



Jim's Profit Accelerator 170 The Gap Between CEO and Board

Which of these is generally true about a CEO and their board?

1. The board is the CEO's friend.
2. The board helps the CEO solve the business's problems.
3. The board provides strategic guidance and advice.
4. The board can help with critical hires.

Much of the time #3 and #4 are true, but #1 and #2 are seldom true, despite the beliefs of the CEO or the board. Here's the gap: There is a mystical notion that a group of folks who are expert in their narrow area (CPA, financial planning, attorney, investment banker) magically become a source of great insight for the CEO, as well as skill-builders to help enhance the CEO's effectiveness. This notion is FOG: Fairly Often Groundless.

This week two different investment bankers made the remarkable statement that as board members they help CEOs improve their effectiveness, solve tactical problems, and help guide the strategy (including investments) of the business. One out of three is correct, because their strategic and financial skills are tops. That they assumed expertise in the others is a remarkable gap.

SPEED BUMP: Your advisor's skill in one area doesn't translate to all areas.

Boards can provide essential advice in four areas:

1. Business's overall strategy (Whom do we serve?)
2. Business's major investment plan (Where will we invest our scarce resource?)
3. Specific technical issues that require specialized expertise
4. Sounding board on problems that can be thought through by experienced good thinkers—experience plus logic can narrow options enough to boost the odds of success

Board members sometimes suffer from smart people's disease: because I'm an expert in area A, I can rapidly become an expert in any other area of the business.

SPEED BUMP: Boards can be good at seeing what needs to be done, but not so good at knowing how to do it.

When I worked with a superb service firm, I kept hearing discussions by partners who didn't sound knowledgeable on the topic (one that I was expert in). As an insight for my client leader

of the firm, I created a survey asking these top people to rate their skills in six major (and different) areas of the business. They each rated themselves at the top IN ALL SIX! They weren't.

Here's the real cost: The pretenders put their cloak of assumed skill over any chance for outside expertise to ramp up the performance of the business by claiming that they can provide needed advice and help. Sadly, the topics they're asked to weigh in on can be vital, and it can take years to see that their advice is wrong.

SPEED BUMP: Keep your advisors in their lanes of expertise.

ACCELERANT: What major questions are beyond the expertise of your board? Where will you go for professional help?

For more information on how you can accelerate revenues and profits in your business, please call or email me.

A note on **SPEED BUMPS:** Use them to click quickly with an idea that can immediately be implemented in your life as a business leader. Think: "How can I use this today?" or "Who can use this?"

For more information, visit www.grewco.com.

Jim Grew, the Business Defogger and Accelerator, helps leaders discover hidden opportunities within their businesses and exploit them for dramatic results. Jim has led 9 businesses, worked in 31 companies at C-level, and is an expert in strategy and executive leadership. He presents regularly to industry groups, mentors business leaders, and shares insights in his Executive Letter (above). Jim holds BA and MBA degrees from Stanford University. In his new book, *The Other Side of Succession*, he shares how to plan for the future by growing your business now.

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