leadership in order to survive. Business cycles are unavoidable and uncertain. What goes up will in time come down. Because every board needs to face this reality, they must be ready to adjust their leadership to meet the challenge of changing conditions. Having achieved the right partnership between the board and its CEO is central to that survival.

The case study in this chapter is The Wounded Warrior Project

Chapter 4: Leadership Metrics

Culture: The way we do things around here.

The lesson is that the battle between a new strategy and an old culture will evidently conclude in the old culture winning. Boards are loath to change what brought a business success, but the price is often the lack of new practices that are needed to succeed in the future.

The case study in this chapter is Demoulas Market Basket: A Governance Challenge
Chapter 5: How the Partnership Can Go Wrong: Take-Two Interactive

What gets measured gets done, what gets rewarded gets done repeatedly.

The lesson is to measure what the board wants done and reward what it wants the CEO to continue to do. When the CEO’s leadership practices are directly linked to the organization’s needs and subsequently measured and rewarded, the metrics are right and focused on what really matters in the board-CEO partnership.

The case study in this chapter is Wells Fargo and Company: Corporate Governance Crisis

Chapter 6: What Directors Need to Know Before Committing to a CEO

Alignment: The correct position or positioning of different components with respect to each other or something else so that they perform properly.

The lesson for directors is that there is no shortcut to making an informed choice of their CEO. Their due diligence should include investigating the behavior of the prospective CEO in both good and bad times; always being aware of the biases that can cloud a board’s judgment.

The case study in this chapter is an update of CaseWorks: Corporate Governance at Hewlett-Packard 1995–2005

Chapter 7: The Board’s Commitment to the CEO

Commitment: Devotion or dedication, e.g. to a cause, person, or relationship.

The lesson is that directors need share a common set of commitments with their CEO:

- Commitment to values: A leadership credo that answers the question, “What do we stand for as organization?”
- Commitment to the stakeholders: Customers, employees, shareholders and community.
- Commitment to risk assessment: A willingness to manage the company’s risk profile.
Commitment to transparency: Complete honesty in financial and nonfinancial matters.

Commitment to coaching for continuous improvement: Supporting the CEO and board’s continuous improvement

The case study in this chapter is Workforce Partners

Chapter 8: Effective Board Dynamics

Teams have members with complementary skills and generate synergy through a coordinated effort, which allows each member to maximize his or her strengths and minimize his or her weaknesses.

The lesson for directors is that the group dynamics of the board is influenced by the stage of the board’s development, the mix of its members’ styles, and the leadership behavior and roles directors employ. Effective board dynamics optimize the conditions for a successful partnership between independent and internal directors in the boardroom.

The case study in this chapter is in progress: Small Cap Industrial Company

Epilogue is Prologue

“What’s past is prologue”
—SEBASTIAN IN ACT II, SCENE I OF THE TEMPEST

The Corporate Governance Predictions (2010–2020) offered in the first edition of The CEO’s Boss are reexamined for lessons learned:

- Boards will become more egalitarian, participatory, and regulated.
- Directors will “run” for a seat on the board, not dissimilar to a political election.
- Shareholders will have input in deciding the best board chairperson.
- Lead independent directors will become the chief process leaders of their boards.
- The strategic risk profile will be a recurring item on the board’s regular agenda.
THE CEO’S BOSS