

5 Tips Every CEO Should Employ to Better Manage Investors and Their Board

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CEOs usually have a good rhythm and strategy in place when managing their employees. But many CEOs find managing the expectations of their investors and board members to be something of a fine art.

From my experience, there is a golden rule to remember: No surprises. Keep your board members abreast of any updates, changes and even potential happenings, and you'll maintain good relations. In fact, they'll respect you for it.

Here are five tips every CEO can employ to establish the groundwork for a long and successful relationship with their investors and board.

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1. Consider your board's composition

The selection process is critical. Choose wisely when selecting your board members to avoid problems and conflicts down the line.

Disagreements on the board about vision and strategy are inevitable, but a healthy debate can be advantageous. Different perspectives can spark innovation and creativity,

but only if they allow for a constructive dialogue.

Considering your board composition is key. Try to pick people with complementary personalities and skill sets. What is each person's value add that they can bring to the table?

Some of the most tenuous relationships happen when investors and management have different visions for the company. Aligning everyone's different perspectives to reach a successful outcome is key to managing the board effectively.

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2. Build trust and relationships

Building trust means being upfront and honest. Don't try to oversell to your board. It's always best to promise less and deliver more. They'll be more disappointed by unmet promises than they are by no promise at all. They're not in the day-to-day trenches with you, so you'll need to present a balanced outlook that will help you manage their expectations and earn their support and confidence in you.

This trust is usually built outside of the boardroom walls and Zoom calls. Spending time with your board members, going out for dinners and really getting to know each other helps you forge deeper connections, which can help you work better as a team. Making time to build and develop those relationships outside of work is critical.

In addition to one-on-one activities with each board member, try to organize activities as a group for the whole board to further bond. Activities help to build the team dynamic and form lasting connections. When the board has bonded, they'll be more united, which will help tremendously in more critical junctions of the company's journey.

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3. Effectively communicate to close decisions

You need to be a great communicator for your company to serve your board and vice versa. There will be times when you need board approval to move forward with strategic moves, such as acquiring a company. For this, you'll need to lean on your communication skills to make a compelling case and obtain buy-in from the board. Remember – as a leader, you own the strategy. Your job is to effectively articulate this strategy to the board. The board's role is to listen, discuss, and debate whether your decisions are in the company's best interest.

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4. Ensure board diversity

It's also important to consider your board diversity. Making sure that your board is representative of your employees, the customers you serve and the general population is important. Don't, for example, select a board that is entirely made up of all white males who received their MBAs from Ivy League schools.

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5. Be aware of conflicts of interest

It's important to really understand the board's role. The board is directly responsible for protecting and managing shareholders' interests in the company. There will be conflicts of interest at play, and it is your job to

understand them and balance them out. This can present a problem when a board member uses a position on the board to make a financial gain as a direct result of the board seat. For example, a conflict of interest could have arisen if Elon Musk joined Twitter Inc.'s board, given that he has a number of financial interests that could have influenced how they vote.

Your board isn't in the day-to-day of your company. They have other responsibilities and obligations and simply cannot be as hands-on as you. They need to trust you. They need to have a relationship with you where they can always challenge your decisions and strategies. They need to help create value and provide strategies that will help your company grow and prosper.

Craft a board with complementary members. Giving yourself the ability to lean on your board members for their individual expertise is the key to success. Making sure you keep everyone aligned and informed while also feeling good about the decisions you make each day will help you to drive home your mission and sleep well at night.

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